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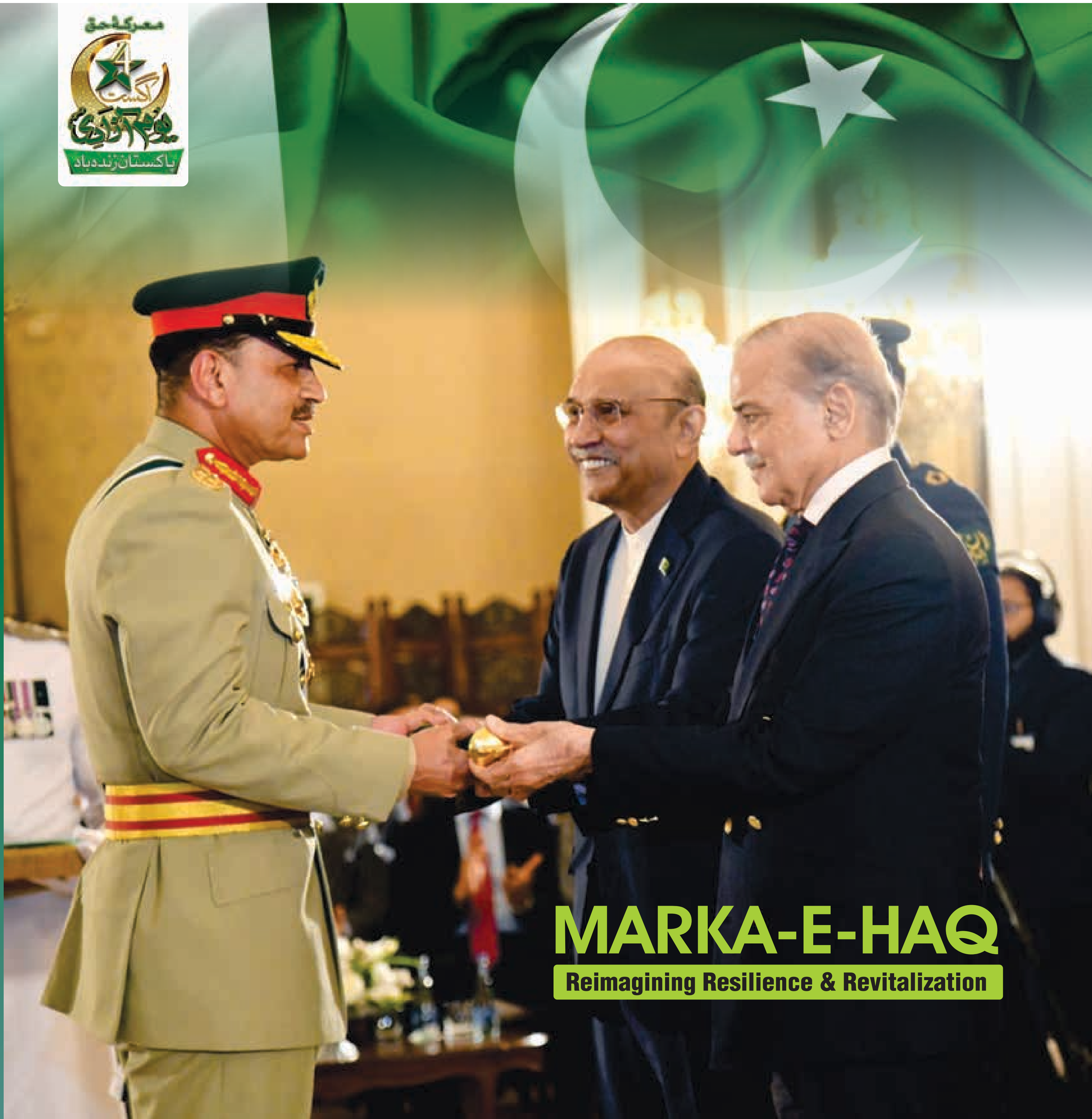
ECONOMIC Affairs



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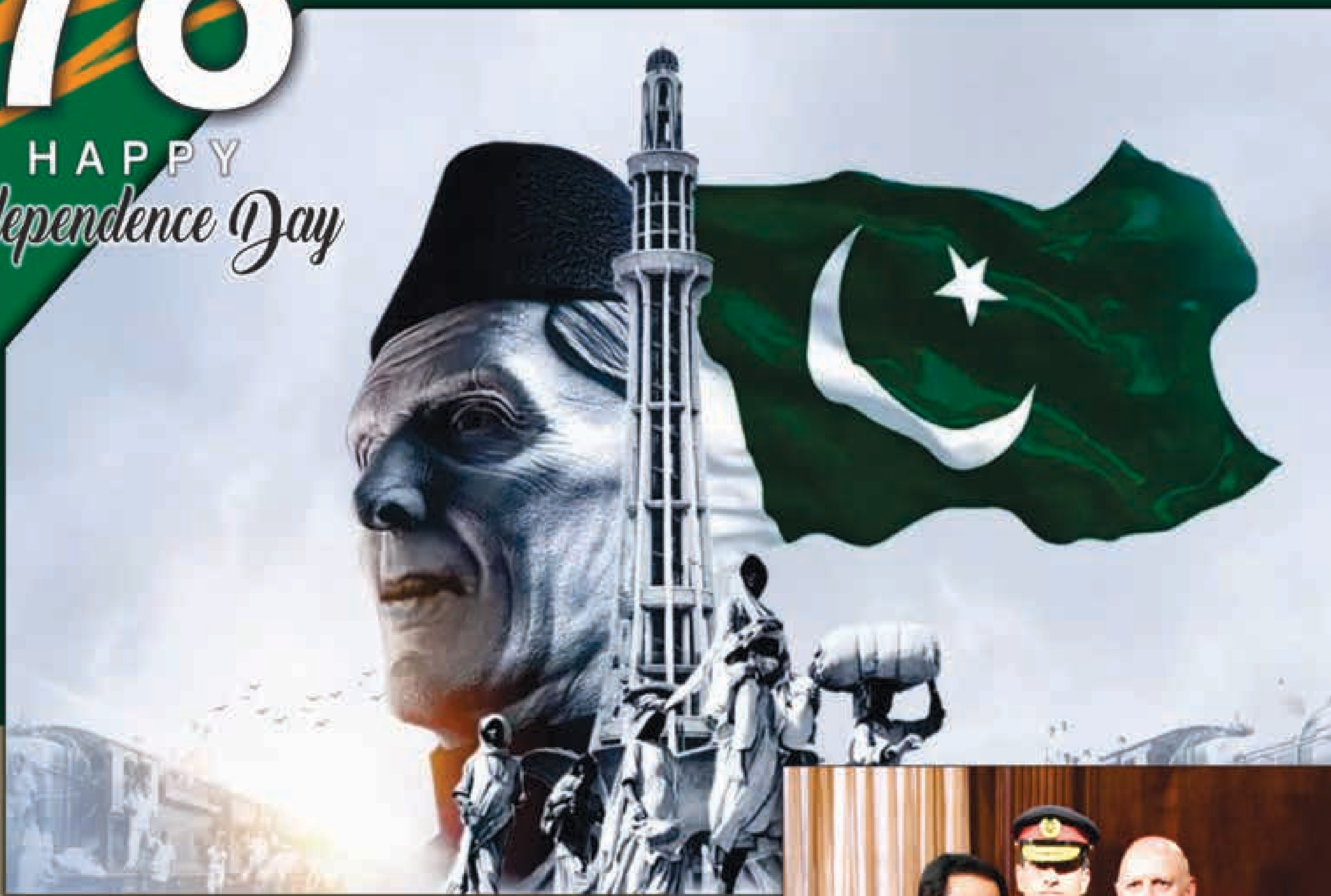
FORWARD

78
HAPPY
Independence Day



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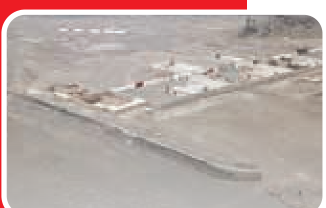

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EDITORIAL

A Trillion Dollar Economy

For much of the past decade, Pakistan's economic story has been a cautionary tale. Chronic fiscal deficits, a yawning current account gap, currency depreciation, and overreliance on external borrowing produced a cycle of instability. International lenders became perennial visitors; reform promises were plentiful, but delivery was piecemeal. Investors, both domestic and foreign, learned to treat optimism about Pakistan's prospects with a pinch of salt.

Today, however, a different narrative is emerging—still nascent and fragile, but far more credible than before. Pakistan's economy is not merely stabilising; it is laying structural foundations that, if sustained, could propel it towards joining the trillion-dollar economies within two decades.

The recovery is neither accidental nor purely cyclical. It rests on three bloodlines of renewal: monetary discipline, export-led growth, and digital transformation.

First, the fiscal and monetary tightening of the past 18 months is bearing fruit. Inflation, once in the high twenties, is easing into the low teens. The central bank has resisted premature rate cuts, maintaining credibility with global markets. The currency, though not immune to shocks, has stabilised within a predictable band, giving businesses rare certainty for planning and investment. Public finances are inching towards sustainability as tax collection reaches record highs, aided by digitised compliance systems that shrink the informal economy's fiscal black hole.

Second, Pakistan's export machine—long stuck in low-value textiles—is diversifying into higher-margin sectors. Information technology services have emerged as a star performer, with annual exports crossing $3 billion and ambitious targets to quadruple by 2030. Agribusiness, benefitting from improved irrigation and mechanisation, is boosting yields in wheat, rice, and horticulture. Renewable energy infrastructure is fostering a domestic manufacturing base for solar components, with potential to serve regional demand. Crucially, incentives are shifting away from consumption-heavy imports towards value-added production—a sign of a maturing mindset.

The third, and potentially most transformative, pillar is the march towards a cashless, digitally inclusive economy. Two-thirds of Pakistan's population is under 30, and they have embraced mobile wallets, QR payments, and instant transfers with speed. The central bank's Raast platform has democratised digital transactions, bringing millions of unbanked citizens into the financial system. This creates credit histories for micro-entrepreneurs, expands the tax base, and reduces leakage of public subsidies. Lower transaction costs also help start-ups and small businesses enter the formal economy.

The ambition of making Islamabad the first "cashless capital" is more than a gimmick; it signals to investors that Pakistan is ready to leapfrog legacy banking systems and embrace fintech-led growth. International venture capital is returning—betting that a digitally empowered Pakistan could mirror Indonesia or Vietnam, where smartphone penetration fuelled a start-up boom and lifted GDP growth.

Yet, it would be premature to declare victory. The path to a trillion-dollar economy is fraught with hazards that have historically derailed growth. Energy inefficiencies remain a fiscal drag; circular debt exceeds $2 billion and demands restructuring. Export diversification is still embryonic, vulnerable to policy reversals and global commodity shocks. Political volatility—Pakistan's perennial Achilles heel—could erode investor confidence if reform consensus falters. Rural connectivity gaps risk creating a two-speed economy, with prosperity in some areas and deprivation in others.

To cross the trillion-dollar threshold, Pakistan must maintain GDP growth of 6–7% for a sustained period. This requires fiscal prudence, but also deep investment in human capital. Education outcomes, particularly in STEM fields, must improve to seize opportunities in the global digital economy. Infrastructure, both physical and digital, must keep pace with urbanisation. Trade diplomacy must be retooled to secure market access beyond traditional Gulf and Western blocs—Southeast Asia and Africa offer underexplored opportunities.

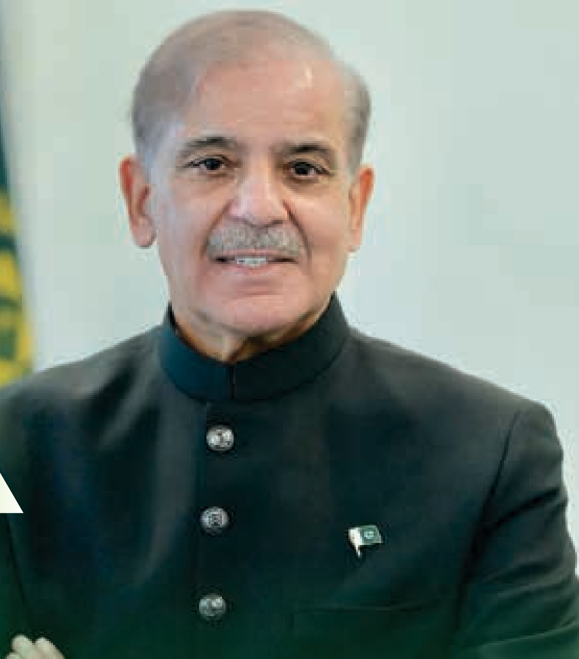
There is, however, a tailwind: the demographic dividend. The same youth bulge that has strained job markets could, with the right policies, become an engine of consumption and innovation. Digital inclusion amplifies this, enabling young Pakistanis to bypass traditional gatekeepers and plug directly into global markets—whether by exporting software, offering remote services, or building e-commerce platforms.

Global capital is also re-evaluating its risk appetite in a multipolar world. As Western and Gulf investors look for emerging markets with scale, strategic location, and improving governance, Pakistan's pitch is improving. Its geography—linking South Asia, Central Asia, and the Middle East—gives it trade and energy transit potential that few peers can match. CPEC's next phase, if managed prudently, could integrate Pakistan into regional supply chains while upgrading infrastructure.

A trillion-dollar economy will not be built on aspiration alone. It demands disciplined policy execution, political maturity, and resilience against shocks—natural, financial, or geopolitical. The current moment offers Pakistan a rare alignment of macroeconomic stability, structural reform momentum, and digital transformation. Squandering it would consign the country to another boom-bust cycle. Sustaining it could finally allow Pakistan to break free and join the ranks of economies that set their own terms in the global marketplace.

For now, optimism must remain cautious. But if the country can keep its economic bloodlines—fiscal stability, productive exports, and financial inclusion—flowing robustly, the trillion-dollar dream will inch closer to reality. For a nation long defined by crises, that would be nothing short of transformative.

- Editor



Message from Prime Minister Mr. Shehbaz Sharif

on the occasion of 78th Independence Day of Islamic Republic of Pakistan

Today, with gratitude to Almighty Allah, I extend my heartfelt felicitations to the nation on the 78th Independence Day of Pakistan.

I pay tribute to Father of the Nation, Quaid-i-Azam Muhammad Ali Jinnah, and the Thinker of Pakistan, Allama Muhammad Iqbal, who along with other resolute leaders and workers of the Independence Movement united the nation under one vision, one mission and one goal. Their relentless efforts changed the course of the history with the establishment of an independent, ideological state, thus realizing a seemingly impossible dream into a reality.

The past 78 years tells a tale of resilience, strong faith and a hope of a bright future when as a nation, we braved several difficult challenges. Despite this, Pakistan achieved a series of milestones of success and achievements in every field. From economy to sports and defence to information technology, Pakistanis with their unparalleled determination and courage have written exemplary chapters of knowledge and skills.

Pakistan's great victory in Maarka-i-Haq during the war imposed by India on 6-10th May 2025 has not only increased the significance of freedom, but has also enliven a new ambition and enthusiasm in the hearts of Pakistan, which has amplified the joy and celebrations of the Independence Day.

With the blessings of Almighty Allah, our brave armed forces in their fight against India revived their past glory and shattered the false pride of enemy by acting as a Bunyan um Marsoos – a solid fortified wall. The military capability, valour and faith of our brave soldiers and air warriors forced the enemy to kneel down. We pay tribute to the martyrs who sacrificed their lives for the sake of our freedom and offer prayers for the elevation of their ranks in eternal life.

It was not merely a military conquest, but also the victory of the validation of a Two-Nation Theory, which is the foundation of our dear homeland. With same passion, we stand vigilant to defend and safeguard our national interests including water resources.

While expressing our resolve to protect Pakistan's sovereignty, we as a peaceful nation, reiterate our belief in the principles of peaceful coexistence and resolving the regional and global issues through dialogue and diplomacy. India also needs to demonstrate the same will for the resolution of all disputes, including the Jammu and Kashmir dispute.

Our government has given priority to the welfare of common man. A prominent step in this regard is a significant cut in the rates of electricity, which has provided an across the board relief to the general public and industries. As a Prime Minister, I particularly express my commitment that the government is utilizing all resources to make the country effectively meet the new economic, industrial technological demands of the present era.

Apart from these policies and programmes, the main source of strength behind the progress of Pakistan is our unity. Like military prowess, a strong and stable economy is also inevitable for an impregnable national defence and sovereignty, for which we all need to demonstrate the spirit of Maarka-i-Haq and the Pakistan Movement.

On this occasion, I want to extend my sincere invitation to all political parties and segments of the society to join hands with us in strengthening our resolve to safeguard national interests. In this way, we can unitedly and collectively make our nation successful and prosper to help realize the dream of our forefathers and martyrs, which they had envisioned in the form of establishment of Pakistan.

Muhammad Shehbaz Sharif
Prime Minister
Islamic Republic of Pakistan

A PARTNERSHIP FOR PROSPERITY

At the giant Reko Diq project, Barrick is working with the Governments of Pakistan and Balochistan to build one of the world's greatest copper and gold mines – a powerful engine which will drive economic growth for Balochistan and the entire country. First production is scheduled for late 2028 but already the project's communities are benefiting from Barrick's investment in their social and economic development. The mine's ability to generate real value for all its stakeholders extends far into the future.

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AN EXCLUSIVE
INTERVIEW WITH

Mr. Hakan Ergen

Vice President, Coca-Cola Eurasia & Middle East for Public Affairs, Communication & Sustainability

By: Sohail Chaudhry

Mr. Hakan is a transformative growth leader with global and broad experience in general management, operations, marketing, and innovation within the FMCG and Pharma sectors. His career spans over 25 years of P&L leadership and growth across multiple countries in Northern Europe, Middle East, Africa, Turkey, CCAR and Pakistan, at Johnson & Johnson and Procter & Gamble.

Most recently, he was serving as Head of Nordics and Board Member of Northern Europe at Johnson & Johnson Consumer Health/Kenvue. As a seasoned leader, Hakan has a proven track record of breakthroughs in public affairs and stakeholder management. He served as a judge for the STEAMEduHack European Finals in 2021, was the founding Vice President of the American Turkish Business Development Council, and a Board Member of Am-Cham Turkey.

With a strong commitment to sustainability, Hakan has spearheaded initiatives that drive economic, social, and environmental progress within global brands. Notably, he chaired the Self Care Companies Association at LIF Sweden, where he focused on developing sustainable practices and engaging retailers and suppliers in shaping industry standards.

Pakistan is moving in the right direction and is well-positioned to become a competitive global economy. Consistency and transparency in economic policies, particularly in taxation and regulation are vital to attracting foreign investment.

UP, CLOSE & PERSONAL

What is your view on the currently evolving economic and political outlook of Pakistan?

This year the resilient nation of Pakistan will proudly celebrate its 78th Independence Day. On this occasion, I would like to congratulate the Pakistani government and local business community for seamlessly navigating through the past challenging years.

The coordinated efforts of the political leadership, Prime Minister's Office, Special Investment Facilitation Council, FBR, Ministry of Finance, Ministry of Climate Change and other key institutions are setting a positive direction. Sustaining these policy reforms will be crucial in rebuilding investor confidence and unlocking long-term economic potential.

Pakistan is moving in the right direction and is well-positioned to become a competitive global economy. Consistency and transparency in economic policies, particularly in taxation and regulation are vital to attracting foreign investment. We anticipate positive improvement towards renewing investor's confidence, expanding the tax base, digitizing revenue collection, and strengthening a business-friendly environment.

Hakan Ergen

Sustainability isn't just a slogan at **Coca-Cola;** it's the core of our global and local strategy to refresh the world and make a measurable impact.

What do you see as the key risks and opportunities in Pakistan's business landscape, particularly in regards to the beverage industry?

Pakistan presents a substantial and rapidly growing market, driven by its significant demographic dividend, a youth-dominated population with over 60% under 30 years of age. This offers immense potential for innovation, entrepreneurship, and workforce development, further supported by responsive and accommodating regulatory authorities.

Diving deeper, the formal beverage sector is facing inequitable taxation including Federal Excise Duty (FED) which has led to an uneven playing field while it is one of the highest contributors to the national exchequer.

Take the example of the Federal Excise Duty (FED) that is levied on formal beverage industry but informal and counterfeit have been evading it.

This is detrimental not only to national revenue but also to the formal industry itself. General corporate tax and sales tax are in addition to that.

In 2023, a 7% increase in the FED on the beverage industry, totaling to 20%, resulted in a substantial decline in sales volume. This outcome is neither encouraging for investors nor effective in achieving the exchequer's revenue goals.

The informal sector often offers unhealthy, low-quality substitutes, to which consumers are then forced to switch further compromising public health. These brands are on the rise due to low prices.

Encouragingly, provincial Food Authorities are proactively addressing this issue by targeting illegal and counterfeit channels. These operations not only curb unregistered trade but also protect consumer health from sub-standard beverages.

A more transparent, efficient, and pro-growth taxation regime is crucial. Such a regime would incentivize increased investment in formal sectors across all industries, while effectively discouraging the counterfeit, illegal, and informal segments of the economy that currently evade national tax revenue.

We truly want the whole beverage sector to grow but in a fair manner, where players which are currently out of the tax net are subject to and pay equal tax as the formally organized beverage companies.

The Coca-Cola Foundation, Coca-Cola İçecek, and WWF, is actively replenishing water back into River Ravi's aquifers. For Coca-Cola, sustainability transcends mere responsibility; it's a fundamental business imperative.

How do you assess the bilateral relationship between Pakistan and Türkiye, especially in terms of economic cooperation?

Pakistan and Türkiye share deep historical and cultural ties, now strengthened by a shared goal of reaching $5 billion in trade. Joint efforts, including a Free Trade Agreement, are opening new opportunities in sectors like food and beverage, technology, agriculture, and sustainability.

A key example is Coca-Cola İçecek (CCI), the Türkiye based anchor bottler that acquired Coca-Cola's bottling operation in Pakistan in 2008. Today, CCI plays a vital role in Pakistan's beverage market, reflecting how Turkish companies are deepening economic and cultural links between the two nations.

As a Turkish bottler, CCI proudly produces Coca-Cola in Pakistan by Pakistanis, for Pakistanis, with seven state-of-the-art production facilities including three greenfields in Haripur, Faisalabad and Multan.

With over USD 1 billion invested locally, our seven-decade commitment reflects strong belief in Pakistan's potential and supports both economic growth and community development.

The Coca-Cola Company has also partnered with the Capital Development Authority (CDA) and Ministry of Climate Change to run a 10-day public awareness campaign for promotion of responsible behaviors among the residents of Islamabad and installed benches and bins, made from recycled plastic in public parks.

With water becoming an increasingly scarce resource in Pakistan, what steps is your company taking to support water conservation and responsible usage?

Sustainability isn't just a slogan at Coca-Cola; it's the core of our global and local strategy to refresh the world and make a measurable impact. Since 2015, with the support of The Coca-Cola Foundation, our owned and independent bottlers, and independent suppliers and partners, we have consistently met or exceeded our global goal of returning over 100% of the water used in our finished products, to nature and communities. Given Pakistan's status as a water-stressed country, ranking among the top 14 globally with extremely high water-risk, our efforts are particularly vital. Through initiatives like "Recharge Pakistan," and the "Replenishing Ravi Basin Project," we're actively reducing our environmental footprint. Beyond this, we're helping Pakistan mitigate climate change impacts and replenish its vital aquifers, returning more water to communities than we use in our operations.

"Recharge Pakistan," a significant partnership between The Coca-Cola Foundation, Green Climate Fund and WWF, will directly benefit over one million Pakistanis and indirectly support more than ten million through nature-based solutions for restoration within the Indus basin. Similarly, our ongoing "Replenishing Ravi Basin Project," a collaboration of The Coca-Cola Foundation, Coca-Cola İçecek, and WWF, is actively replenishing water back into River Ravi's aquifers. For Coca-Cola, sustainability transcends mere responsibility; it's a fundamental business imperative.

Our bottling partner, CCI, meticulously tracks all water consumed in beverage production, and we are proactively exploring innovative ways to enhance water efficiency throughout our entire system.

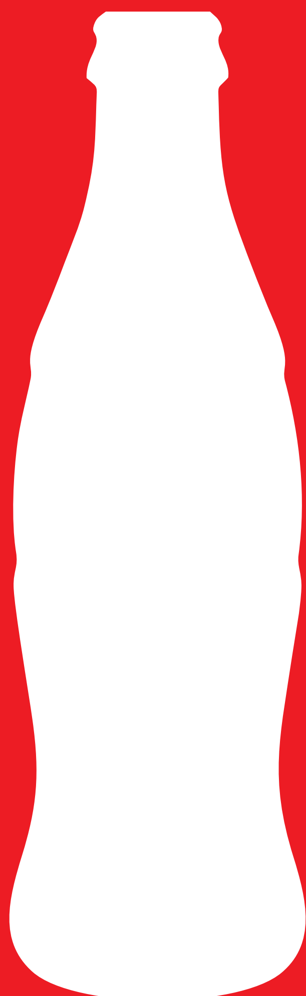
In a remote region of Northern Pakistan, The Coca-Cola Foundation partnered with Mountain and Glaciers Protection Organization and the United Nations Development Programme for the 'Water Security and Building Resilience for

Mountain Communities' initiative. This project sources water from glacial melt, snow, and a perennial spring to fill a covered catchment chamber before distributing it through a gravity-fed irrigation system. As a result, over 230 hectares of land are now irrigated, including 91 hectares that were previously barren. This initiative has also improved access to water for women, enhanced food security, and fostered the planting of fruit-bearing trees, thus restoring the local ecosystem.

Collection & recycling is rapidly moving up the government's agenda. Where does your company stand in this landscape.

As collection and recycling continue to gain momentum on the government's policy agenda, businesses across sectors are being called upon to play a more active role. The Coca-Cola Company's Environmental Goals set out clear directions for our operation across all markets. We aim to help ensure the collection of 70% to 75% of the equivalent number of bottles and cans we introduce into the market annually by 2035.

In line with these Environmental Goals, we introduced r-PET (recycled PET) packaging in 2023. The first company in Pakistan and second in the Middle East and North Africa (MENA) Region.



The Waste-Free Gilgit-Baltistan Program, in partnership with the local government, installed a waste crushing and baling facility in Shigar District – foothill of K-2, the world's second-tallest mountain. We also set up collection points and ran a robust awareness campaign to promote ecotourism.

Our 'Maidaan Saaf' campaign during International Cricket Champions Trophy 2025, hosted by Pakistan, set a target to clean up stadiums within minutes after every match. We installed segregation bins and involved consumers through public awareness messages to improve circularity and management systems. Around 50,000 PET bottles were collected to make T-shirts.

The Coca-Cola Company has also partnered with the Capital Development Authority (CDA) and Ministry of Climate Change to run a 10-day public awareness campaign for promotion of responsible behaviors among the residents of Islamabad and installed benches and bins, made from recycled plastic in public parks. This awareness raising campaign coincided with the third anniversary of Pakistan's first plastic road constructed by Coca-Cola in Islamabad for which 10 tonnes of PET bottles were used.

How is Coca-Cola contributing to employment generation in Pakistan, particularly for women who generally remain unrepresented in the local workforce?

Our people are the cornerstone of our sustainable operations. We are committed to fostering a diverse and inclusive workplace for every individual across our value chain.

In Pakistan, The Coca-Cola System indirectly provides around 10,000 employment opportunities. CCI, our regional bottling partner has committed to having 35% new hire as women with an aim for for 40% managerial and 50% top leadership positions to be filled by women by 2030. Through initiatives like employing women in unconventional roles within our Supply Chain and Sales teams we are breaking biases and building future-ready teams.

At CCI, Female Forklift Operators program also empowers the women of our community to work as forklift operators. It also offers leadership development programs such as the "Women in Leadership" program along with various reskilling and upskilling programs such as "Women in STEM" and the U30+ program.

Our partnerships with NGOs and academic institutions have also enabled us to launch grassroots initiatives focused on skill-building and leadership amongst women. To contribute to improved economic opportunities for women at large, The Coca-Cola Foundation, in partnership with Care International, is running the Home Chefs Program to train thousands of Pakistan's home chefs as part of its sustainability portfolio.

This two-year project will enable home chefs across the country to enhance their culinary skills and transition into professional micro-preneurs with small, home-based businesses. This will help them increase their household income and contribute to the economy. The project also develops their business acumen through specialized business and financial management training, supporting their digital literacy and linking them with digital platforms. We view this not merely as a community support project, but as our contribution to building the talent pipeline that will power Pakistan's economy for years to come.

What are the expectations for Pakistan's beverage sector in the next five years?

The beverage industry in Pakistan is poised for enormous growth, driven by rapid urbanization, rising disposable incomes, and a youthful population with evolving tastes. This growth extends beyond carbonated drinks to include juices, hydration solutions, and low- or no-sugar options. For us, innovation, product localization, and responsible marketing will be key drivers. We fully support the government's push for digitalization of the economy. However, we urge regulatory mechanisms to be designed and implemented through existing supervisory frameworks to avoid imposing additional costs on the industry. Coca-Cola is uniquely positioned to lead this transformation, with transparency at the forefront. Our commitment is evident: we've received the Prime Minister's Tax Excellence Award, and the FBR has cited our input costs as a benchmark for the entire industry. We are fully committed to supporting FBR's national agenda especially the digitization of economy approach.

Multinational companies like Coca-Cola play a crucial role in developing economies such as Pakistan's, not just as investors, but as knowledge partners, employers, and enablers of sustainable growth. A rational and stable taxation environment is critical to attract further investment and boost the national economy.

We bring global best practices, sophisticated supply chains, and international exposure, contributing significantly to skill development, gender inclusion, and long-term economic resilience. We appreciate the FBR's collaborative approach to pro-business taxation policies and urge regulators to continue on this structured and consultative path.

Our commitment to Pakistan is both commercial and social; we are here for the long haul. We envision a thriving beverage sector where more Pakistanis have access to world-class, affordable choices. With 240 million people, a growing middle class, and a youthful consumer base, Pakistan presents enormous untapped potential. While challenges exist, a long-term view, policies fostering a business-enabling environment, and incentives for foreign investors are paramount. Coca-Cola's journey in Pakistan is a testament to what's possible through consistency, community engagement, and shared value creation.

The future is promising, and now is the time for Pakistan to be part of the global zeitgeist.

Pakistan Zindabad!

Pakistan presents a substantial and rapidly growing market, driven by its significant demographic dividend, a **youth-dominated population with over 60%** under 30 years of age.

PPAF
An Institution *with* Future Vision

PPAF has been pioneering institution to empowering communities, transforming futures, and driving national poverty alleviation agenda through inclusive, scalable and evidence-based solutions.

Interview By: Sohail Chaudhry

At the intersection of policy, innovation, and grassroots action stands the Pakistan Poverty Alleviation Fund (PPAF) — an institution quietly but powerfully reshaping the landscape of poverty alleviation in Pakistan. As a national platform with global recognition, PPAF has championed the cause of inclusive development since its inception, anchoring its mission in transparency, autonomy, and evidence-based strategy.

Guided by a 12-member board comprising leading voices from civil society, government, and academia, PPAF operates with integrity and strategic foresight. Its blended finance model, which combines government endowment with multilateral donor partnerships, has unlocked over a billion dollar in development capital—transforming rural economies, empowering women, and bolstering climate resilience.

As Pakistan embarks on bold new national initiatives such as the Uraan Pakistan Plan, PPAF's proven Poverty Graduation Model, vast institutional footprint, and people-first ethos make it a natural partner in delivering scalable, sustainable, and inclusive solutions. What follows is a deep dive into how this pioneering institution is enabling self-reliance at scale.

In this exclusive interview, the CEO of PPAF Mr. Nadir Gul Barech reflects on the institution's genesis, its evolution, and role in shaping a more equitable Pakistan. With the mandate and a governance structure designed to insulate it from political influence, PPAF was envisioned as a professional and independent alternative to conventional poverty programs. Today, it stands as a testament to what can be achieved when public goals are pursued with private-sector efficiency and community-led values.

Here are the excerpts of the interview;

When and why was PPAF established, and how is its governance structured to ensure transparency and autonomy?

The PPAF was established in 1997 as a not-for-profit company under Section 42 of the Companies Ordinance 1984 (now Companies Act 2017) and started operations in April 2000. Conceived under the vision of the then Prime Minister, PPAF was designed to address the limitations of conventional poverty reduction programs by creating an autonomous, professionally managed, and politically neutral institution. As stated in the original Prime Ministerial Summary, PPAF was intended to function as a legally independent, non-governmental entity that would avoid the inefficiencies of bureaucratic structures and political interference.

PPAF's governance model is grounded in transparency, accountability, and professional oversight. The institution is overseen by a 12-member Board of Directors (BoD), including three nominees from the Government of Pakistan and eight members from civil society, academia, and the professional sector, elected by PPAF's General Body for a three-year term. The Chief Executive Officer serves as the 12th member of the Board. The BoD is supported by five specialized subcommittees: audit, risk management, human resources, executive strategy and design, and search and nomination.

How is PPAF financed, and what enables it to operate as a financially self-sustaining institution?

PPAF's financial sustainability is anchored in a robust and diversified funding structure. At its core is a PKR 1 billion Endowment Fund provided by the Government of Pakistan, invested in Pakistan Investment Bonds (PIBs) to ensure long-term financial autonomy.

Additionally, PPAF has effectively managed PKR 17.56 billion in government-lent funds under World Bank and International Fund for Agricultural (IFAD) supported projects, with 81% already repaid (PKR 14.20 billion) with concessional mark up rate and the remainder being paid on schedule.

Leveraging its strong financial base and high-impact development portfolio, PPAF has mobilized over USD 1 billion from international donors such as the World Bank, European Union (EU), IFAD, United States Agency for International Development (USAID), German Development Bank (KfW), and United Nations High Commissioner for Refugees (UNHCR), as well as major corporate partners. It also co-founded the Pakistan Microfinance Investment Company (PMIC) in 2016, contributing PKR 3 billion in equity (49% shareholding). PMIC has since extended PKR 31 billion in microfinance loans, reaching more than 848,000 households.

How does PPAF align with the Government of Pakistan's national poverty reduction agenda through the Poverty Graduation Model?

PPAF serves as a key partner to the Government of Pakistan in advancing its poverty alleviation agenda by translating national policy into localized, evidence-driven impact. With outreach in 150 districts nationwide through 163 civil society partner organizations, PPAF ensures last-mile delivery of development interventions across diverse geographies.

Our globally recognized Poverty Graduation Model complements flagship government social protection programs such as Benazir Income Support Programe (BISP) by offering structured and scalable pathways from social assistance to sustainable livelihoods. Customized to Pakistan's context through the Poverty Scorecard, this phased model moves ultra-poor households through targeted support—managing spending, skills training, asset transfers, and financial inclusion—toward lasting self-reliance.

Validated by international studies, including Science journal publication, the model is cost-effective, flexible, and closely aligned with the Sustainable Development Goals (SDGs). A recent analysis of 334,596 common PPAF–BISP beneficiaries revealed that 108,043 (32%) are ready to graduate from BISP.

> As Pakistan embarks on bold new national initiatives such as the Uraan Pakistan Plan, PPAF's proven Poverty Graduation Model, vast institutional footprint, and people-first ethos make it a natural partner in delivering scalable, sustainable, and inclusive solutions.

Through layered targeting system, **PPAF** has mobilized millions of individuals into grassroots community institutions that serve as local delivery platforms for social, financial, and infrastructure services.

What positions PPAF as a natural partner to support the Uraan Pakistan Plan, particularly in poverty reduction, gender empowerment, and climate resilience?

PPAF's community-led, multidimensional development model is fully aligned with the Uraan Pakistan Plan. With outreach in 150 districts through 163 civil society partners and 171,000 community institutions—63% women membership—PPAF ensures inclusive and targeted delivery at the grassroots level.

Its globally recognized Poverty Graduation Model supports Uraan's goals of reducing multi-dimensional poverty by 11% and income poverty by 13%. A recent analysis of 334,596 common PPAF–BISP beneficiaries revealed that 108,043 (32%) are ready to graduate from BISP. PPAF has provided 203,500 households with productive economic assets and trained 1.17 million individuals, leading to increased incomes and economic resilience.

PPAF contributes directly to Uraan's targets for gender and youth inclusion—such as increasing female labor force participation by 17% and reducing youth unemployment by 6%—by ensuring that women receive the majority of loans, trainings, and enterprise support. Around 55% beneficiaries of PPAF's multi-sectoral interventions are women.

On climate action, PPAF's interventions directly support Uraan's adaptation and mitigation objectives. These include construction of 122,000 seismically safe houses post 2005 earthquake, 1,450 renewable energy projects generating 14 Mega Watt (MW) of clean energy, conservation of 2.23 million cubic meters of water, and plantation of 130,000 trees. Flood relief efforts have supported 859,000 households, and emergency responses like the COVID-19 Fund assisted 66,000 households in 20 districts in 2020. These efforts that align with national climate resilience and natural resource management goals and benefiting millions of households.

PPAF's proven models, results-based approach, and national presence position it as a key implementation partner to translate Uraan Pakistan's vision into tangible, inclusive development outcomes.

As a leader in microfinance sector developer, how does PPAF empower the economically excluded?

PPAF has established itself as a key sector developer in financial inclusion by combining innovation, institutional strengthening, and equitable access to capital. As part of its mission to empower marginalized communities, PPAF has disbursed over 8.4 million microcredit loans, with 60% directed to women and 80% to rural areas, helping low-income households initiate or expand microenterprises and achieve greater financial resilience.

Additionally, under the Prime Minister's Interest-Free Loan (PMIFL) Programme, PPAF has disbursed 3.5 million loans, amounting to PKR 129.19 billion (including reflows), with 56% of the loans provided to women. These initiatives have played a pivotal role in reducing financial exclusion and enabling vulnerable populations to participate in the economy with dignity.

To institutionalize its role in the sector, PPAF launched the Pakistan Microfinance Investment Company (PMIC) in 2016—a strategic spin-off in partnership with KfW and Karandaz, aligned with the State Bank of Pakistan's financial inclusion agenda. With a 49% equity stake, PPAF enabled PMIC to mobilize over PKR 111 billion (including reflows) in microfinance, reaching 2.1 million clients, 87% of whom are women.

These efforts are integral to PPAF's Poverty Graduation approach, which links financial services with skills training and asset transfers to facilitate long-term economic self-reliance. By integrating community-driven models with institutional innovation, PPAF continues to shape Pakistan's financial landscape—paving the way for inclusive, sustainable economic development.

How does PPAF ensure that the most marginalized and vulnerable are reached effectively?

PPAF adopts a data-driven, evidence-based approach to ensure its interventions reach the poorest and most vulnerable communities. High-poverty districts are identified using the Geography of Poverty report, which applies a multidimensional deprivation index based on indicators across education, health, living conditions, and asset ownership. This targeting enables focused investment in severely underserved areas.

Within these priority districts, PPAF identifies ultra-poor households using the Poverty Scorecard (PSC)—a simple, transparent, and verifiable targeting tool used by BISP. The PSC applies policy-defined cut-offs and uses a concise set of indicators that field workers can score in real time, allowing for objective identification of the poorest households. It also enables tracking of household progress over time, aligning well with PPAF's Poverty Graduation model.

Through this layered targeting system, PPAF has mobilized millions of individuals into grassroots community institutions that serve as local delivery platforms for social, financial, and infrastructure services. The approach ensures inclusion of women, youth, persons with disabilities, and disaster-affected populations not just as recipients, but as active agents of change in their communities.

Furthermore, PPAF ensures community engagement and ownership by implementing a community-driven development model projects through its extensive network of partner civil society organizations. So far, PPAF has established 171,000 Community Institutions (CIs), representing 2.67 million households across 150 districts, leading the process.

> PPAF's community-led, multidimensional development model is fully aligned with the Uraan Pakistan Plan. With outreach in 150 districts through **163** civil society partners and **171,000** community institutions—**63%** women membership—PPAF ensures inclusive and targeted delivery at the grassroots level.

What is PPAF's contribution to achieving the Sustainable Development Goals (SDGs)?

PPAF plays a vital role in supporting Pakistan's SDG agenda by aligning its institutional strategy with national priorities and partnering closely with the Ministry of Planning, Development and Special Initiatives. Through its Strategy 2021–2025, PPAF contributes directly to 11 SDGs, including those related

to poverty reduction, gender equality, decent work, quality education, health, clean energy, and climate resilience.

PPAF's community-led development model addresses both economic and social dimensions of poverty. Its efforts in institutional strengthening, livelihood enhancement, and infrastructure development have reached millions, with a strong focus on inclusion and sustainability. By empowering local institutions, supporting productive assets and financial services, and improving access to education, health, water, and energy, PPAF directly advances Pakistan's commitment to the 2030 Agenda.

As a trusted national platform with a broad outreach and strong delivery systems, PPAF remains a key partner in translating SDG commitments into real, measurable impact on the ground.

How does PPAF engage with civil society to strengthen social harmony and promote national unity across Pakistan by commemorating national days?

PPAF is strongly committed to promoting national pride, civic responsibility, and social cohesion through inclusive community engagement. In collaboration with its nationwide network of implementing partners and thousands of community institutions, PPAF has organized and supported a range of events to commemorate key national days. Most recently, Yaum-e-Takbeer and Yaum-e-Tashakur were celebrated across the country, highlighting Pakistan's resilience, unity, and collective achievements through one voice of civil society and community-led, participatory activities. Overall, 282 events were organized, attended by thousands of individuals, including women, youth, and children. These events were not limited to single-day observances but were marked over extended periods—ranging from 15 days to one month—enabling broader participation and deeper engagement at the grassroots level.

Building on this momentum, PPAF is now celebrating Independence Day and Defence Day under Resilient and Rising Pakistan campaign its program areas, following the same inclusive and extended format. Planned activities include cultural performances, awareness sessions, cheque distribution, tree plantation drive, infrastructure schemes inauguration, certificates distribution, youth competitions, flag hoisting ceremonies, with a strong focus on engaging women, youth, and marginalized groups in meaningful expressions of national solidarity and shared identity.

Below is a summary of national events celebrated and planned through PPAF's partners:

Event	Status	Number of Events	Key Focus
Yaum-e-Takbeer	Celebrated	185	National resilience, unity, and self-reliance
Yaum-e-Tashakur	Celebrated	97	Gratitude for peace, security, and community contributions
Independence Day	Planned	1,322(so far)	Patriotism, cultural expression, youth and women engagement
Defence Day	Planned	1,136 (so far)	Tribute to armed forces, national solidarity, civic pride

Through these wide-reaching and inclusive initiatives, PPAF not only celebrates Pakistan's national milestones but also strengthens its commitment to social unity, community empowerment, and nation-building.

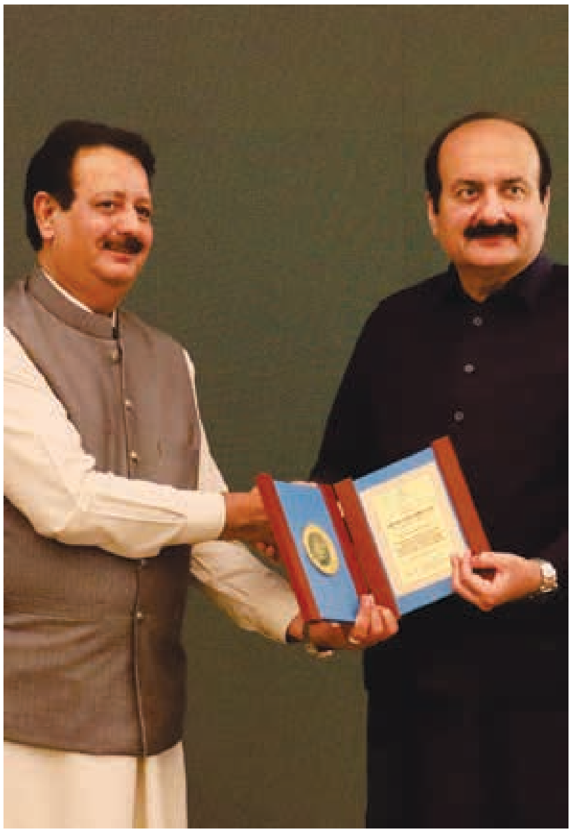
Closing Perspective

PPAF is proud to be recognized as a national driver of poverty alleviation and community empowerment.

Our globally recognized Graduation Model, deep-rooted institutional network, and robust evidence base position us to help Pakistan transition from safety nets to sustainable livelihoods.

With the government's increased social protection budget, there is a critical opportunity to scale this model nationwide.

Together, we can build a self-reliant, resilient, and inclusive Pakistan — where prosperity is shared, and no one is left behind.



PPAF's governance model is grounded in transparency, accountability, and professional oversight. The institution is overseen by a **12-member Board of Directors (BoD),** including three nominees from the Government of Pakistan and eight members from civil society, academia, and the professional sector, elected by PPAF's General Body for a three-year term.

Pakistan's Soft Power Play

Federal Commerce Minister Jam Kamal Khan's trip to Japan — spanning the poetic calm of the Pink Salt Pavilion in Osaka, the spiritual diplomacy of Kyoto, and the hard-nosed business of Tokyo — reflects Pakistan's evolving international strategy. It set the stage for deeper bilateral engagement, bridging Pakistan's cultural past and economic future. In a world defined by soft power, cultural capital, and investment diplomacy, the visit delivered on all fronts.

Muhammad Naseer

When nations gather to exhibit their ambitions and identities at world expos, symbolism matters. For Pakistan, a country often boxed in by headlines of political flux and economic instability, Expo 2025 Osaka offered a welcome counter-narrative. Its presence at the global fair is not merely about showmanship, but a deft exercise in cultural diplomacy, soft power, and economic signaling.

Anchored by its striking Pink Rock Salt Pavilion — a poetic nod to nature, resilience, and interconnectedness — Pakistan is reintroduced itself to the world, not as a problem, but as a possibility.

The overarching theme of the Expo — "Designing Future Society for Our Lives" — could hardly be more relevant for Pakistan, a young, climate-vulnerable, and economically ambitious nation trying to recalibrate its trajectory.

Representing Pakistan, Federal Commerce Minister Jam Kamal Khan's May 2025 visit to the Expo grounds in Osaka was more than ceremonial; it was a timely attempt to insert Pakistan into critical global conversations about sustainability, innovation, and trade.

A Poetic Grain of Salt

Pakistan's pavilion, titled "Universe in a Grain of Salt," is equal parts art installation and geopolitical metaphor. Built around the globally recognized Khewra salt mines — one of the world's oldest and largest — the exhibit is a sophisticated blend of visual storytelling and tactile experience. Its copper façade, sourced from artisans in Peshawar, sets the tone: heritage meets modernity.

Inside, visitors journey through curated spaces that narrate the mineral, medicinal, and historical significance of Himalayan

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pink salt. A digital table traces Pakistan's rich natural resource base, while halo therapy sessions in the "Healing Garden" link salt to wellness and spiritual renewal. The design language is elegant; the messaging, strategic. In an Expo dominated by technological themes, Pakistan's choice to lead with nature and heritage offers a welcome contrast — and an astute branding opportunity.

Japanese officials were among the pavilion's early admirers. Ichinoki Manatsu, Deputy Secretary General of the Expo Association, described it as one of the most creatively designed and widely visited exhibits. For a country often overshadowed by its larger neighbors in the Asian imagination, that sort of recognition matters.

Pavilion Diplomacy

Minister Khan's itinerary at the Expo included visits to several pavilions, from regional allies like Türkiye and Saudi Arabia to global powers such as China, the UK, and the United States. At each stop, he engaged with design philosophies and national narratives, using the occasion to strengthen diplomatic ties and explore avenues for trade and cultural collaboration.

At the Japan Pavilion — a serene, biomimetic space powered by food-waste biogas — the Minister praised the elegant synthesis of sustainability and storytelling. The Palestine Pavilion offered a moment for diplomatic solidarity, while Tajikistan's glacier-themed exhibit triggered conversations about shared environmental threats and future water cooperation.

The UK's "Come Build the Future" pavilion symbolized innovation through the metaphor of colorful building blocks. China's scroll-shaped structure emphasized harmony between technological growth and ecological stewardship. Saudi Arabia's "Epic Journey of New Discoveries" positioned the kingdom's Vision 2030 reforms within a historical continuum. Each pavilion offered Pakistan a stage for bilateral conversations beyond traditional conference tables.

The France Pavilion, themed “A Hymn to Love,” featured a sensory journey rooted in poetic symbolism and ended in a garden mimicking French ecosystems. The Minister left a handwritten message in the visitor's book, reaffirming Franco-Pakistani friendship.

The pavilion itself, though rooted in salt, carried layered meanings. Salt as a preservative — of heritage. Salt as a healer — of collective wounds. Salt as a universal element — grounding Pakistan in global conversations.

At the USA Pavilion, the emphasis was on space exploration, entrepreneurship, and education — a forward-looking suite of themes that Pakistan, with its burgeoning tech talent and youthful demography, could easily relate to.

The Azerbaijani and Qatari pavilions, too, underscored values of sustainability, regional identity, and innovation.

Strategic Soft Power

Yet the heart of the visit remained the Pink Salt Pavilion, which became not only a showcase of natural heritage but also a theatre for soft power. The Minister interacted with pavilion ushers dressed in bespoke Pakistani attire, reviewed craft displays featuring textiles, stone engraving, and pottery, and paused for photographs with visiting delegates.

The buzz around the pavilion culminated in a well-attended press conference, drawing over 40 journalists from Japan and beyond. Minister Khan underscored the symbolism of the pavilion and detailed upcoming highlights: a Pakistan Food Festival, a National Day celebration on August 14, and trade and investment forums. He positioned Pakistan not just as a cultural treasure trove, but as an untapped investment frontier — rich in resources, driven by youth, and poised for reform.

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Beyond Osaka: Kyoto and Tokyo

After Osaka, the Minister traveled to Kyoto, where he met with the 79th Head Priest and Secretary-General of the Kyoto Buddhist

Association. The meeting explored Buddhist tourism to Pakistan's ancient Gandhara sites — Taxila, Swat, and beyond. Given Japan's deep Buddhist traditions, the dialogue was both spiritually resonant and economically prudent. The head priest expressed strong interest in organizing a delegation of monks to Pakistan, a potential milestone in religious diplomacy.

In Tokyo, the focus shifted to trade and economic ties. Minister Khan met with executives from the Japan External Trade Organization (JETRO), sharing Islamabad's export roadmap across 17 priority sectors, including minerals, agriculture, and IT. JETRO officials praised the branding brilliance of the salt pavilion and signaled interest in copper, rare earths, and other critical minerals.

Both sides explored forming sector-specific taskforces, launching HRD frameworks with NAVTTC and Japan's METI, and organizing investor roadshows. Minister Khan also raised issues around port logistics and export compliance — pain points that continue to haunt Pakistan's global trade competitiveness.

A subsequent meeting with the Japan International Cooperation Agency (JICA) revolved around youth employment, vocational training, and SME development. The Minister proposed feasibility studies for infrastructure projects in rail, roads, and ports, while seeking concessional finance and government-to-government partnerships in logistics and mining. He also called for inclusive project design that reflects local realities, particularly in areas like food safety and sanitary standards — areas where Pakistan has historically stumbled.

> Federal Commerce Minister Jam Kamal Khan's itinerary at the Expo included visits to several pavilions, from regional allies like Türkiye and Saudi Arabia to global powers such as China, the UK, and the United States. At each stop, he engaged with design philosophies and national narratives, using the occasion to strengthen diplomatic ties and explore avenues for trade and cultural collaboration.

Salt, Strategy, and Soft Power

The capstone of the Tokyo leg was a roundtable with the Japan–Pakistan Business Cooperation Committee (JPBCC), attended by executives from Mitsubishi, Marubeni, Honda, MUFG, and others. Minister Khan invited investment in special economic zones and high-growth sectors such as fintech, renewable energy, sportswear, and fisheries. He responded to concerns from firms like Ajinomoto, assuring swift dispute resolution and regulatory clarity.

JPBCC welcomed the outreach, pledging continued support for structured dialogue and joint ventures. The meeting served as a reminder that in today's fractured global economy, relationship-building is as vital as infrastructure.

By centering its pavilion around something as elemental and overlooked as salt, Pakistan managed to make a bold, elegant statement: that beauty can be found in simplicity, that legacy can shape futures, and that even a grain of salt can carry the weight of a nation's aspirations.

The writer is Director General - Trade Development Authority of Pakistan (TDAP).

Beyond Survival

Charting Pakistan's Path to a Trillion-Dollar Economy

Uraan Pakistan places exports at the heart of our growth strategy — focusing on value addition, diversification, and competitiveness in sectors like IT services, textiles, halal food, engineering goods, and pharmaceuticals.

Dr. Nadeem Javaid (SI)

Pakistan stands at a defining moment. For too long, we have battled crises merely to survive, but survival is no longer enough. Skeptics may dismiss bold visions as lofty rhetoric — pointing to unfulfilled plans like Vision 2010 or Vision 2025 — yet should past setbacks stop us from dreaming of a better future?

Under Prime Minister Shahbaz Sharif's ambitious goal of a trillion-dollar economy by 2035, and with the Uraan Pakistan 5Es framework crafted under Minister Ahsan Iqbal's leadership, we now have both the vision and the roadmap to rise beyond survival and chart a path to national prosperity.

The Turning Point: From Crisis to Vision

I vividly remember June 28, 2022, in Islamabad, when the government convened the Turnaround Pakistan conference. It was not just another policy event; it was a national awakening. Ministers, opposition leaders, entrepreneurs, academics, and even students united around a single purpose: how to pull Pakistan back from the brink. Out of that historic dialogue emerged the 5Es Framework — five interconnected pillars designed to unlock Pakistan's true potential: Exports, E-Pakistan & Empowerment, Energy, Equity, and Environment. Precisely, the five engines for take-off.

1. Exports: Breaking the Chains of Dependency

Pakistan's persistent trade deficits have left us vulnerable to external shocks. While countries like Vietnam have dramatically raised their export-to-GDP ratios, Pakistan lingers around 10%. That is why, Uraan Pakistan places exports at the heart of our growth strategy — focusing on value addition, diversification, and competitiveness in sectors like IT services, textiles, halal food, engineering goods, and pharmaceuticals.

By shifting from an import-led consumption model to an export-driven economy, we aim to create sustainable jobs and achieve financial independence. With focused reforms in customs, trade facilitation, and industrial zones, we aim to create an ecosystem where Pakistani products are not just available globally, but preferred as well.

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Prime Minister Shahbaz Sharif's vision of a trillion-dollar economy by 2035 is not just a dream; it is a call to action for every policymaker, entrepreneur, and citizen to believe, build, and deliver. With Minister Ahsan Iqbal's leadership, the 5Es framework provides the roadmap to turn ambition into achievement.

2. E-Pakistan & Empowerment: The Digital Leap

In today's world, digital transformation is the ultimate equalizer. Recently, I came to know about two young entrepreneurs from Peshawar who transformed the traditional Peshawari Chappal into a global brand through a simple e-commerce website.

This is why Uraan Pakistan envisions high-speed internet as a basic utility. Imagine a young woman in rural Sindh selling her handmade crafts to buyers in Europe or a student in Gilgit building a freelance career from home. Pakistan's e-commerce market has surpassed $5 billion and continues to grow, fueled by youth talent, digital skills, and government-backed innovation hubs.

For Pakistan, embracing e-commerce and the broader digital economy is key to leapfrogging into a knowledge economy, instead of remaining stuck in low-value commodities. The energy and creativity of our youth just needs an ecosystem to flourish. Under Uraan Pakistan, that ecosystem is taking shape, with initiatives to train talent, reform regulations, and attract investment in tech.

3. Energy: Powering Growth

Yet, as we race to industrialize and digitize, one constraint looms large: Energy, the third “E”. Every economic story eventually circles back to power supply. No nation can progress without reliable and affordable energy. While 12,000 MW of generation capacity was added between 2013 and 2018, challenges like imported fuel dependence and circular debt remain.

Uraan Pakistan's vision addresses energy with a holistic lens: secure, sustainable, and affordable energy for all. This means not only generating more electricity, but doing so cheaply and cleanly. So, the focus is now on renewable power, grid efficiency, and energy-saving technologies, ensuring industries can thrive while families enjoy lower energy costs and fewer outages.

4. Equity: Empowering People, Not Just Numbers

Economic growth, however, is ultimately about people. In my travels across Pakistan, I have seen extraordinary talent and resilience among our people, often in the most adverse conditions. And I have also seen what happens when that talent is stifled by lack of opportunity.

Our greatest strength is our youthful population, but only if it is equipped with education, opportunities, and inclusion. In this context, the 5Es agenda is replete with measures to promote social justice and inclusion. It puts special focus on uplifting the 20 poorest districts across the country, offering scholarships for girls, microfinance for entrepreneurs, and affirmative policies for differently-abled citizens. True economic growth is people-centered — and equity is its foundation.

5. Environment: Building Climate Resilience

The 2022 floods that devastated 90 districts and affected 33 million people were a wake-up call. More recently, the 16-hour downpour over twin cities i.e. Islamabad and Rawalpindi in July 2025 reminded us that the consequences of climate change are no longer distant, they are unfolding right at our doorsteps.

This is why Uraan Pakistan vision treats the environment not as an afterthought, but as a core pillar of our survival and prosperity. It integrates environmental resilience into every economic pillar, from climate-smart agriculture to sustainable urban planning, ensuring future growth is not washed away by the next climate disaster.

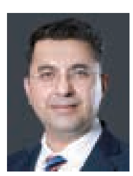
Why Uraan Pakistan is Different?

Unlike previous plans, Uraan Pakistan is not a set of isolated initiatives but a cohesive national agenda with execution at its core. The creation of the National Economic Transformation Unit (NETU) ensures transparent monitoring, inter-ministerial coordination, and continuity beyond electoral cycles. This framework belongs not to a single party or leader, but to Pakistan's collective future.

The Call to Rise

Pakistan's journey from survival to prosperity will not be easy — but no nation has ever achieved greatness by aiming small. Prime Minister Shahbaz Sharif's vision of a trillion-dollar economy by 2035 is not just a dream; it is a call to action for every policymaker, entrepreneur, and citizen to believe, build, and deliver. With Minister Ahsan Iqbal's leadership, the 5Es framework provides the roadmap to turn ambition into achievement.

Critics may ask, "Can we?" The real question is, "Will we dare to?" With unity, discipline, and relentless execution, Pakistan can rise again — not just to survive, but to soar.



The writer is Vice Chancellor, Pakistan Institute of Development Economics, and Member-Planning Commission of Pakistan.

Economic Revival Under Maryam Nawaz

Human-Centered Strategy for Punjab

The two years of the leadership of Maryam Nawaz Sharif represent more than just administrative success—they reflect a clear vision for inclusive and sustainable economic growth. Her government's decision to focus on agriculture, industrial revitalization, youth, and social development, all while maintaining fiscal responsibility, stands out as a progressive model in Pakistan's provincial governance.

Dr. Abid Rashid Gill

In just two years, the government of Chief Minister Maryam Nawaz Sharif has redirected Punjab's economic landscape through bold reforms, public investment, and strategic innovation.

Her administration's approach has been rooted in fiscal discipline, social inclusion, and economic growth, with a strong focus on uplifting agriculture, industry, youth, and public services. What stands out is her determination to promote development without imposing new taxes—a rare feat in today's economic climate.

Fiscal Reforms Without Burdening the Public

Instead of introducing new taxes, the government prioritized smarter fiscal management. In the 2024–25 tax-free budget, Maryam Nawaz's team increased public sector salaries and pensions while trimming inefficiencies. The elimination of Punjab's ballooning circular commodity debt—from Rs. 629 billion in 2022 to Rs. 103 billion—freed up substantial fiscal space. Similarly, the restructuring of the unsustainable pension system through the introduction of a Defined Contribution Scheme is expected to save trillions over time.

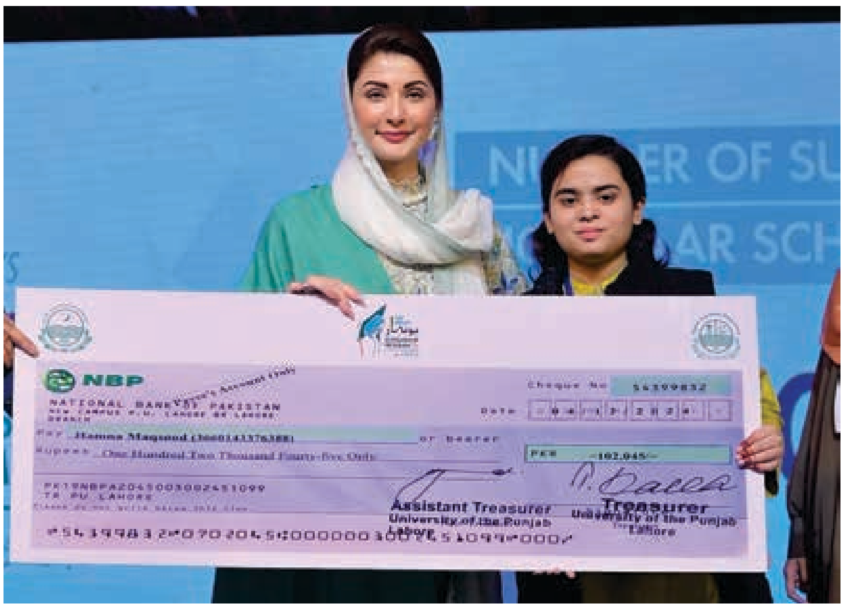
Punjab also improved public fund management by investing idle funds in secure instruments like government securities and T-bills, generating additional revenue. To reduce external insurance dependency, the province launched the Punjab Life Insurance Company (PLIC), ensuring that large premium payments remain within the provincial economy while expanding social protection.

Agricultural Transformation: The Backbone of Economic Growth

Given that over 60% of Punjab's population is linked to agriculture, the sector received unprecedented attention. Under the Rs. 400 billion "Transforming Punjab Agriculture" program, the government has initiated measures to promote productivity and sustainability.

> Infrastructure development received strong backing. More than 700 kilometers of roads were built or upgraded to connect rural producers with markets better. Punjab also introduced its first electric bus service, starting with 27 buses in Lahore, with plans to expand across cities. Urban mobility will be further improved through tram proposals and smart city initiatives.

A major innovation was the Kisan Card, through which over 500,000 farmers accessed interest-free loans digitally. In the 2023–24 Rabi season alone, Rs. 53 billion was disbursed for essential inputs like seeds and fertilizer. The Green Tractor Scheme subsidized tractors for small farmers, and 6,000 units were distributed in the first phase.



To reduce operational costs and environmental impact, Rs. 9 billion was allocated to solarize 8,000 agricultural tube wells, offering a 50% subsidy. This initiative not only cut farmers' electricity bills but also supported cleaner energy use.

Efforts were also made to diversify crops and reduce post-harvest losses. Farmers were incentivized to grow sesame, canola, and soybeans. At the same time, a Rs. 3 billion vegetable mechanization initiative introduced dryers, pulpers, and seeders at 70% subsidy, directly benefiting onion and tomato producers. These interventions helped lower food inflation and stabilize rural incomes.

Industrial Expansion and Revitalization

The Maryam Nawaz government also accelerated industrial development by boosting large-scale manufacturing and creating jobs. Key industrial zones like the Quaid-e-Azam Business Park, Multan Industrial Zone, and Faisalabad Industrial Estate were prioritized with upgraded infrastructure and fast-tracked utility access.

Policies have been introduced to revive sick industrial units, particularly in textiles, engineering, and food processing. Fiscal incentives such as 10-year tax holidays, one-window clearances, and solarization subsidies have been offered to attract both local and foreign investment.

To promote competitiveness, the government facilitated access to modern machinery, digital systems, and certifications. Strategic partnerships with Chinese and Gulf investors led to joint ventures in automobile parts, agro-processing, and construction materials. Through these measures, Punjab's industrial sector has started to increase output, improve capacity utilization, and increase exports, pointing towards long-term economic resilience.

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SMEs and Youth: Engines of Future Growth

Recognizing the entrepreneurial potential of youth and small businesses, the government launched the Asaan Karobar Scheme, offering interest-free loans between Rs. 500,000 and Rs. 3 million. The Asaan Karobar Card further digitized transactions, promoting formalization in the micro-business sector.

The government also expanded the Honhaar Scholarship Program. It distributed over 50,000 laptops to university students, encouraging digital learning and self-employment. A Youth Internship Program gave graduates practical experience in agriculture, IT, and government sectors, with monthly stipends ranging from Rs. 25,000 to Rs. 60,000.

> By shifting from an import-led consumption model to an export-driven economy, we aim to create sustainable jobs and achieve financial independence. With focused reforms in customs, trade facilitation, and industrial zones, we aim to create an ecosystem where Pakistani products are not just available globally, but preferred as well.

These initiatives were not just about welfare—they were investments in human capital. By equipping youth with tools, skills, and opportunities, the government aimed to build a digital- and green-ready workforce.

Housing, Health, and Social Inclusion

Economic growth is tied closely to social well-being. Under the Apni Chhat, Apna Ghar program, over 13,000 families received interest-free loans of up to Rs. 1.5 million to build or buy homes, spurring construction activity and creating jobs.

In healthcare, new services like Clinics on Wheels, free home delivery of chronic disease medicines, and the expansion of Rescue 1122 drastically improved rural access to medical services. New specialist hospitals were established, and crucial treatments like pediatric heart surgeries and dialysis were made free for underprivileged children. In 2024 alone, over 6.8 million patients received care, lightening the burden on families and contributing to a healthier workforce.

A standout initiative was Suthra Punjab, a Rs. 120 billion sanitation drive employing over 100,000 people and deploying 21,000 waste collection vehicles. Real-time tracking and centralized control ensured transparency. This project not only made cities cleaner but also created jobs for daily wage workers and youth.

Reviving Infrastructure and Transport

Infrastructure development received strong backing. More than 700 kilometers of roads were built or upgraded to connect rural producers with markets better. Punjab also introduced its first electric bus service, starting with 27 buses in Lahore, with plans to expand across cities. Urban mobility will be further improved through tram proposals and smart city initiatives.

The cultural economy was not ignored either. The Lahore Authority for Heritage Revival was set up with Rs. 635 million to restore historic sites, linking economic revival with tourism and heritage preservation.

Digital Transformation and Innovation

To prepare Punjab for the digital age, the government launched Nawaz Sharif IT City, a $700 million project near Lahore aimed at fostering innovation,

startups, and tech exports. A $50 million startup fund in partnership with Gobi Partners provided seed capital to local entrepreneurs. MoUs with Chinese companies will also pave the way for AI-based agricultural robotics, smart farming, and precision irrigation systems. These initiatives signal a pivot from a traditional economy toward one driven by innovation, tech-enabled agriculture, and knowledge-based industries.

A Blueprint for Inclusive Growth — With Careful Guardrails

The two years of Maryam Nawaz's leadership represent more than just administrative success—they reflect a clear vision for inclusive and sustainable economic growth. Her government's decision to focus on agriculture, industrial revitalization, youth, and social development, all while maintaining fiscal responsibility, stands out as a progressive model in Pakistan's provincial governance.

To sustain growth, Punjab must ensure transparent implementation and maintain fiscal discipline. Environmental protection and balanced rural-urban development are essential. Private sector confidence should be strengthened through regulatory ease. Youth and SME support must promote innovation over long-term dependency.

By observing these precautions, Punjab can transform its current momentum into long-lasting, inclusive, and sustainable economic progress, serving as a model for other provinces in Pakistan and beyond.

The writer is Head of Economics Department The Islamia University of Bahawalpur.

Cashless & Inclusive Future

For Pakistan, the transition to a cashless economy is more than a policy choice, it is a national imperative, championed at the highest levels, including by Prime Minister Muhammad Shehbaz Sharif.

Ghulam Haider

Imagine a Pakistan where digital payments are accepted across to the country, government subsidies reach recipients instantly, and tax collection happens seamlessly, without evasion or fraud.

A cashless economy is no longer a distant vision; it is a growing movement reshaping how we spend, earn, and govern by bringing transparency and inclusion to financial systems. Around the world, digital finance is unlocking new pathways to growth, and Pakistan cannot afford to be left behind.

For Pakistan, the transition to a cashless economy is more than a policy choice, it is a national imperative, championed at the highest levels, including by Prime Minister Shehbaz Sharif. It holds the power to make transactions instant, secure, and traceable; ensure access to funds across geographies; and most importantly, bring millions of unbanked citizens into the formal economy.

Pakistan stands at a critical juncture, where either it needs to accelerate this transformation or risk falling further behind in a rapidly digitizing world. Encouragingly, some provinces are already leading by example. Punjab, for instance, has introduced a reduced 5% sales tax on services, such as dining, when paid via credit or debit cards, compared to the standard 16% on cash transactions. This is a smart fiscal incentive that promotes transparency, drives adoption of electronic payments, and lays the foundation for broader financial inclusion.

Pakistan stands at a critical juncture, where either it needs to accelerate this transformation or risk falling further behind in a rapidly digitizing world. Encouragingly, some provinces are already leading by example.

Progress Amidst the Persistence of Cash

Pakistan's digital finance ecosystem is gaining momentum. The State Bank's Raast instant payment system processed nearly 371 million transactions worth PKR 8.5 trillion in just Q3 of FY2025. Mobile and internet banking usage surged by 64% year-on-year, with digital channels now powering utility payments, peer-to-peer transfers, and everyday commerce.

Yet despite these advances, cash remains dominant in the daily lives of millions. Street commerce, daily wage earners, and informal markets still heavily rely on physical currency. The informal economy, estimated at nearly 35% of GDP, operates outside the tax net, limiting revenue collection and transparency. A digital system, in contrast, brings visibility, traceability, and accountability.

Some key barriers to a cashless economy remain infrastructure and adoption, particularly in rural and underserved areas. Still, cities like Islamabad are beginning to model what a cashless future could look like. The capital has proposed a mandatory M-Tag system for vehicles entering the city, along with a digital parking setup using smart meters, QR codes, and mobile apps to eliminate cash. Moreover, the city's One Window Facilitation Center is also moving toward digitized payments for public services. These efforts, though localized, show how focus on civic infrastructure is essential to promote digital adoption.

The Hidden Cost of Financial Exclusion

The cost of cash dependence is not just operational, it's structural. In a cash-heavy economy, the state's ability

to monitor transactions, enforce taxes, and deliver social protection is severely constrained. It enables corruption, facilitates money laundering, and excludes entire segments—particularly women, youth, and low-income groups from credit, savings, and formal jobs.

Bridging this exclusion means closing Pakistan's digital divide. A significant portion of the population remains unbanked or underbanked. Low digital literacy, infrastructure deficits, and concerns around online fraud further deter adoption. But solutions are emerging, branchless banking now connects over 722,000 agents across Pakistan who offer services like bill payments, mobile wallets, and deposits, often in places where no bank exists.

As mobile penetration and 4G access expand, these agents serve as trusted touchpoints for financial inclusion. Platforms like JazzCash are onboarding millions many for the first time into the financial system. Through services like micro-insurance, savings, and person-to-person payments, they're helping Pakistanis build digital financial habits that are foundational to a cashless future.

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A Coordinated National Push

Recognizing the urgency, the government has launched a concerted national effort. Prime Minister Shehbaz Sharif has constituted a Cashless Pakistan Steering Committee, supported by three subcommittees focused on infrastructure, digital payments, and government disbursements. These bodies are working with regulators, banks, and digital financial services to define timelines, enact reforms, and accelerate adoption.

At the heart of this transformation lies Raast, a real-time payment system that enables free, secure, and instant transfers. It is increasingly being used for government-to-person payments such as pensions and social safety nets. Its QR code functionality is being adopted by small merchants, drawing informal businesses into the formal economy with

The upside is undeniable. According to McKinsey, digital finance can boost GDP in emerging economies by up to 6%. For Pakistan, this means stronger growth, more efficient governance, and wider access to opportunity.

ease and minimal cost.

Meanwhile, federal policymakers are exploring incentives like tax rebates for digital transactions and even penalties for excessive cash use, measures designed to shape consumer and merchant behavior over time.

Branchless banking remains a cornerstone of this national effort. Beyond just enabling access, it builds trust in digital systems and provides the continuity needed to shift behaviors and preferences permanently.

The Way Forward

Becoming cashless isn't just about swapping cash for apps, it's about rethinking how an economy functions. It influences everything from tax collection and business operations to welfare delivery and governance. For Pakistan, the opportunity is immense—but so is the responsibility to get it right.

This transition will require sustained investment in infrastructure, lower transaction costs, strong data protection laws, and accessible user interfaces. Public-private partnerships will be vital alongside merchant incentives and mass awareness campaigns to address fears and misinformation. Above all, user confidence and digital security must remain central to all efforts.

The upside is undeniable. According to McKinsey, digital finance can boost GDP in emerging economies by up to 6%. For Pakistan, this means stronger growth, more efficient governance, and wider access to opportunity.

The journey won't be without challenges. Cultural habits are deeply embedded, infrastructure gaps persist, and mindset change takes time. But with a young population, an expanding fintech landscape, and rising smartphone penetration, Pakistan is uniquely positioned to lead this transition.

The foundation has been laid, and the future vision is clear. What's needed now is a collective and sustained effort from the government, private sector, and civil society alike to unlock the full potential of a cashless, inclusive economy. A cashless Pakistan isn't just possible. It's imperative. The time to act is now.

The writer is a seasoned journalist and Assistant Editor - Economic Affairs.

Balochistan, Qila Saif Ullah,
Village Kishmore Nawar,
Union Council, Sadar

Resilience by Design
The NDRMF Story

With over USD 420 million invested so far, the footprint of the National Disaster Risk Management Fund (NDRMF) is both wide and deep. From flood protection walls and climate-smart agriculture to reforested coasts and earthquake-resilient schools, the Fund has touched lives in ways that can't always be quantified—but can certainly be felt.

Bilal Anwar - CEO NDRMF

At the wee hours of October 2005, Pakistan shook both literally and profoundly. A devastating earthquake ripped through its northern regions, claiming tens of thousands of lives, many of them children caught under the rubble of collapsed school buildings. Just five years later, the country faced calamity of another kind. Floods of historic proportions in 2010 submerged one-fifth of its land, displaced millions, and washed away critical infrastructure. Took away livelihood of millions of people to suffer for many years to come! The sorrow from these events ran deep. But alongside grief emerged a collective realization that we need to be better prepared. The era of reacting to disasters after they happen have to end. Because this carries a heavy economic and social cost. Pakistan needed an institution that could anticipate, prevent and respond.

An institution that wouldn't just pick up the pieces after disaster struck but would work tirelessly to ensure fewer pieces ever fell apart. A mechanism which could experiment new modes of reducing risks of disasters and better ways to finance disaster risk reduction. This realization laid the foundation for the National Disaster Risk Management Fund (NDRMF) in 2016.

From the beginning, NDRMF was envisioned not just as a financial body, but as a mission oriented entity. A mission to protect lives, to strengthen communities, to build resilience where fragility once lived. Its mandate was clear: lead the nation's efforts in disaster risk reduction, climate adaptation, and innovative disaster risk financing. Further to fill the knowledge gaps and experiment new approaches and catalyze funding from multiple sources.

But how do you begin to shield a country as geographically diverse and climate-vulnerable as Pakistan?

Going Where the Risk Takes Lives

NDRMF began by identifying the most exposed, the most forgotten corners of the country. Places and communities where a flash flood or a tremor didn't make headlines, but certainly shattered lives. In the mountainous terrains of Gilgit-Baltistan and the barren lands of Balochistan, early warning systems were installed. The places where no such systems had ever existed before. In these same regions, school buildings were retrofitted—transformed from fragile structures into seismic-resilient sanctuaries of learning.

In Khyber Pakhtunkhwa and Gilgit-Baltistan, the response capacity of Rescue 1122 was scaled up, ensuring ambulances, fire trucks, and trained responders were no longer luxuries but essentials that communities could count on in the times of emergency.

NDRMF's most transformative contributions was not built with cement or grown in soil but it was sown in communities. The Community-Based Disaster Risk Management (CBDRM) approach empowered locals to map their risks, form volunteer groups, and develop emergency plans.

Planting Seeds of Protection

In Sindh's coastal belts, where tides are rising and storms growing stronger, over 56,700 hectares of mangrove forests were planted. These weren't just trees or green shrubs at the swamp grounds but they were shields, absorbing storm surges, preventing soil erosion, and restoring marine ecosystems.

Further north in Khyber Pakhtunkhwa, the Fund championed agroforestry, blending native tree species with local farming practices. Here, resilience took on a human face: women-led farming produced fruits in small orchards and successfully yielded the golden crop of Safron. Unproving the gender biases can be eradicated and proving where community takes lead results becomes remarkable.

This powerfully proves that one of NDRMF's most transformative contributions was not built with cement or grown in soil but it was sown in communities. The Community-Based Disaster Risk Management (CBDRM) approach empowered locals to map their risks, form volunteer groups, and develop emergency plans. Villages once left out of national plans began preparing for disasters on their own terms. Over time, this approach became a model, not just within Pakistan but across the region.

The Power of Foresight

But NDRMF didn't stop at the ground level. It looked upward—into the future. Recognizing the gaps in national risk data, the Fund partnered with SUPARCO to create the Natural Catastrophe (NATCAT) Model. This isn't just a database. It's a forward-looking, tech-powered platform that uses satellite imagery and advanced algorithms tools to model disaster scenarios before they happen. Effectively enabling decision-makers to plan ahead rather than scramble in panic.

The Road Ahead

With over USD 420 million invested so far, NDRMF's footprint is both wide and deep. From flood protection walls and climate-smart agriculture to reforested coasts and earthquake-resilient schools, the Fund has touched lives in ways that can't always be quantified—but can certainly be felt.

Yet, the journey is far from over.

In a world where climate shocks are becoming the norm, not the exception, Pakistan needs a long-term vision. And NDRMF is already charting that path. Laying out strategies for 2023 to 2025, and further to 2033 (The NDRMF Business Strategy). The strategy is not about projects or roadmap but its about alignment with global climate finance mechanisms, with the Sustainable Development Goals, and most importantly, with the evolving realities of Pakistan's people and landscapes.

School building retrofitted, Gilgit Baltistan

> From the beginning, NDRMF was envisioned not just as a financial body, but as a mission oriented entity. A mission to protect lives, to strengthen communities, to build resilience where fragility once lived. Its mandate was clear: lead the nation's efforts in disaster risk reduction, climate adaptation, and innovative disaster risk financing.

The Legacy in Motion

The story of NDRMF is not just one of policies and projects. It's the story of a nation learning from pain and choosing preparation over helplessness. Of a country slowly, steadily, becoming stronger.

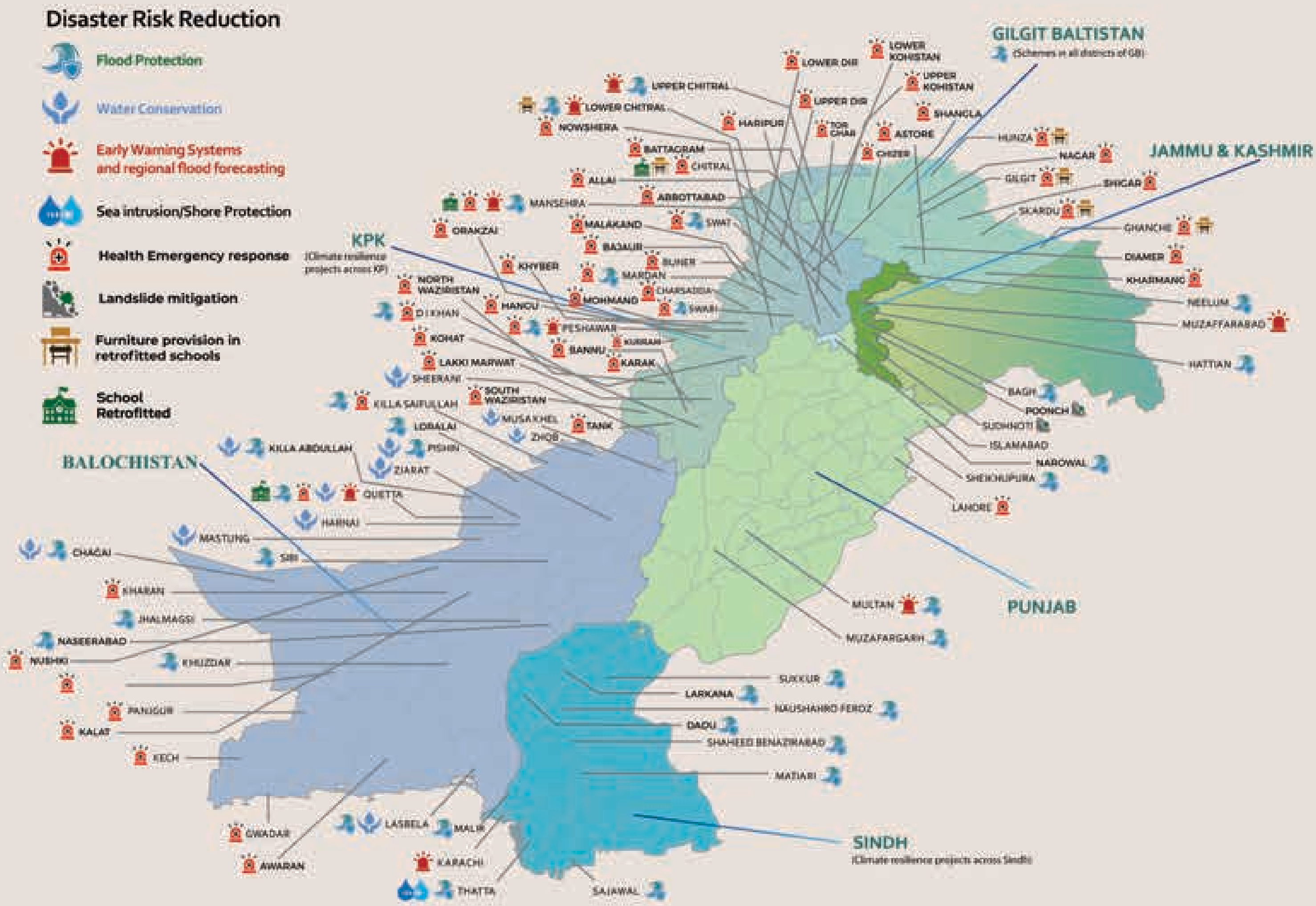
And it's a story still being written—with every village protected, every life saved, and every disaster faced with resilience instead of fear.

The writer is CEO of National Disaster Risk Management Fund (NDRMF).

NDRMF
MAKING PAKISTAN RESILIENT

Geographical Spread
2018-25

With **USD 230 million** disbursed, NDRMF's impact is visible reaching communities in every province and region across Pakistan.



63.97B (approx.) Invested by NDRMF
230 million USD (approx.)

32 projects | **77** Districts | **39,398,580** beneficiaries

With USD 230 million disbursed 32 resilience projects spanning 77 districts, NDRMF's investments have reached deep into Pakistan's most climate-vulnerable regions, from the mountains of Gilgit-Baltistan to the coasts of Balochistan.

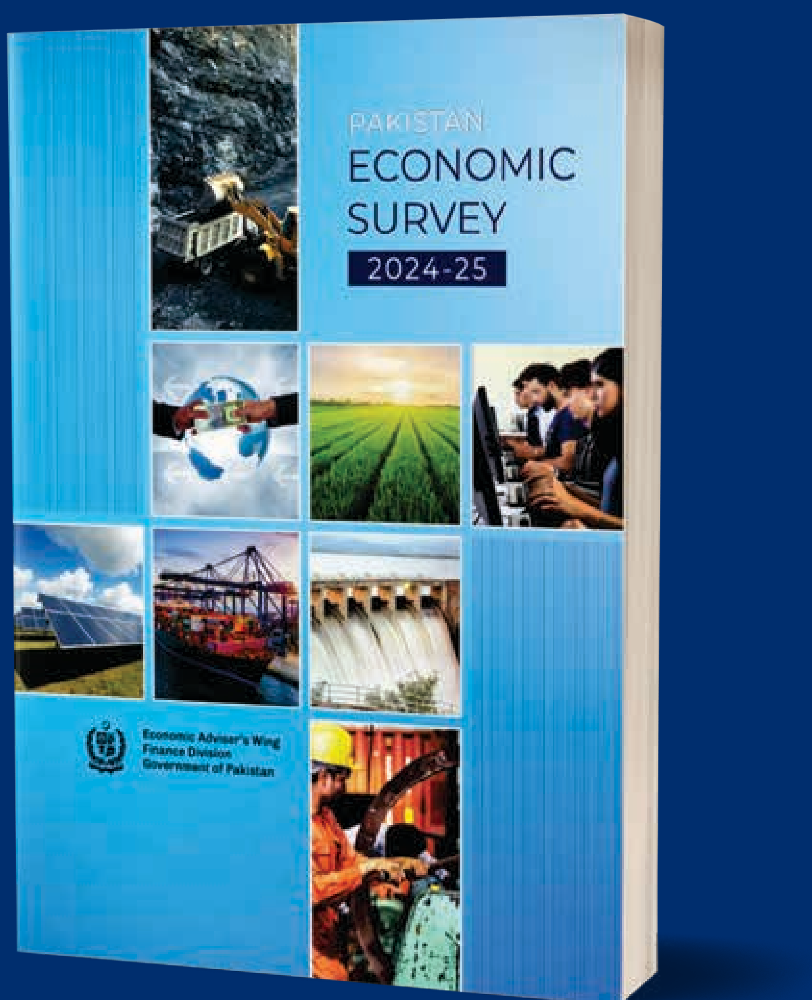
These interventions have strengthened resilience in every province, directly benefiting millions of people through improved infrastructure, early warning systems, and safer community assets.

Conceptualised and Prepared by:
Reema Zuberi
Head of Department Media & Communications - NDRMF

Empowering Communities Transforming Futures

PPAF's Model Recognized in Pakistan Economic Survey 2024–25

Shahzada Irfan Ahmed



The Pakistan Economic Survey 2024–25 has placed the Pakistan Poverty Alleviation Fund (PPAF) at the forefront of the nation's poverty alleviation architecture, commending its pioneering community-driven model and its comprehensive contribution to Pakistan's development goals. With a legacy grounded in inclusive development and social equity, PPAF is playing a catalytic role in reshaping the lives of millions through a multidimensional, integrated, and evidence-based approach.

Recognized as a high-performing national institution, PPAF continues to drive impactful transformation across 150 districts through localized engagement, institutional strengthening, and multi-sectoral delivery.

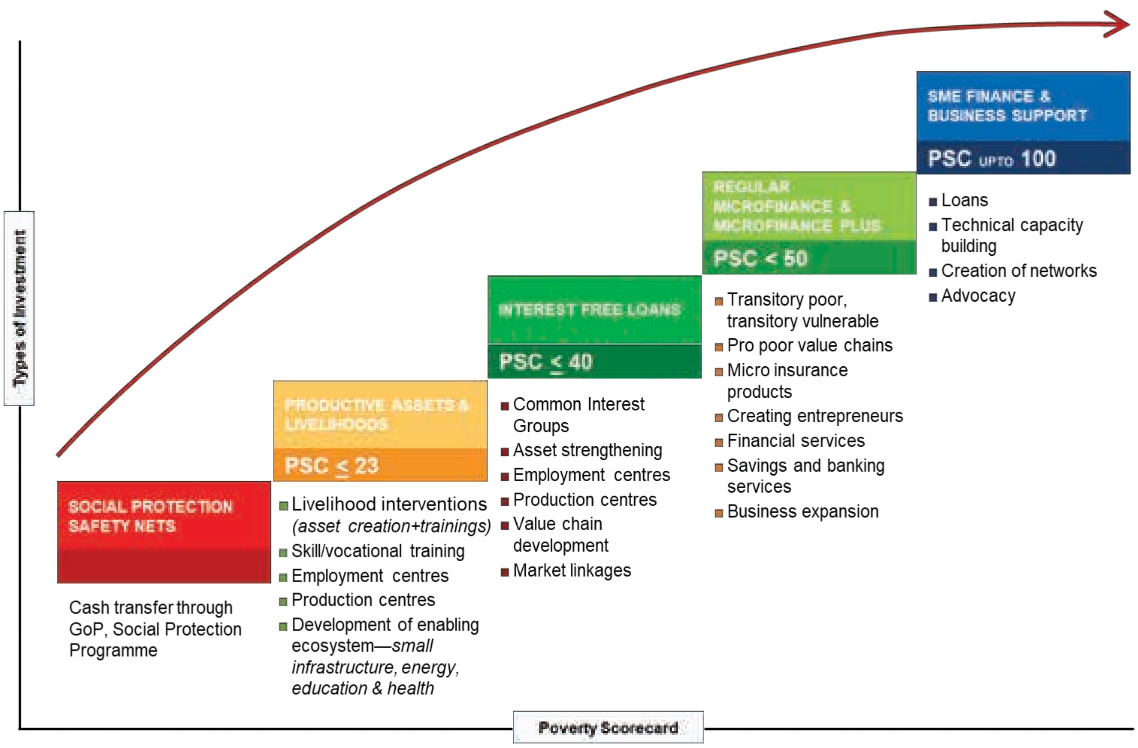
Community-Centric Development: A Poverty Graduation Model for National Transformation

At the heart of PPAF's success is its globally validated Poverty Graduation Model—a structured and holistic pathway that enables ultra-poor households to shift from dependency to self-reliance. Combining interest-free loans, skills development, productive asset transfers, financial literacy, and business development services, this approach is customized for various poverty bands using the Poverty Scorecard. The Economic Survey recognizes this as a scalable and transformative strategy, firmly aligned with Pakistan's Sustainable Development Goals (SDGs). Inspired by international best practices and grounded in community participation, the model leverages social capital to lift households out of extreme poverty and integrate them into mainstream economic activity.

Scale of Impact: Empowering People, Strengthening Systems

With a nationwide outreach, PPAF has established over 171,000 community institutions, representing 2.67 million members—63 percent of whom are women. These platforms promote participatory governance, inclusive planning, and grassroots accountability. On the financial inclusion front, PPAF has disbursed more than 3.5 million interest-free loans, 56 percent to women, amounting to Rs 129.19 billion (including reflows) under the Prime Minister's Interest-Free Loan (PMIFL) Programme empowering thousands of low-income individuals to start or expand businesses and increase household income.

Recognizing the role of enterprise in inclusive growth, PPAF has supported 963 small and medium enterprises (SMEs), 44 percent of which are women-led. Since 2021, Rs. 1,003



million in matching grants have been provided to 371 SMEs and Rs 616.37 million facilitated as loans to 345 SMEs. These businesses were also trained in business planning and financial literacy, helping them scale and integrate into value chains.

Further supporting livelihood generation, during the reporting period, FY 2024-2025, PPAF transferred 465 productive economic assets—31 percent to women—and trained 1,584 individuals in vocational skills, nearly half of them women, in sectors such as livestock, agriculture, and embroidery. Tailored programmes for people with special needs include the distribution of over 39,000 assistive devices and enterprise training for more than 3,000 individuals, promoting inclusion and community participation.

Building Resilient Communities: Climate Action and Infrastructure Development

In the realm of climate change and green energy, PPAF has installed 1,450 renewable energy projects generating 14 megawatts of clean energy, benefiting more than 586,100 individuals. It has conserved 2.23 million cubic meters of water and planted 130,000 trees, aligning with Pakistan's national climate action plans.

To enhance basic living standards and promote social cohesion, PPAF has implemented 34,590 infrastructure projects, benefiting 16.92 million people—51 percent of them women. These projects improve access to water, sanitation, irrigation, and local agriculture services.

PPAF's disaster response capability has been consistently tested and proven. In recent years, it has responded to droughts, earthquakes, floods, and the COVID-19 pandemic. During the 2022–2023 floods alone, it provided emergency relief to over 87,600 households—demonstrating agility, effectiveness, and compassion in crisis response.

Human Development: Bridging Gaps in Education and Health

PPAF's development footprint extends well beyond livelihoods into

critical human development sectors. It has supported 2,866 educational facilities, including over 1,500 public schools and five tele-education centres, facilitating the enrolment of more than 432,800 children, 45 percent of whom are girls. Among them are 10,000 children with disabilities, including

Graduation Out of Poverty:
Transitioning from Dependency to Self-Sufficiency
A recent analysis of **334,596 households** who were common beneficiaries of PPAF, and the Benazir Income Support Programme (BISP) revealed that 108,043 (32 percent) are now in a position to graduate from the BISP social safety net.

those who are blind or deaf. In healthcare, PPAF has strengthened access to primary health and nutrition services, supporting 968

community health centres and enabling 15.4 million consultations—56 percent for women and girls. In the last nine months alone, more than 38,000 consultations were facilitated.

Strategic Partnerships: A Model of Trust and Accountability

PPAF's achievements are underpinned by strong partnerships with leading international institutions such as the World Bank, EU, KfW, IFAD, AICS, USAID, and UNHCR. These partnerships are anchored in a shared commitment to transparency, accountability, and measurable impact. With a programme portfolio exceeding Rs 21 billion, PPAF continues to operate as a trusted platform for changeling resources to the most underserved communities across Pakistan.

Policy Recommendation: From Poverty to Prosperity

The Government of Pakistan could scale up PPAF's proven Poverty Graduation Model to transition beneficiaries from income support to sustainable livelihoods.

By systematically graduating capable households, the government can expand coverage to new vulnerable and eligible populations. This strategic shift will enable a more resilient, self-reliant society and align public spending with national development goals of inclusion, productivity, and shared prosperity.

PPAF Wins Energy Institute Award for Green Workforce Excellence

In recognition of its innovation in promoting a skilled and diverse green workforce, PPAF received the Energy Institute Award 2024 in the **"International Workforce" category.**

The writer is a veteran journalist with extensive experience in investigative reporting, human rights, and social issues.

From Farm to Market
GRASPing Rural Growth

The Growth for Rural Advancement and Sustainable Progress (GRASP) unlocks economic potential of rural agribusinesses by building an ecosystem rooted in policy reform, human capital development, financial access, market integration and climate resilience. Funded by the European Union and implemented by the International Trade Centre (ITC) in partnership with the Pakistan Poverty Alleviation Fund (PPAF), FAO, and SMEDA, the project operates across 22 districts of Sindh and Balochistan.

Kashif Rizwan

In Pakistan's economic architecture, small and medium-sized enterprises (SMEs) are both ubiquitous and indispensable. Contributing nearly 40% to this vibrant sector, rural SMEs—especially those embedded in agriculture and livestock—remain chronically underserved. Their struggle is not due to lack of ambition

GRASP embeds climate-smart agriculture (CSA) practices into its design—not as an add-on but as a core pillar. Through Farmer Climate Business Schools (FCBS), smallholders have been trained in CSA techniques, enhancing their ability to cope with erratic weather, water scarcity, and soil degradation.

the national GDP and 25% to exports, according to a 2023 study by the Pakistan Institute of Development Economics (PIDE), SMEs are often the silent backbone of economic vitality. Yet, within or productivity, but a lack of infrastructure, access, and institutional support.

The Growth for Rural Advancement and Sustainable Progress (GRASP) project is an ambitious response to this imbalance. Funded by the European Union and implemented by the International Trade Centre (ITC) in partnership with the Pakistan Poverty Alleviation Fund (PPAF), FAO, and SMEDA, GRASP operates across 22 districts of Sindh and Balochistan. Its mission: to unlock the economic potential of rural agribusinesses by building an ecosystem rooted in policy reform, human capital development, financial access, market integration, and climate resilience.

Bridging the Policy Gap

Pakistan's National SME Policy 2021 sets a progressive framework, but it lacked teeth in implementation—especially for women-led and agriculture-based rural enterprises. GRASP tackled this gap head-on. It initiated inclusive policy dialogues, championed regulatory reforms, and simplified bureaucratic hurdles like business registration. The project has thus far contributed to 76 policy reforms, including 23 policy documents, three SME strategies, and two value chain roadmaps—all now in use by public institutions, academia, and private sector clusters.

Digitalization was another leap forward. GRASP introduced powerful Management Information

Systems (MIS) and databanks that house profiles of nearly 45,759 SMEs across Sindh and Balochistan. This digital ecosystem has enabled stakeholders—ranging from regulators to financial institutions and corporate buyers—to engage with rural entrepreneurs with unprecedented transparency and efficiency.

A key outcome of this streamlining: over 50% of GRASP-supported SMEs have formalized their businesses with entities like the Federal Board of Revenue (FBR) and the Securities and Exchange Commission of Pakistan (SECP), bringing them into the fold of the formal economy.

Building Human Capital from the Ground Up

Policy frameworks and digital platforms are only as effective as the people who operate within them. GRASP recognizes this and has placed a robust emphasis on capacity building. The project has trained over 8,000 individuals, nearly 48% of whom are women, in financial literacy, digital business tools, good manufacturing practices (GMP), value addition, market-readiness, livestock health, and climate-smart agriculture.

Market access remains one of the greatest challenges for rural SMEs. As per the Journal of Business and Economic Options (2024), the lack of connectivity—physical and informational—renders many rural producers unable to compete effectively. GRASP filled this void by linking small businesses to suppliers, buyers, and service providers at local, provincial, and international levels. Targeted exposure visits allowed entrepreneurs to understand pricing, packaging, distribution, and consumer expectations.

The results? According to a recent outcome survey by the International Trade Centre, SMEs supported by

GRASP recorded an average 28% increase in annual sales and a 38% rise in profits. For women-led businesses, revenue growth was even more striking—a 51% increase, nearly double that of their male counterparts.

Unlocking Financial Access

Access to capital is the lifeblood of any enterprise, yet rural SMEs face consistent barriers from traditional lenders. GRASP tackled this through a two-tier strategy: performance-based matching grants and institutional partnerships with financial bodies.

Matching grants were provided in different sizes. The matching grant sizes in first three cycles were: PKR

0.5 million, PKR 2.5 million and PKR 30 million. Whereas, in fourth cycle the sizes were PKR 2.5 million, PKR 5 million, PKR 10 million and PKR 20 million.

Till July 2025, 399 such grants, collectively valued at PKR 1.5 billion, have been awarded. Of these, 39% went to women-led enterprises, a major leap for inclusive financing.

In parallel, GRASP signed MoUs with 25 financial institutions, including the State Bank of Pakistan and commercial/microfinance banks. These collaborations helped 417 SMEs secure loans worth PKR 741 million, including PKR 58 million for women entrepreneurs. Importantly, some beneficiaries also gained insurance coverage—a critical safety net for safeguarding livestock, equipment, and crops from climate-induced calamities.

As a direct outcome, GRASP's interventions have sustained or generated over 15,000 full-time jobs, including 4,520 positions for women, reshaping the gender dynamics in rural labor markets.

Climate Resilience at the Core

Pakistan ranks among the top 10 most climate-vulnerable countries, and for its predominantly agrarian economy, the stakes could not be higher. GRASP embeds climate-smart agriculture (CSA) practices into its design—not as an add-on but as a core pillar. Through Farmer Climate Business Schools (FCBS), smallholders have been trained in CSA techniques, enhancing their ability to cope with erratic weather, water scarcity, and soil degradation.

According to GRASP data, 80% of matching grant recipients have adopted green technologies like drip irrigation, solar-powered systems, and regenerative land-use practices. These upgrades not only improve productivity but also serve as buffers against environmental shocks.

Inclusive by Design

One of GRASP's standout features is its commitment to inclusive economic growth. The numbers bear this out: 39% of all matching grants were awarded to women-led businesses, and additional grants went to transgender entrepreneurs, people with disabilities, and members of marginalized communities.

But inclusion wasn't just tokenistic—it was structurally embedded. Loans were tailored to match women's repayment cycles. Trainings were delivered in local languages. Exposure visits and business engagements were designed keeping cultural norms and mobility constraints in mind. These thoughtful interventions ensured not just participation, but meaningful empowerment.

From Project to Policy: A Scalable Blueprint

What GRASP has achieved is more than a series of development wins—it is a proof of concept. The project has aligned national policy with grassroots entrepreneurship, linked financial institutions to underserved communities, and proved that climate resilience and economic growth are not mutually exclusive.

Whether it's a woman-led goat farm in Tando Allahyar or a solar-powered onion dehydrator in Khuzdar, GRASP showcases a scalable, replicable model of rural transformation. With 11 value chains activated across 22 districts, the model is ripe for national adoption.

If scaled, GRASP could accelerate rural development, create thousands of jobs, improve food security, and help Pakistan meet its Sustainable Development Goals (SDGs)—not through charity, but through competitiveness, inclusion, and innovation.

The writer is a Development Sector Journalist & Editor of The Economic Affairs.

Bloodlines of Economy

The Independence Day should lead to a consensus on extremely bold and deep structural measures to bring back sustainable growth and inclusive development in Pakistan.

Dr. Hafiz A. Pasha

The last five years have witnessed a severe loss of growth momentum. The GDP growth rate has averaged only 3.4%, whereas the long-term growth rate since the decade of the 50s has been between 4.5% to 5%. The large-scale manufacturing sector, in particular, has witnessed no increase in output since 2020-21. Historically, this sector used to be the most buoyant sector.

One of the major factors constraining the process of growth has been the growing external financial vulnerability due to low foreign exchange reserves. The year 2022-23 saw the country come close to a default situation. Consequently, policies and measures have had to be adopted to restrict imports, investment and public spending.

The loss of growth momentum in the economy has inevitably led to negative consequences on the lives of the people. Inflation rose to a historic peak rate of 29% in 2022-23. The unemployment rate has risen to an unprecedented 22%, when five years ago it was nearer 6%. The impact has been a catastrophic increase in the incidence of poverty to 44% of the population. Today, over 110 million people are below the poverty line.

Social indicators have also worsened greatly. The number of out-of-school children has risen to above 25 million. The literacy rate has remained stagnant at under 61%. The latest ranking of countries in the UNDP Human Development Index places Pakistan in countries with low HDI and ranks it in the 168th position out of 193 countries.

There is need for a performance now in exports of a comparable magnitude. Like the export-oriented countries Pakistan will need to give a series of incentives, starting with a market-determined exchange rate to enhance export profitability.

The 78th Independence Day on the 14th of August represents a day when the lackluster performance has to be highlighted. This should lead to a consensus on extremely bold and deep structural measures to bring back sustainable growth and inclusive development in Pakistan.

The present government has been focusing on a broad-based strategy for achieving these objectives. The Planning Commission has prepared the five-year URAAN plan with a focus on the following 5-Es: Exports, E-Pakistan, Environment and Climate Change, Energy and Infrastructure, Equity and Empowerment.A series of measures are identified in each of the above five areas. There is a case for adding another E, Education.

The URAAN plan envisages that implementation of fundamental measures and reforms will lead to substantial improvement in the economy from 2024 to 2029 as follows:

- Raise the GDP growth rate from 2.5% in 2024 to 6% in 2029
- Increase in the level of investment from 13% to 17% of the GDP by 2029
- Raise exports of goods and services from $39 billion to $63 billion by 2029
- Inflation rate to be at 6% in 2029
- Current account deficit to be limited to 1.2% of the GDP
- Tax-to-GDP ratio to rise annually by 1% of the GDP
- Level of education spending to rise from 2.1% of the GDP to 4% of the GDP by 2029
- Poverty incidence to brought down from 41.6% to 21% by 2029

The loss of growth momentum in the economy has inevitably led to negative consequences on the lives of the people. Inflation rose to a historic peak rate of 29% in 2022-23.

These are very appropriate targets. If achieved there will be a fundamental change in the socio-economic characteristics of Pakistan and the people will generally be much better off.

Highlighted below are some key elements of the strategy to achieve the above targets which have not been highlighted adequately in the URAAN plan.

There is need to recognize that if the economy is a body, then the blood in the body is of exports and revenues. Without a quantum jump in exports, the country will remain vulnerable to a default and be forced to operate under the umbrella of oppressive IMF programs. Along with exports there will be need to promote remittances and substantially more foreign investment. However, a jump in foreign investment is likely only when the economy has stabilized sufficiently and the security situation improves substantially.

Countries like Bangladesh, Thailand and Vietnam have promoted exports by offering a range of strong incentives. The first basic step is a big reduction in import tariffs to convey the market signal of less profit from import substitution and more profit from export development. An initial attempt has been made in the 2025-26 federal budget.

Import duties were brought down significantly after the mid-90s. Along with the stimulus provided by a fast-growing global economy up to 2008 Pakistan saw a veritable boom in exports. The value of exports increased cumulatively between 1998 and 2008 by 270%, implying thereby an annual growth rate of 10%.

There is need for a performance now in exports of a comparable magnitude. Like the export-oriented countries Pakistan will need to give a series of incentives, starting with a market-determined exchange rate to enhance export profitability. Further, there should be reversion back to 1% final tax on exports and end to the full income taxation. Also, export financing needs to be at a rate below the policy rate and lower electricity tariffs on sales to exporters. A five-year tax holiday be announced for investment in designated export processing zones.

Turning to the other blood in the body of the economy of revenues, there is need for substantially more aggressive resource mobilization. The key component of this strategy has to be on broad-basing substantially the income tax. Currently, there are large segments of the economy which are grossly undertaxed. This includes agricultural income, income from residential and commercial property, income generated by large retail outlets and income from private services. Some of these economic activities are subject to elite capture. This will have to be tackled by the building of an appropriate political consensus.

Further, there is significant potential of generating more revenues from non-tax sources. The carbon levy on petroleum products is an example. There is also substantial under-recovery of costs through irrigation charges, highway tolls and land revenue. Overall, the national tax plus non-tax revenues to GDP can be raised from 15.5% of the GDP to 20% of the GDP.

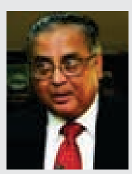
There is significant scope also for reduction in federal grants and subsidies. This will require a strong process of downsizing of government ministries, autonomous bodies and attached departments. Further, subsidies to the power sector and to SOEs will need to be scaled down by improvements in efficiency and privatization. The cost rationalization process could lead to budgetary savings of 1.5% of the GDP.

Turning to the other blood in the body of the economy of revenues, there is need for substantially more aggressive resource mobilization. The key component of this strategy has to be on broad-basing substantially the income tax.

Overall, the availability of additional resources of up to 6% of the GDP could not only reduce the size of budget deficits but also facilitate a quantum jump in the level of development spending, especially at the federal level. It is currently operating at 0.8% of the GDP. A decade ago, it was over 2% of the GDP.

Higher federal development spending will facilitate faster implementation of key on-going projects in water resources, highways and electricity distribution. Faster completion of projects in the water resources sector will insulate Pakistan from the negative implications of India's withdrawal from the Indus Waters Treaty.

The URAAN plan has the right priorities and targets. There is need for building a political consensus on the plan. Also, the plan needs to be adequately strengthened with inclusion of strong measures for achieving rapid export growth and substantial additional resource mobilization for financing infrastructure development, higher outlays on education and health and for greater pro-poor spending.



The writer is a renowned Economist, Professor Emeritus at BNU and former Federal Minister.

Path to Economic Resilience

The government of Pakistan has taken certain steps to address trade challenges, including preparing the trade policy, which aims to facilitate trade to expand exports. The policy stance focuses on diversifying export markets and revamping the Export Facilitation Scheme to ease operational challenges faced by exporters.

Dr. Zafar Mahmood

Pakistan's trade sector has contributed a significant proportion (of 28.45%) to the country's Gross Domestic Product (GDP) since 2020, underlining its importance as a key pillar of the national economy. During this period, the country witnessed a notable upward trend in the exports of goods and services, which rose from $27.33 billion in 2020 to $38.87 billion in 2024; a growth trajectory reflecting ongoing efforts to enhance the export base.

One of the standout developments has been the rise in the exports of Information and Communication Technology (ICT) services, which have more than doubled over the past five years. This surge highlights Pakistan's potential in the digital economy and the increasing global competitiveness of its tech industry. The progress in this domain points to a shift in the export composition toward more value-added and knowledge-based services.

With nominal depreciation, exporters lose the incentive to cut costs and improve productivity. Therefore, exchange rate undervaluation should not be maintained as a policy measure.

This increase in the overall export volume can be attributed to a combination of strategic efforts to diversify both products and markets. Specifically, the number of export partners has expanded at an average annual growth rate of 3.2%, while the variety of export products has increased by 2.3% per year. These trends indicate the gradual introduction of new products and the tapping into previously unexplored international markets, both of which are essential for long-term trade sustainability and risk mitigation.

Despite these positive indicators, some critical structural challenges remain unaddressed. The size of the trade deficit has remained largely unchanged during this period, indicating that import growth has either matched or outpaced the increase in exports. Additionally, the share of merchandise trade in GDP has stayed flat, suggesting that the broader trade sector has not yet achieved the dynamism needed to significantly enhance its contribution to economic growth. However, with the right approach and policies, the export sector can be revitalized, paving the way for economic resilience.

Key Initiatives

The government has taken certain steps to address trade challenges, including preparing the trade policy, which aims to facilitate trade to expand exports. The policy stance focuses on diversifying export markets and revamping the Export Facilitation Scheme to ease operational challenges faced by exporters. Some of the key initiatives include:

- Launching a single-window digital portal for export documentation to reduce clearance time.
- Establishing an Export Credit Guarantee Scheme to protect businesses venturing into high-risk markets.
- National productivity plan aims to improve overall productivity across various sectors, which can lead to increased export capacity and competitiveness.
- Pakistan is actively working to expand its export markets beyond traditional destinations and strengthen trade relationships with neighboring countries.
- Efforts are underway to enhance product development, improve trade logistics, and streamline customs procedures to reduce costs and improve efficiency for exporters.
- Regulatory reforms initiative focuses on simplifying regulations and reducing bureaucratic hurdles for businesses,

making it easier to operate and export.
- Pakistan is supporting the growth of SMEs and leveraging local resources and talent to boost exports.
- The country is actively engaged in trade diplomacy to secure better market access for its products through bilateral and multilateral agreements.
- Addressing bottlenecks to trade initiatives include tariff rationalization, enhancing productivity through technology upgrades, and promoting brand building for Pakistani products.

These initiatives, collectively, represent a comprehensive approach to revitalizing Pakistan's export sector and positioning the country for sustainable economic growth and global competitiveness.

One of the standout developments has been the rise in the exports of Information and Communication Technology (ICT) services, which have more than doubled over the past five years.

Strategies for Revitalization

To revitalize Pakistan's export sector following strategies may be employed:

- Diversification into non-textile sectors is a costly and complex endeavor in the short-run. The policy should promote intra-industry diversification, e.g., within textiles and apparel sectors. Moreover, rather than diversifying into new markets, focus should be on consolidating and penetrating into existing markets. Entry into new markets should be approached strategically, i.e., following expansion of domestic production capacity and operational efficiency.
- Leadership in innovation is imperative if the country intends to enhance its global market share. Investment in cutting-edge technologies should be at the core of this policy. Encourage automation, and digital trade solutions to enhance innovation and global competitiveness.
- Streamlining of customs procedures, reduce non-tariff barriers, and invest in infrastructure to improve connectivity.
- Pursue strategic partnerships through pro-active trade diplomacy that open new fast-growing markets for our export firms. Note that warmer international relations lead to export expansion because they influence the emotions of foreign consumers and foreign importing firms.

- Promotion of environmentally-friendly practices in trade operations and adopt sustainable policies.
- In addition to prioritizing new FTAs, the policy should encourage firms to target niche products and specialty markets.
- Investment into transportation networks, warehousing facilities, and tracking systems is crucial for reducing trade costs.
- To improve price and product quality competitiveness, remove all restrictions on the imports of intermediate inputs and raw materials used by export-oriented industries.
- Besides, maintain primary

inputs' prices at internationally competitive rates for export-oriented industries.

With nominal depreciation, exporters lose the incentive to cut costs and improve productivity. Therefore, exchange rate undervaluation should not be maintained as a policy measure. Likewise, lower reliance on unilateral preferential offerings such as the EU's GSP-Plus for the long run because they create uncertainty in terms of sudden withdrawal of the benefits of the scheme and do not promote competitiveness.

Export firms need to be fully facilitated to link with the global value chain so that they organize themselves in innovative ways while delivering greater value to their customers at reduced costs and increased product and service quality. This would happen only when freer movement of goods and services is allowed and efficient trade facilitation is ensured.

Promote intra-industry trade (IIT) through trade

liberalization and trade facilitation measures. IIT is important for the country because it integrates trading partners and creates sustainable trade relations.

Build digital capabilities and infrastructures for key export industries, with a focus on enhancing competitiveness and leveraging advanced technologies for evidence-based and informed export policy decisions.

Challenges ahead

Despite a turn to a positive outlook, Pakistan's export sector faces several challenges, including:

Protectionist policies that keep on discouraging competition and innovation, leading to a lack of diversification in exports, disregard for quality standards, etc. Pakistan has been resisting the

Pakistan has been resisting the notion that access to competitive imports strengthens export capacity and productivity; whereas the global experience suggests that countries most open have higher productivity and sustained growth. Therefore, the country needs to reverse anti-export bias in policies.

notion that access to competitive imports strengthens export capacity and productivity; whereas the global experience suggests that countries most open have higher productivity and sustained growth. Therefore, the country needs to reverse anti-export bias in policies.

Pakistan's participation in global supply chains remains very weak. While this issue is consistently acknowledged, tangible institutional reforms and strategic interventions are lacking. Concrete actions must be taken to strengthen Pakistan's integration into international trade networks. Geopolitical tensions, external demand slowdowns, and climate-related risks are impacting export growth. There is disconnect between export growth strategy and FDI policy, which restricts foreign investment in export sectors.

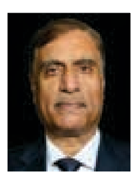
Conclusion

Revitalizing Pakistan's export sector is crucial for achieving economic resilience and sustainable growth. By addressing the challenges facing the export sector and implementing strategies for revitalization, Pakistan can unlock its export potential and improve its economic prospects. With the right approach, the country's export sector can become a driving force for economic growth and development.

There is thus a need to make a paradigm shift in the existing policy approach: from reactive to strategic, from static to dynamic. A sustainable long-term export strategy demands a commitment from all stakeholders to invest in people, digital working environments, artificial intelligence, and automation.

This would require close coordination among private and public stakeholders to support export industries. Moreover, the protection of physical and intellectual property, the creation of an environment to do business with freedom and engage in international exchanges without unduly burdensome regulations and red-tapism are essential for the success of an export growth strategy in Pakistan.

There is thus a need to make a paradigm shift in the existing policy approach: from reactive to strategic, from static to dynamic. A sustainable long-term export strategy demands a commitment from all stakeholders to invest in people, digital working environments, artificial intelligence, and automation.



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Two Years of SIFC
A Reality Check

In just two years, the SIFC has proven its mettle as a catalyst for Pakistan's economic revival. From unlocking billions in foreign investment to turning around loss-making SOEs, SIFC has achieved its short-term objectives with remarkable speed.

Lt. Col. Rizwan Mir TI(M)

The Special Investment Facilitation Council (SIFC) was established in 2023 as a high-powered body to fast-track economic development, attract foreign investment, and streamline policy implementation. In my article of _______, I gave some insights about the expectations from SIFC in the next decade or more. Peeping into the future, I expected the Council to have achieved a few milestones in the next two to three years as part of its short-term goals.

Being a part of SIFC, I did this with the sole purpose of establishing a yardstick, which would enable analyzing its performance in short, mid and long term. With more than two years gone, I consider it is time to assess its performance—what has been achieved, what remains pending, and where challenges persist. For reference, I have made a comparison of this discourse with my previous article, remaining restricted to the expectations in short-term period.

> SIFC promised to cut red tape and improve Pakistan's business climate. This was a major objective of SIFC on which a concerted effort was put in. Today, though the council still faces challenges, the business environment has undergone tremendous improvement

Accelerating Investment: From Pledges to Projects

SIFC's primary goal was to revive Pakistan's struggling economy by securing Foreign Direct Investment (FDI), particularly in key sectors like agriculture, mining, IT, and energy. A lot of work has been done in this regard, which resulted in achievement of short-term goals. To summarize: -

Foreign Investment: While initial pledges from Gulf nations (Saudi Arabia, UAE, Qatar) were promising, actual inflows have been slower than anticipated. The reason was attributed to lack of expertise in pitching the available projects. A globally renowned company AT Kearney was hired with the exclusive purpose of making the worth pitching projects translated in tangible terms, giving the cost-benefit analysis to the potential investors. The results were enormously successful, which are likely to come to fruition in the mid-term span.

Mining and Minerals: Progress has been seen in the Reko Diq project, with Barrick Gold resuming operations after years of disputes. The successful conduct of Pakistan Mineral Investment Forum 2025 and resultantly interest shown by global giants in various intellectual, exploration, mining, and value addition processes are the harbingers of great success in the sector.

Agriculture and IT: Some tech startups and agri-tech ventures have gained traction. With regards large-scale corporate investments, more than 70,000 acres of land has been added in the arable land in Punjab through water efficient means like pivot and drip irrigation. It is anticipated that this measure will result in adding at least one trillion rupees' worth of addition in revenue of the province. Similarly, the IT sector also showed a lot of growth.

The substantial policy measures undertaken by the ministry of Information Technology and Telecommunication (MoITT) towards empowering the youth in entrepreneurship, freelancing and establishing start-ups. The creation of a start-up fund of 10 million dollars and incubation centers in major cities of the country, helped in attracting the youth to display their expertise in the IT sector, resulting in increase in revenue.

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Privatization and SOE Reforms

SIFC has prioritized privatizing or restructuring loss-making State-owned Enterprises (SOEs) including PIA and DISCOs, to reduce fiscal burdens and to make the system more efficient. A push to restructure SOEs by SIFC has not only advanced privatization, but has also revived struggling entities. Several SOEs have transitioned to profitability through operational overhauls, public-private partnerships and strategic divestments:

PIA Privatization: The process has faced delays due to legal and financial complications. In the meanwhile, through separation of operations and holdings, the statistics were further refined. The process of privatization has been resumed with more competent bidders entering the race.

Power Sector Reforms: Through strict measures to reduce line losses by 12%, and inducing cost-reflective pricing, the processes of Lahore Electric Supply Company (LESCO) and Islamabad Electric Supply Company (IESCO) have improved a lot. Similarly, by shifting to LNG-based plants, the profit of Central Power Generation Company (CPGC) increased by 22%.

National Bank of Pakistan (NBP): The bank achieved record breaking profits of more than fifty billion rupees, making a jump of 35% year-on-year, via digital banking expansion and SME lending focus.

Oil and Gas Development Company Limited (OGDCL): After the reforms in the gas sector which allowed the exploration and production companies to sell up to 35% of shares to private sector, resulted in increase of profits of OGDCL by 18% in FY2024. The credit goes to deregulation of gas pricing and joint ventures with UAE's Abu Dhabi National Oil Company (ADNOC).

Ease of Doing Business

SIFC promised to cut red tape and improve Pakistan's business climate. This was a major objective of SIFC on which a concerted effort was put in. Today, though the council still faces challenges, the business environment has undergone tremendous improvement:

Single-Window Operation: The concept has fetched a lot of dividends when the agreements, settlements, and repatriation issues, which were pending since years and decades, were finalized in days and weeks through single window. The

confidence of international organizations was restored. This initiative not only gave boost to the FDI, but also gained attention of new markets.

Special Economic Zones (SEZs) and Special Technological Zone Authorities (STZAs) have encouraged the companies to expand their businesses in these setups. Similarly, by

Visa Facilitation: By taking practical measures to reduce the time for issuance of business visa from weeks and months together to just forty-eight hours, helped a lot towards increase in inflow of investors.

Tax and Regulatory Reforms: The government has introduced a number of incentives. Tax holidays on establishing setups in the establishing the Office of Investment Ombudsman helped in resolving the issues arising between the investors at priority.

SIFC Delivers: Short-Term Wins Set Stage for Pakistan's Economic Transformation

In just two years, the SIFC has proven its mettle as a catalyst for Pakistan's economic revival. From unlocking billions in foreign investment to turning around loss-making SOEs, SIFC has achieved its short-term objectives with remarkable speed.

The resurgence of PIA, record profits in banking and energy sectors, and landmark deals like Reko Diq underscore a clear message: Pakistan is open for business, and SIFC is making it happen. While challenges remain, the foundation for sustainable growth is now stronger than ever.

With continued momentum and national support, SIFC is poised to transform Pakistan into a regional economic powerhouse—the journey has just begun, and the results are already speaking for themselves.

The writer is a PhD Scholar in Project Finance Management, from COMSATS University. He is currently a Director in Public Communication Unit in SIFC

A Path Out of Poverty

Certainly, the economy has shown some improvement over the last three years. GDP has grown by 2.7% in the outgoing fiscal year 2024-25 after increasing by 2.5% in the previous year. However, 2.7% growth rate in the outgoing fiscal year is well below Pakistan's long-term average of 4.7%.

Dr. Talat Anwar

Pakistan's economy has shown signs of stability with improved macroeconomic indicators including increased GDP growth rate and declining inflation rate during fiscal year 2024-25. However, there is no good feeling among the middle income, poor and vulnerable groups since their real income has already been eroded owing to persistently high inflation rate over the last three years.

In this context, it is important to examine and suggest as to how the economy can be revitalized further to benefit the poor and the middle income classes.

Certainly, the economy has shown some improvement over the last three years. GDP has grown by 2.7% in the outgoing fiscal year 2024-25 after increasing by 2.5% in the previous year. However, 2.7% growth rate in the outgoing fiscal year is well below Pakistan's long-term average of 4.7%.

Indeed, achieving macroeconomic stabilisation was essential to avert the threat of economic default in 2023 that has been characterized Pakistan's economy over the last four decades with imports rising to fuel growth which in turn widens the current account deficit, thereby needing IMF program and financial assistance from other creditors.

In addition, inflation has significantly declined with the consumer price index rate falling to an average of 4.7% during July-April FY2025, compared to 26% in the same period last year which has enabled the State Bank of Pakistan to reduce its key policy rate from a historically high 22% in June 2024 to 11% in May 2025. This is augur well since it will make credit cheaper to the private sector and will help businesses, the economy as well as the employment grow faster than before in the coming days.

Total government revenue for the first three quarters of fiscal year 2025 increased by 36.7% to Rs13.37 trillion over the previous year. Tax-to-GDP ratio increased from 8.8% in June 2024 to 10.3% in the first nine months of FY25. As a result, fiscal Deficit declined to approximately 2.6% of GDP (down from 3.7% in FY24), while achieving a primary surplus of around 3.0% of GDP.

The country posted a current account surplus of $1.9 billion in the nine months compared with a deficit of $200 million in the same period a year earlier. This is a significant achievement as the country' foreign exchange reserves increased from a very low level of US $3 billion in February 2023 to 14.5 billion by 11 July 2025.

However, despite increase in forex reserves owing to a historical rise in workers' remittance to US $38 billion by end of the outgoing fiscal year, the fact remains that the country owes US $16 billion rollovers every coming year to bilateral creditors including Saudi Arabia, UAE and China. Thus, there is a dire need to address this debt trap issue by adopting a long term debt restructuring approach which will provide the country enough fiscal space to spend money on long term infrastructure development projects including special economic zones (SEZs) under CPEC. This is fundamental to country's industrialization

It is noteworthy that the economic stability and improved growth outlook is mainly due to a more stable macroeconomic environment and implementation of reform under the IMF program—Extended Fund Facility signed in October 2024.

and enhance exports worthiness.

It is noteworthy that the economic stability and improved growth outlook is mainly due to a more stable macroeconomic environment and implementation of reform under the IMF program—Extended Fund Facility signed in October 2024. The tight monetary and fiscal policies pursued by the government over the last two years and progress in economic reform stabilized the economy and attracted external finance to meet external debt obligation.

Indeed, achieving macroeconomic stabilisation was essential to avert the threat of economic default in 2023 that has been characterized Pakistan's economy over the last four decades with imports rising to fuel growth which in turn widens the current account deficit, thereby needing IMF program and financial assistance from other creditors.

While inflation has come down, there is no feel-good

factor among the people because their income has already been eroded owing to persistently high inflation rate over the last six years. This is because the benefits of decline in inflation have yet to be trickled down to the people by raising their income and increasing employment opportunities in industry and agriculture. The former witnessed negative growth while latter remained stagnant during the last year.

No feel-good factor is clearly supported by the evidence that trend in wages based on Pakistan Bureau of Statistics' CPI index and Construction Wage Rates index reveals that there has been a significant decline in real wages of almost 20 percent in the last three years. Obviously, nominal wages have not kept pace with the considerable increase in the price index due to low GDP growth, especially in the industrial sector of the economy in the last three years. There is a need to revitalize the economy by raising GDP growth rate to 5-6% to reduce poverty level which has increased

historically high to 44.2% in 2024 during the economic crisis, according to the World Bank.

Revitalization of the Economy:

To revitalize the economy and reduce poverty, the government need to focus on seven points policy agenda:

> Despite increase in forex reserves owing to a historical rise in workers' remittance to US $38 billion by end of the outgoing fiscal year, the fact remains that the country owes US $16 billion rollovers every coming year to bilateral creditors including Saudi Arabia, UAE and China.

First, the government need to accelerate the growth rate of the economy currently from 2.7% to 5-6% which will raise income of the people and restore their purchasing power which has been severely affected by the high inflation over the last three years.

For this, the government need to adopt a coherent, credible, and consistent reform agenda to attract and retain both Foreign and Domestic Investment which has declined to 13% of GDP in the last two years. The country needs to increase investment ratio to 20% of GDP to support sustainable growth at 5-6% which would be sufficient to provide employment to youth especially who are growing rapidly in the labour force. This requires improving security, contract enforcement, and ease of doing business by streamlining regulations through a single window.

Second, the government need to promote inclusive growth by protecting the vulnerable population. This initially requires improving targeted cash transfers under BISP and Ehsaas programme. It is notable that the current BISP programme creates dependency syndrome and provides disincentive toward work leaving poor dependent upon cash transfers. There is a need to initiate new community driven-development programme with a focus on income generation and employment creation like implemented by AKRP in Gilgit and Baltistan and recently by RSPN and EU in Sindh rural.

Unlike government budgetary support cash transfer BISP programme, community driven development include Community Investment Fund (CIF) which is a revolving capital fund managed by community-based organisations and provides a low-cost sustainable solution for poverty alleviation and women empowerment. This will increase the cost effectiveness of social protection programmes like BISP and Ehsas. This is essential to enhance the impact of poverty reduction programmes as evidence shows that donors driven policies and programmes including the IMF does not work to reduce poverty in developing countries like Pakistan.

Third, Human Capital and Education Reform are needed to leverage country's young population for long-term growth. This requires reforming curriculum and improving TVET (Technical & Vocational Education Training), investing in health and education (especially for women and girls) and expanding digital literacy and entrepreneurship programs.

Fourth, government need to focus on improving agricultural productivity and rural development to improve food security and rural livelihoods. This requires modernizing agriculture with better seeds, irrigation, and value chains; reducing post-harvest losses, connecting farmers to markets and expanding credit for small farmers.

Fifth, the government need to provide energy at affordable rates that are comparable with comparator countries in south Asia in order to improve Pakistan exports competitiveness and increase the real income of people. Pakistan's average electricity rates for energy-intensive industries in 2024 were around 13.5 cents per kWh, almost double the rates in India and Bangladesh.

The government need to cut down the electricity rate by nearly 30% to restore country's exports competitiveness and increase the affordability by the people enabling them to use more electricity leading to reduction in capacity payment charges to the IPPs. This requires Energy Sector Reforms to reduce circular debt and ensure sustainable energy access by privatizing DISCOs, reducing transmission losses, expanding renewable energy including solar and off-grid solutions, rationalizing tariffs and eliminating cross-subsidies.

It is noteworthy that the economic stability and improved growth outlook is mainly due to a more stable macroeconomic environment and implementation of reform under the IMF program—Extended Fund Facility signed in October 2024.

Sixth, the government need to promote digitization and innovation-led growth by promoting e-commerce, fintech, and digital payments, supporting tech startups through policy (e.g., Special Technology Zones) and implementing digital public infrastructure. This will not only broaden the tax net and increase tax revenue but also discourage the black economy.

Finally, seventh, the government must cut its current expenditure to reduce the budget deficit, lower reliance on borrowing and increase the pace of structural reforms, including reduction indirect taxes and improving public expenditure management by reducing inefficiencies and corruption.

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Pakistan's Billions Dollars Bottleneck

If Pakistan wants to break out of its low-growth trap, regulatory reform has to move from project to policy. It must become systemic, deep, and ongoing.

Ali Salman & Syed Ali Ehsan (Co-writer)

Pakistan doesn't lack entrepreneurs. Walk through any market, scroll through Instagram, or visit a small town and you'll find people hustling — selling products, creating services, launching ideas. But somehow, that hustle rarely scales. A huge majority stays informal, growth is stunted, and most businesses plateau before they ever get a bank account.

The deeper problem isn't talent or opportunity. It's what happens when you try to formalize your work. That's when you run into the silent barrier that rarely makes headlines but shapes everything from investment to innovation: regulation.

Every economy needs regulation. It keeps food safe, buildings upright, and finance stable. But too much regulation, especially when poorly designed or overlapping, acts like sand in the gears of enterprise. It raises the cost of doing business, eats up time, and turns entrepreneurship into a paperwork marathon.

In Pakistan, this is exactly what has happened. Businesses regularly face dozens of permits, licenses, and certificates just to get started. Each requires separate forms, visits, fees, and inspections, often without clear timelines or coordination. And this is just to begin operations, not to grow or compete.

The impact is subtle but devastating. Businesses stay informal to avoid this maze. Investors hesitate to back ventures that can't scale. Government misses out on tax revenue. And the economy ends up locked in a low-growth, low-compliance loop.

It's worth asking: who benefits from regulatory complexity?

First, incumbents. If you're already established, difficult regulations keep competitors out. Second, gatekeepers. Where rules are vague, those enforcing them can extract favors, delays, or bribes. And third, those who can afford to game the system by hiring consultants, exploiting loopholes, or lobbying for exemptions.

Everyone else loses. Small businesses, startups, freelancers, and the tech sector all operate under constant uncertainty. It's not just frustrating. It's expensive.

> This reform signals a shift. Instead of banning or ignoring new technologies, the government is choosing to regulate them intelligently. It is an example of what Pakistan can achieve when it approaches regulation as a facilitator, not merely a controller.

Some of the world's most impressive development stories began with regulatory reform. Not sweeping subsidy programs or massive industrial policy. Just smart, focused deregulation.

Take Georgia. After the fall of the Soviet Union, it eliminated over 800 licenses in a single year. Every agency had to justify its own existence. If they couldn't prove the rule served a public purpose, it was scrapped.

Or Vietnam, which overhauled its trade and investment regime by slashing red tape, harmonizing regulations, and digitizing procedures. It went from subsistence farming to becoming one of the world's top manufacturing exporters.

Rwanda, a country with almost no natural resources, built a fully digital business registration system. It now takes less than a day to formally register a business.

In Pakistan, that process can still take months, involving multiple physical visits and, in some cases, unofficial "facilitation."

The difference is clear. These countries treated regulation as a policy tool, not as a legacy of control.

Pakistan has taken some steps in the right direction. In 2025, the Cabinet Committee on Regulatory Reforms approved 104 measures recommended by the Board of Investment. These include removing 19 outdated regulatory requirements and simplifying or digitizing 57 others. Many focus on reducing duplicative licenses, streamlining tax registration, and making company law more business-friendly.

But the reform effort is still cautious. Of the original 136 proposals, 32 were dropped or deferred, likely because they threatened vested interests. None of these rejected proposals have been publicly disclosed. Transparency remains an issue.

Implementation is another bottleneck. Although many of the reforms have 90-day timelines, there's no live dashboard to track progress. There are no accountability mechanisms. And there is very little visibility for the businesses these reforms are meant to help.

This isn't a lack of ideas. It's a lack of follow-through.

One standout reform is the Virtual Assets Act 2025. For the first time, Pakistan has created a legal framework for cryptocurrencies, tokenized assets, and blockchain applications. It establishes a new regulatory authority called PVARA, introduces licensing for exchanges, and allows innovation through regulatory sandboxes.

The Act also enables the State Bank to pilot a Central Bank Digital Currency (CBDC), something only a handful of countries globally are attempting.

This reform signals a shift. Instead of banning or ignoring new technologies, the government is choosing to regulate them intelligently. It is an example of what Pakistan can achieve when it approaches regulation as a facilitator, not merely a controller.

If Pakistan wants to break out of its low-growth trap, regulatory reform has to move from project to policy. It must become systemic, deep, and ongoing. Here's what that should include:

A Unified Business Portal - One digital interface for all licenses, permits, tax registrations, and renewals. With deadlines, real-time tracking, and support. Pakistan Single Window would be the ideal portal.

A National Regulatory Audit - Every rule, permit, or license should be reviewed for cost-effectiveness, duplication, and economic impact. If it's not essential, remove it.

Sunset Clauses - New regulations should automatically expire after five years unless renewed through evidence-based review.

Regulatory reform may not make headlines like IMF bailouts or mega infrastructure projects. But it is the one reform that touches every corner of the economy. It affects whether a woman can start a beauty salon, whether a tech startup can go regional, and whether a factory can get export clearance in time.

Provincial Synchronization - Align regulations across provinces, especially for businesses that operate in more than one region. The current fragmentation discourages scale.

Public Scorecards – Rank ministries and departments based on their reform progress. Celebrate the top performers and identify those that are falling behind.

Capacity Building for Regulators – Reform is not about dismantling institutions. It is about building smarter ones. Regulators need tools, training, and accountability.

Regulatory reform may not make headlines like IMF bailouts or mega infrastructure projects. But it is the one reform that touches every corner of the economy. It affects whether a woman can start a beauty salon, whether a tech startup can go regional, and whether a factory can get export clearance in time.

It is the difference between an economy that traps its talent and one that unleashes it.

In Pakistan, this is exactly what has happened. Businesses regularly face dozens of permits, licenses, and certificates just to get started. Each requires separate forms, visits, fees, and inspections, often without clear timelines or coordination. And, this is just to begin operations, not to grow or compete.

More than anything, regulation reflects the mindset. If the state sees citizens as partners in development, it will design systems that empower them. If it sees them as risks to manage, it will trap them in red tape.

Right now, the message from Pakistan's regulatory system is clear. Proceed with caution and be prepared to pay a price for trying to play by the rules.

It's time to flip that message. Reform is possible. The pieces are already on the table. What's needed now is the political will to put them together.

Ali Salman
The writer is a policy analyst & founder / CEO of PRIME Institute.

Syed Ali Ehsan
Co-Writer & Deputy Executive Director - PRIME Institute.


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Prime Minister's Vision to Empower Youth
Our Pride, Our Asset, Our Honor
Revolutionary Initiatives for Youth Through the Digital Youth Hub
Education
Skill
Employment & Entrepreneurship
Rs. 251 Bn
Business Loans Disbursed
434,450
Entrepreneurs Supported
700,000
Laptops Distributed
510,000
Skills Scholarships Awarded
137,000
Players Participated in Talent Hunt Competitions
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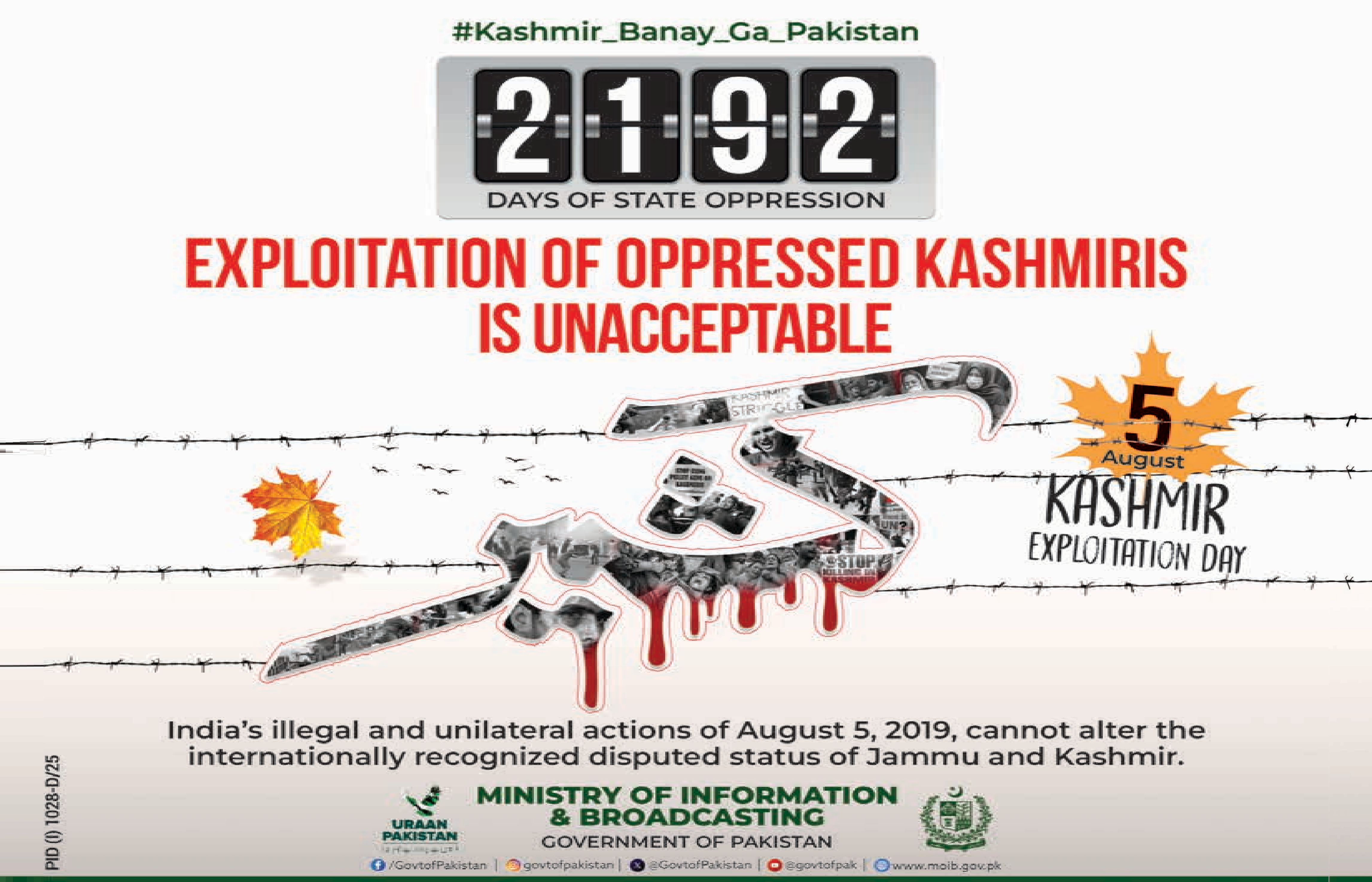
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DAYS OF STATE OPPRESSION
EXPLOITATION OF OPPRESSED KASHMIRIS
IS UNACCEPTABLE
KASHMIR STRUGGLE
STOP KILLING IN KASHMIR
5 August
KASHMIR
EXPLOITATION DAY
India's illegal and unilateral actions of August 5, 2019, cannot alter the internationally recognized disputed status of Jammu and Kashmir.
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ایک خواب ۔ ایک منزل ۔ ایک پہچان
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معرکۂ حق
14 اگست
یوم آزادی
پاکستان ہمیشہ زندہ باد
اقلیتی برادری کی قومی خدمات کو سلام
11 اگست
اقلیتوں کا قومی دن
#EqualRightsInPakistan
URAAN PAKISTAN
وزارت اطلاعات و نشریات، حکومت پاکستان
PID (I) 1227-D/25
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میڈیکل ڈیوائسز کی رجسٹریشن اور لائسنس کا اجراء
اب ڈیجیٹل نظام سے گھر بیٹھے آرام سے
آن لائن درخواست دیں اور سہولت سے اپنا کاروبار بڑھائیں
وزیراعظم شہباز شریف کے ویژن کے تحت
ڈرگ ریگولیٹری اتھارٹی پاکستان کا تاریخ ساز اقدام
شفاف اور تیز پروسیسنگ
غیر ضروری تاخیر کا مکمل خاتمہ
اب صرف 20 دن میں منظوری
مقامی صنعت کا فروغ
قومی خزانے کو اربوں روپے کا فائدہ
اب بڑھے گی صحت۔۔تیز ہوگی معیشت
وزارت اطلاعات و نشریات
حکومت پاکستان
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منسٹری آف نیشنل ہیلتھ سروسز ریگولیشن اینڈ کوآرڈینیشن، حکومت پاکستان
www.dra.gov.pk
/OfficialDRAP
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معرکۂ حق
14 اگست
یوم آزادی
پاکستان ہمیشہ زندہ باد
عزمِ عالی شان
ہم سب کا
پاکستان
وزارتِ اطلاعات ونشریات
حکومتِ پاکستان
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2023-2025

A Period of Performance Par Excellence

A Journey of Transformation Beyond Business

Sustainability & ESG

- Signed the Decarbonization Charter, commiting to net zero operations.
- Launched OGDCL's inaugural ESG report at COP29 in Baku, Azerbaijan
- Joined the UNGC to advance the SDGs
- Adopted the TCFD framework and defined core SDG focus areas.
- Promulgated a landmark Diversity, Equity, and Inclusion (DEI) Policy.
- EDGE certification for existing, ongoing, and upcoming projects
- Partnered with NDRMF to support socially responsible, climate-resilient initiatives in the oil and gas sector
- Collaborated with EPA Punjab, The World Bank, and ICAP on environmental conferences and the ICE 2024–2025 platform

Business Diversification

- Completion of feasibility study of Reko Diq Mining Project.
- Solidified investment in ADNOC's Offshore Block 5 with approval of field development plan and signing of PCA
- Participation in Libya bidding round
- Initiated geothermal energy study and roadmap prepared
- Hosted the Pakistan Mineral Investment Forum 2025 as founding partner

Exploration & Production

- Acquired 9 new exploration blocks
- Drilled 34 exploratory and development wells
- Made 20 hydrocarbon discoveries
- Optimization measures yielded 3.6 million barrels of additional oil, 27 BCF of gas and 20,000 metric tons of LPG.
- Highest-ever profit of PKR. 224.6 billion and contribution to National exchequer in taxes i.e. PKR. 279 billion

For decades we've led the way in E&P
We are now carving the path to sustainability

OIL & GAS DEVELOPMENT COMPANY LIMITED