



BUDGET STRATEGY PAPER
FY 2026-27 to FY 2028-29

Finance Department
Government of Sindh

Acknowledgement

The Budget Strategy Paper (BSP), approved by the Provincial Government, is a three-year rolling plan that outlines the government's fiscal policy directions and priorities over the medium term, as per Section 4(1) of the Public Financial Management Administration Act-2020. The document lays out the projections for tax and non-tax revenues, development and non-development expenditures, and financing.

BSP is a strategic document that reflects the Government's plans and goals for the next three fiscal years. The paper analyses the government's budgetary performance during the past two years as well as a portion of current fiscal year. It then anticipates provincial income and expenditures (development and non-development) for the next three fiscal years. Annual preparation of BSP underscores GoS's dedication to continuously improve the quality of expenditure, track performance, and augment the legal and regulatory framework and accountability to strengthen the public financial management system.

Every year the BSP is prepared and presented to the Cabinet for feedback and recommendations, with the goal of increasing transparency and participation in the budgeting process. After cabinet approval, the paper becomes the budget consolidation policy. The provincial administration is dedicated to strengthening PFM reforms to improve service delivery.

I extend my appreciation to the teams from the Finance Department and Planning & Development Board, particularly Mr. Najam Shah (Chairman P&D Board), Mr. M. Asghar Memon (Special Finance Secretary - B&E), Mr. Javaid Ahmed Kumbhar (Additional Finance Secretary – B&E), Syed Rizwan Ali (Additional Finance Secretary - Res), Ms. Zara Zahid (Deputy Secretary – B&E-I), Mr. Shahid Ansari (Section Officer – B&E-I) and Mr. Zulfiqar Mirza (PFM Expert) for their contribution in conducting in-depth research, compiling data, formulating ideas, and preparing the Budget Strategy Paper for the years 2026-27 to 2028-29.

Fayaz Ahmed Jatoi
Finance Secretary

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Acronyms

ADB	Asian Development Bank	MTDF	Medium Term Development Framework
ADP	Annual Development Plan	MTFF	Medium Term Fiscal Framework
AG	Accountant General	NEC	National Economic Council
AIT	Agriculture Income Tax	NFC	National Finance Commission
BHU	Basic Health Unit	NFY	New Fiscal Year
BSP	Budget Strategy Paper	NGO	Non-Governmental Organization
BoR	Board of Revenue	OLBS	Online Billing System
CDL	Cash Development Loan	OSR	Own Source Revenue
CFY	Current Fiscal Year	OZT	Octroi Zillah Tax
CPI	Consumer Price Index	PAC	Public Accounts Committee
CRE	Current Revenue Expenditure	PFC	Provincial Finance Commission
DDO	Drawing and Disbursing Officer	PoS	Point of Sale
DS	Debt Servicing	PPP	Public Private Partnership
EAA	Electronic Assignment Account	PSF	Public Private Partnership Support Facility
EFF	Extended Fund Facility	PSDP	Public Sector Development Programme
ERE	Employee Related Expenses	QR Code	Quick Response Code
ET&NCD	Excise Taxation and Narcotics Control Department	RCA	Revenue Collecting Agencies
FBR	Federal Board of Revenue	RHC	Rural Health Centers
FRS	Fiscal Risks Statement	SCARP	Salinity Control and Reclamation Program
FPA	Foreign Project Assistance	SBP	State Bank of Pakistan
FY	Fiscal Year	SDGs	Sustainable Development Goals
GDT	Gender Budget Tagging	SE	Self Accounting Entity
G2P	Government to Persons	SFMH	Sindh Fund Management House
GBT	Green Budget Tagging	SMTA	Sindh Mass Transit Authority
GDP	Gross Domestic Product	SRB	Sindh Revenue Board
GoS	Government of Sindh	SSToS	Sindh Sales Tax on Services
GPF	General Provident Fund	STRMP	Sindh Tax Revenue Mobilization Plan
GPP	Gross Provincial Product	TCAF	Transformative Carbon Asset Facility
GRR	General Revenue Receipt	USD	United States Dollar
GST	General Sales Tax	VGf	Viability Gap Fund
IMF	International Monetary Fund	WB	World Bank
KMC	Karachi Metropolitan Corporation	WASH	Water, Sanitation and Hygiene
KWSC	Karachi Water and Sewerage Corporation	YoY	Year on Year
LTBC	Likely to Be Completed		
MPG	Raast Micropayment Gateway		
MTBF	Medium Term Budgetary Framework		

1. Introduction

Budget Strategy Paper is a forward-looking document that plays a pivotal role in setting fiscal policy objectives and strategic planning for the government. The paper sets the tone for the province's medium-term budgetary goals and objectives and the means to achieve those. At its core, the BSP relies on the Medium-Term Fiscal Framework that provides a composite analysis of government revenues and expenditures to project the fiscal space for the upcoming three years. These projections include both development and non-development spending for the upcoming three years, drawing upon historical financial data, policy measures, sector specific plans, and government commitments.

Since its inception in 2014, the BSP has been prepared annually to facilitate informed discussions and provide direction to the medium-term budgetary priorities of the government. The paper endeavors to aid stakeholders' understanding of the macro-fiscal environment, the revenue and expenditure trends of provincial government and walks through the government priorities in the medium term to develop the contours of the province's macro-economy. The BSP projections then lead to be the foundation for the upcoming budget FY 2026-27 to be announced in June 2026.

Pakistan's economy demonstrated relative stability in FY 2024–25, with GDP growth improving to 3%, controlled inflation, and a current account surplus supported by prudent policies and IMF-backed reforms¹. Growth was led by industry and services, despite continued contraction in large-scale manufacturing due to structural constraints. CFY 2025-26 provided an opportunity for Pakistan to reap benefits from the economic stability achieved in preceding years, however, the economy requires structural changes to get back to pre-COVID growth momentum². Further, emerging global disruptions, particularly the Middle East conflict, pose risks through rising oil prices, energy and trade shocks that affect provincial fiscal balance and budget projections.

In FY 2025–26, Sindh's expansionary development spending aimed to sustain growth momentum and enhance resilience. GoS announced a deficit budget of Rs. 3,442 billion with record allocation of Rs. 1,018 billion under development portfolio³. Further, in FY 2024-25, the government strived to expand its actual development expenditure to ensure productive capacity enhancement for the provincial economy. While the focus of development portfolio since FY 2023-24 has been on flood rehabilitation and reconstruction, GoS for the upcoming FY 2026-27 is shifting its focus from disaster rehabilitation to disaster resilient infrastructure development and economic uplift of people of the province.

This paper captures the actual revenues collected and expenditure incurred in the last two fiscal years to work up the projections for the next three fiscal years. BSP acts as a key public finance tool that aligns departmental targets with government priorities, using sub-national macroeconomic indicators and

¹ Pakistan Economic Survey FY 2024-25

https://www.finance.gov.pk/survey/chapter_25/overview_2024_25.pdf

² SBP Annual Report on the State of Economy FY 2024-25

<https://www.sbp.org.pk/reports/annual/aarFY25/Annual-index-eng-25.htm>

³ Budget at a Glance FY 2025-26

<https://finance.gos.pk/Home/Download?path=Budget%5CBudgetBooks%5CFY-25-26%5CBUDGET%20AT%20GLANCE%202025-26.pdf>

institutional capacity assessments. It supports both planning and legislative oversight by evaluating performance and guiding financial management improvements. The projections shared in the document result from socio-economic trends, federal fiscal policy, debt and financing, investments, and ongoing reforms.

2. Macroeconomic Outlook

Pakistan's economy demonstrated relative stability during FY 2024–25, marking a constructive and favorable period for overall economic performance. The real GDP grew at a rate of 3% in FY 2024-25⁴, with a moderate increase from 2.6% in FY 2023-24, amidst global trade tensions surfacing towards the end of FY 2024-25. Inflation also remained controlled within the desired level and the current account balance posted surplus indicating a stable foreign exchange market. The policy rate remained within the range of 11.0% to 10.5% and it currently remains unchanged at 10.5% since December 2025.⁵ With prudent monetary policy and strong fiscal consolidation efforts, the national economy has remained on a stable path while meeting the targets set under the 37-month EFF by the IMF.

The GDP growth in FY 2024-25 was mainly led by the industry and services sectors that had previously suffered severely during the high-inflation era of FY 2022-23 and FY 2023-24. Within Industry, the Large-Scale Manufacturing sector however, contracted

1.47% compared to 0.22% in the same period last year. The contraction is owed to the structural challenges in the sector in the shape of high input costs, sectoral downturns and other constraints which still hinder the growth of this sector to breakeven with the pre-pandemic levels.

The World Economic Order, however, saw an unexpected disruption with the Middle-East conflict that started in February 2026⁶. This development has triggered significant shocks across regional economies, manifesting in heightened oil prices, trade disruptions, and supply chain constraints that have, in turn, distorted the balance between local demand and supply. While negotiations remain ongoing, the persistence of the conflict is likely to exacerbate these challenges, placing increasing strain on the economic security of both national and regional economies⁷.

Table 2.1: Macroeconomic Indicators FY 2024-25

Indicators	Growth Rates (%)		
	FY 23	FY 24	FY 25
Real GDP	-0.2	2.6	3.0
Agriculture	2.2	6.4	1.5
Industry	-3.9	-1.2	5.3
Services	0.04	2.3	3.0
National CPI (y.o.y., June)	29.4	12.6	3.2
Exports	-14.2	11.1	4.3
Imports	-26.3	0.9	11.2

⁴ Pakistan Economic Survey FY 2024-25

https://www.finance.gov.pk/survey/chapter_25/overview_2024_25.pdf

⁵ SBP Data Publication <https://www.sbp.org.pk/ecodata/OVR-Repo-History.pdf>

⁶ "The Strait of Hormuz Oil Shock is now Heading West" – March 2026, Bloomberg News

<https://www.bloomberg.com/graphics/2026-iran-war-hormuz-closure-oil-shock/>

⁷ "How the Hormuz closure could affect food, medicines and smartphones" – March 2026, BBC.com
<https://www.bbc.com/news/articles/c4gjxv5g19no>

Government of Sindh, in FY 2025-26, announced a deficit budget of Rs. 3,442.0 billion with record allocation of Rs. 1,018.32 billion under the development budget. The Government launched dedicated packages for Karachi city, agriculture mechanization, rehabilitation of flood affected infrastructure – with focus on completing development works with efficiency and economy. The Government's priorities in the medium term include people-friendly investments into agriculture, inclusiveness, climate-prone disaster resilience, infrastructure, and upskilling of labor – apart from health and education. Together with the Federal Government, the province of Sindh would be contributing the sustained growth phase of the national economy specially in the agriculture and services sector.

3. Sectoral Priorities

Government of Sindh via 13th Five Year Plan has laid out five priority areas for the province's fiscal plan, they are:

3.1 Human Development

Education, health and the WASH sector collectively contribute in achieving the targets of human development for Sindh. In *Education*, GoS has prioritized 'Education for All' with focus on increase in Enrollment, improvement in retention and bringing out-of-school children to skill development and vocational schools. For schools in LFY 2024-25, GoS undertook the remarkable initiative of 'school-specific budgets' whereby operational budget has been decentralized to the level of each brick-and-mortar school across the province leading to opening of 34,000 cost centers and extending DDO powers to headmaster/headmistress of concerned school. This decentralization will enable each school to carry out day to day O&M expenditure for smooth running and upkeep of the facility. The Education sector in LFY 2024-25 also pushed for a parallel Non-Formal Education program to bring out-of-school children to a skill-based learning system. Collectively, these initiatives coupled with recent quality recruitments in the department are geared to take the public education system of GoS ahead by leaps and bounds.

In the *Health* sector, the focus is on Primary Healthcare by upgrading BHUs, RHCs, Mother & Child Health Centers, and Dispensaries along with expansion of tertiary care hospitals. Over the medium-term horizon, the Government is also building a plan for fiscal decentralization in the health sector as well. Under the *WASH* Sector, GoS has planned that by 2030, 100% population in Urban Areas and 70% population in Rural Areas will be covered with clean drinking water & safe disposal of sewerage.

3.2 Natural Resource Management

GoS has prioritized to optimize its natural resources for sustainable economic development of the province. In *Agriculture*, GoS is focusing on Farm Mechanization, Digitization of Crop Reporting, Water Conservation, Climate Smart Agriculture, and Enhancement of capacity of Agriculture graduates. In *Livestock & Fisheries*, the target is to ensure provision of quality inputs, access to quality veterinary medicines and vaccines, and improvements in the exportability of produce from livestock, poultry and fisheries sectors. Under *Irrigation*, the focus is on the conservation of water through lining of watercourses, rehabilitation of network of barrages and water courses to prevent the damage caused from inundation. In *Energy* sector, GoS is prioritizing investment in coal, ensuring solarization of villages, and raising capital for waste to energy projects, and wind hybrid parks. In urban areas, through the World

Bank-supported TCAF (Pak-FLOW) project, GoS aims to improve energy efficiency in service delivery and reduce greenhouse gas emissions from wastewater treatment operations. In the *Industries, Mines and Minerals* sector, the goal is to build investor confidence, provide of support facilities near industrial centers, and upgradation of skill set of workforces. Similarly, in the *Environment and Climate Change* sector, GoS's goal has been the protection of natural forests and ecosystems, collaboration with international organizations for research and support, and strengthening disaster response capacity.

3.3 Infrastructure Development

Infrastructure Development helps in building capacity of the province to expand its productivity levels. In this area, GoS is focusing on upgrading current infrastructure and providing climate resilient infrastructure to withstand the frequency and vulnerability of natural disasters. GoS is also dedicating effort at enhancing Road network connectivity as around 13,000 kms of road is anticipated to be completed in next five years. Under *Transport & Mass Transit* sector, the priority is to expand the intra city public bus network in big cities such as Karachi and Hyderabad, optimizing the fleet with addition of electric and pink buses, upgradation of capacity and potential of Transport Authority to promote decent modes of transportation, and to promote bike lanes.

3.4 Social Development

In the domain of *Social Welfare, Protection & Poverty Reduction*, GoS's key operational milestones include the 24/7 Sindh Child Protection Helpline (1121), the issuance of Senior Citizen Cards, and the establishment of specialized rehabilitation and community centers for transgender persons and drug recovery. Moving forward, the government is prioritizing the digital transformation of the Child Protection MIS, the expansion of shelter networks, and the revamping of the Child Protection Authority to ensure data-driven social welfare and safety nets. In *Social Protection*, GoS aims to expand the benefits of 'Mamta', Mother-and-Child Support Program, that supports Maternal, newborn and child healthcare and nutrition levels in the province. Under *Sports & Youth Affairs* and *Culture & Tourism* sector, focus is on the mapping the sports infrastructure across the province and augmenting the existing infrastructure, digitization of existing cultural and historical manuscripts for e-library, and increased efforts for facilitation at tourist spots. Similarly, in the area of *Minority Affairs*, the goal is to improve coordination with welfare agencies, expand scholarship programs for students belonging to minorities, and to support cultural festivals.

3.5 Inclusive and Sustainable Growth

For sustainable growth, GoS has planned to adopt the three-pronged strategy of revenue mobilization, improved planning mechanism and integration of emerging technologies. In this sector, the goal is to optimize tax and non-tax revenues to create fiscal space for development outlay, digitization of ADP formulation, capacity building of line departments, and strengthen third party monitoring for major projects. In the area of Emerging Technologies, GoS has visualized the development of Digital Technology Policy, foundation of Sindh IT Company, Establishment of Safe Cities and Technology Parks, along with maximizing industry linkages with academia for technology transfer.

4. Medium Term Fiscal Framework

The Medium-Term Fiscal Framework (MTFF) presents projected estimates of government revenues and expenditures over a rolling three-year horizon, with the current financial year as the base and the following three years constituting the MTFF period. The MTFF aims to ensure efficient resource allocation while strengthening fiscal discipline through improved budgeting processes and a shift towards medium-term planning. The framework incorporates institutional uncertainties, particularly those relating to federal transfers under the NFC Award, and negotiations on own-source revenues. Potential variations in tax policy, expenditure priorities, and sectoral development needs have been factored into the projections, along with macroeconomic outlook, including inflation, GDP growth, interest rates, and exchange rate movements.

Under the MTFF of term FY 2026-29, the Government is expected to face an operating budget deficit, with total revenues falling short of projected expenditures due to a widening gap between revenue growth and spending commitments. These pressures are likely to be further exacerbated by a number of emerging risks, including the potential implications of the 11th NFC Award, possible reduction in provincial share in the divisible pool, and the uncertainty surrounding the continuation of the Octroi and Zila Tax (OZT) grant.

The Federal Board of Revenue (FBR) is responsible for collecting a significant portion of the revenues in the country that fall into provincial kitty through the Federal Divisible Pool. The tax collection target for FBR is Rs. 14,131 billion for FY 2025-26, whereas the proportionate target for first nine months is Rs. 9,307 billion. Further, the target has been revised to Rs. 13,979 billion i.e., 1.08% lower than estimated target. In order to achieve the revised budget target, the FBR must collect an additional Rs. 4,672 billion in the remaining three months of the financial year (April-June) 2025-26.

Taking strength from FY 2024-25, GoS completed a record number of 1,469 LTBC schemes out of 1,777 schemes – leading to an increase in the total development outlay for CFY 2025-26 equivalent to Rs. 1,018 billion. However, going forward, the sustainability of the quantum of development portfolio is contingent on the expansion in revenues and financing opportunities. Further, rising current expenditures, on account of employee salaries and pensions, are expected to require matching financing to bolster the provincial fiscal position to support the province’s long-term vision.

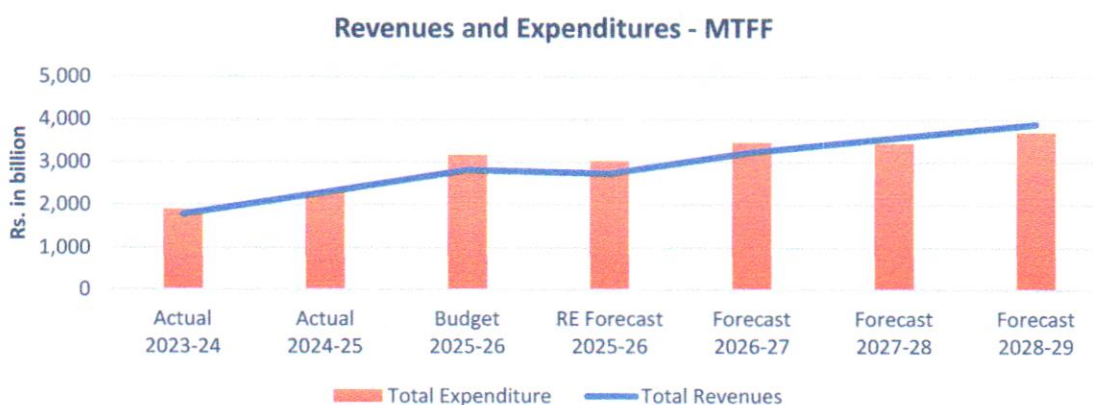


Figure 1 MTFF - Revenues and Expenditure Actuals, Budget and Forecast

Table 4.1 Medium Term Fiscal Framework

Rs. in billion

Description	Actual 2023-24	Actual 2024-25	Budget 2025-26	Revised Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
TOTAL REVENUE	1,789.1	2,301.2	2,824.2	2,737.5	3,244.6	3,582.8	3,898.3
Federal Transfers	1,353.6	1,755.0	2,095.6	2,073.7	2,410.8	2,693.1	2,948.6
Revenue Assignment	1,214.9	1,571.2	1,927.3	1,906.5	2,262.8	2,529.7	2,767.0
Straight Transfers	101.6	141.6	116.4	115.9	148.0	163.4	181.7
Other Grants (OZT)	37.1	42.2	51.8	51.3	-	-	-
Provincial Revenue	435.5	546.2	728.6	663.8	833.8	889.8	949.7
Sales Tax on Services	222.7	284.2	380.0	360.7	430.5	461.4	494.4
Other Tax Receipts	138.7	221.7	296.1	257.2	345.5	370.3	396.8
Non-Tax Revenue	74.0	40.3	52.6	46.0	57.8	58.1	58.5
TOTAL EXPENDITURE	1,887.6	2,302.9	3,160.3	3,018.8	3,562.7	3,684.7	3,937.3
Current Revenue Expenditure	1,420.7	1,691.173	2,142.0	2,038.4	2,400.5	2,587.0	2,786.8
Employee Related Expenses	521.3	566.8	840.3	678.8	959.2	1,055.0	1,156.6
Employee Retirement Benefits	249.4	309.3	271.3	291.4	310.2	330.25	351.64
Operating and Maintenance	201.1	240.7	296.2	306.7	324.0	347.5	373.9
Grants, Subsidies, Loan Write-offs, Transfers	380.4	492.8	647.9	671.5	698.6	732.3	769.4
Interest	48.5	49.0	59.8	59.8	66.9	75.0	84.0
Physical Assets & Project Pre-Investment	19.9	32.5	26.5	30.3	5.3	5.3	5.4
Discretionary Space / SNE					36.2	41.6	45.8
Development Expenditure	466.9	611.7	1,018.3	980.4	1,162.2	1,097.7	1,150.5
Provincial ADP	249.6	312.7	520.0	475.0	603.0	543.5	596.3
District ADP	14.5	38.8	55.0	44.0	55.0	50.0	50.0
Federal PSDP	7.3	30.0	76.6	76.6	138.9	138.9	138.9
Foreign Projects Assistance	195.5	230.2	366.7	384.8	365.3	365.3	365.3
OPERATING BALANCE	(98.6)	(1.7)	(336.1)	(281.3)	(318.1)	(101.9)	(39.0)
NET LENDING ITEMS	22.9	20.0	73.7	(253.9)	(10.0)	(171.5)	(238.6)
Net Food Account - State Trading	(1.6)	(3.0)	73.7	(3.0)	(10.0)	(15.0)	(20.0)
Net Public Account	24.5	23.0	-	(250.9)	-	(156.5)	(218.6)
FISCAL BALANCE	(75.7)	18.3	(262.4)	(535.1)	(328.1)	(273.4)	(277.6)
FINANCING	188.4	323.0	305.7	535.1	292.2	248.3	259.2
Net Capital Receipts & Expenditure	88.0	210.4	205.7	193.7	292.2	284.2	284.2
General Capital & Other Receipts	2.0	0.1	44.02	14.0	70.0	80.0	100.0
Current Capital Expenditure	(124.3)	(135.7)	(281.7)	(281.7)	(282.0)	(300.0)	(320.0)
Foreign Projects Assistance	203.2	279.4	366.7	384.8	365.3	365.3	365.3
Development Grants (PSDP & Foreign)	7.1	66.6	76.6	76.6	138.9	138.9	138.9
Carry Over Cash Balance (Opening)	100.4	112.6	100.0	341.4	0.0	(35.9)	(25.1)
CLOSING BALANCE	112.8	341.3	43.3	(0.00)	(35.9)	(25.1)	(18.4)

5. Revenues

The Sindh province's total revenue consists of Federal Transfers and Provincial revenue streams. Although revenue collection over the past two years displayed only a modest variation from Budget Estimates - staying close to 9% - the revised forecast for FY 25-26, fall short of their projected receipts. The revenue forecasts are based on historical trends, prevailing economic conditions, and the potential implications of the ongoing NFC Award discussions.

Table 5.1 - Revenues of the Province

Rs. in billion

Description	Actual 2023-24	Actual 2024-25	Budget 2025-26	Revised Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
Total Revenue	1,789.05	2,301.20	2,824.19	2,737.51	3,244.59	3,582.84	3,898.34
Federal Transfers	1,353.59	1,755.00	2,095.58	2,073.66	2,410.79	2,693.08	2,948.63
Revenue Assignment	1,214.89	1,571.20	1,927.33	1,906.51	2,262.83	2,529.68	2,766.97
Straight Transfers	101.63	141.60	116.43	115.90	147.96	163.41	181.66
Other Grants (OZT)	37.07	42.20	51.81	51.25			
Provincial Revenue	435.46	546.20	728.62	663.85	833.80	889.76	949.72
Sales Tax on Services	222.75	284.22	380.00	360.67	430.54	461.36	494.40
Other Tax Receipts	138.72	221.68	296.06	257.19	345.49	370.25	396.80
Non-Tax Revenue	74.00	40.30	52.56	45.99	57.77	58.14	58.52

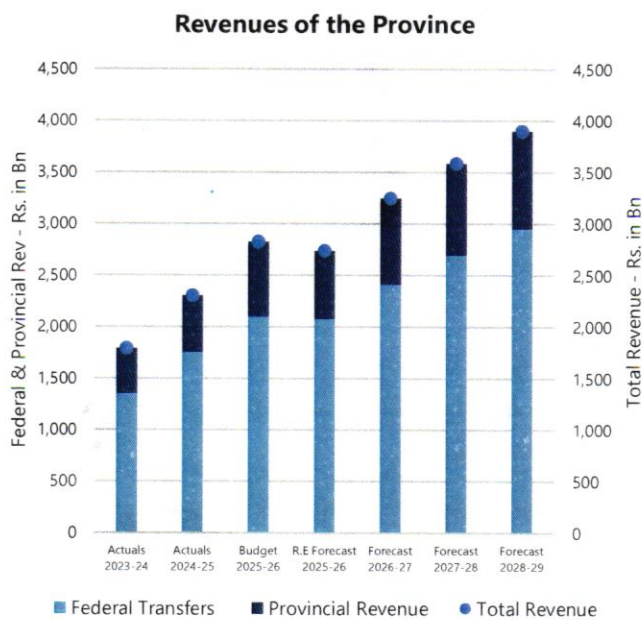


Figure 2 Revenues of the Province

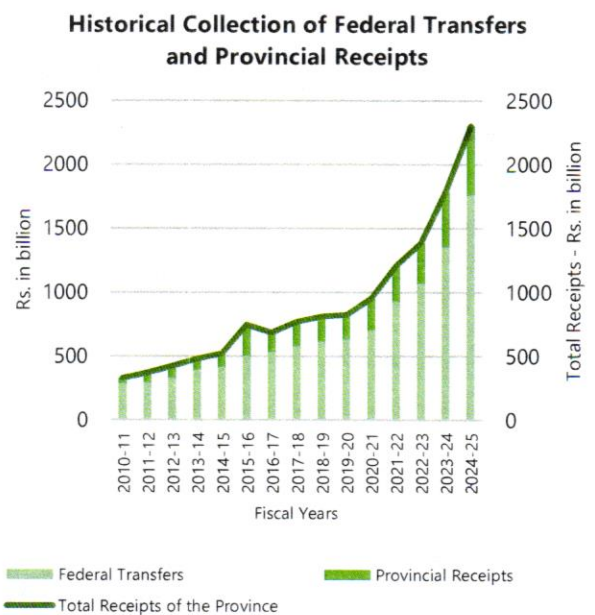


Figure 3 Historical Collection of Revenues of GoS

The overall national economic outlook and key macroeconomic indicators primarily shape the Federal Transfers. Pakistan has been struggling with economic instability, with growth remaining relatively lower due to domestic fiscal pressures, federal debt retirement, circular debt crisis, and external political and economic shocks such as current petroleum crisis generated due to political conflict in the Middle East. Moreover, fluctuations in global energy markets and geopolitical tensions have heightened uncertainty for import-driven economies such as Pakistan, particularly through rising international petroleum prices that increase inflationary and fiscal pressures. Whereas, the 11th NFC policy dialogue is underway among the provinces, the intergovernmental fiscal transfers continue to be governed by the 7th National Finance Commission (NFC) Award, which remains in effect since 2010. Under the prevailing framework, a certain percentage of the divisible pool of federal taxes is allocated to the provinces, and the arrangement has continued to operate beyond its original five-year term through periodic extensions. Figure 2 provides a snapshot of the actual collection of revenues, the budget for CFY and the projections for the next three fiscal years.

The distribution of divisible pool taxes between the federation and the provinces is determined under the 7th NFC Award, according to which 42.5% of the divisible pool is retained by the federal government, while 57.5% is allocated to the provinces. The horizontal distribution among the provinces is based on a multi-criteria formula that includes population (82.0%), poverty and backwardness (10.3%), revenue

Criteria	Relative Share
<i>Population</i>	82.0%
<i>Poverty Level</i>	10.3%
<i>Revenue Generation</i>	5.0%
<i>Inverse Population Density</i>	2.7%

collection or generation (5.0%), and inverse population density or geographic size (2.7%).

This formula marked a significant shift from earlier arrangements that relied primarily on population as the sole criterion. The 7th NFC Award also strengthened provincial fiscal autonomy by granting provinces the authority to collect sales tax on services, while the federal government's collection charges on divisible pool taxes were reduced to 1.0%. The detailed distribution criteria under the NFC Award and the respective provincial shares in the divisible pool of taxes are presented in the table below.

Provincial governments largely depend on projected growth in Federal Transfers when finalizing their annual budgets, while revised estimates are prepared based on actual receipts during the fiscal year. In FY 2023–24, Sindh received Rs. 1,353.59 billion in federal transfers, slightly exceeding the budget estimates. However, in FY 2024–25, the province received Rs. 1,755 billion, which was 7.67% below the budgeted amount, reflecting prevailing macroeconomic uncertainties and fluctuations in Federal revenue collection. This trend indicates an average shortfall of approximately 3.8% in federal transfers over the last two fiscal years, highlighting the impact of broader economic conditions on intergovernmental fiscal flows.

Provinces	Provincial Share
<i>Punjab</i>	51.7%
<i>Sindh</i>	24.5%
<i>Khyber Pakhtunkhwa</i>	14.6%
<i>Balochistan</i>	9.1%

In response, the provincial government initiated a regular reconciliation mechanism with the Finance Division, particularly for straight transfers such as Royalty on Crude Oil, Gas Development Surcharge,

Excise Duty on Natural Gas, and Royalty on Natural Gas. As a result, GoS received Rs. 108.3 billion in overall arrears during FY 2023–24 to FY 2024–25, including Rs. 68.5 billion from divisible pool components and Rs. 33.65 billion from straight transfers. Additionally, Rs. 6.15 billion were received as arrears on account of OZT Grant.

During the CFY 2025–26, the province has received revenues equivalent to Rs. 1,688.3 billion (July to Feb FY 2025–26) against budget estimates of Rs. 2,824.2 billion. Looking ahead, federal transfers are expected to improve due to price appreciation and increased production of natural resources such as gas and petroleum. These factors are projected to support average annual growth of approximately 12.1% in federal transfers over the next three years, including 12.8% growth in Revenue Assignment and around 16% growth in Straight Transfers. Figure 3 depicts the historical levels of revenue collection by GoS from both federal transfers and provincial receipts. The graph depicts a boost in provincial own-source revenues from FY 2015-16 onwards.

Provincial receipts play a crucial role in expanding the provincial resource envelope and strengthening fiscal sustainability. In this regard, GoS initiated the Sindh Tax Revenue Mobilization Plan (STRMP) for FY 2015–16 to FY 2019–20 under a project supported by the World Bank. Building on the outcomes of the earlier framework, Finance Department subsequently prepared the revised STRMP for FY 2021–22 to FY 2025–26 in consultation with the province's three Revenue Collecting Agencies (RCAs). The revised STRMP provides agency-wise and tax-wise revenue forecasts using an evidence-based Revenue Forecasting Model, allowing the government to estimate future revenues systematically and transparently.

Furthermore, the STRMP-III (FY 2025–26 to FY 2030–31) is currently under development and incorporates key policy reforms, including the implementation of a new Agriculture Income Tax (AIT) regime and the adoption of a Negative List approach for the Sindh Sales Tax on Services (SSToS). The updated framework also introduces additional analytical components such as cost estimates for each reform measure, revenue and expenditure analysis, and comparative assessments with other revenue authorities. Based on historical growth trends, identified revenue potential, reform targets, and prevailing economic conditions at the provincial, national, and international levels, the financial target under the revised framework has been set at Rs. 599.72 billion by FY 2026. These projections are derived from the historical relationship between provincial revenues and national Gross Value Added (GVA) and its sectoral components.

Under STRMP-II, RCAs were required to increase revenue mobilization through administrative reforms, improved compliance mechanisms, and adoption of technologically advanced financial models and systems. Among the major provincial revenue sources, the SSToS has demonstrated the strongest growth performance, recording an average increase of 27.5% in FY 2024–25 compared to the previous year, with an average growth of 27.84% during the past two years. Revenue from this source is further expected to increase by approximately 23.15% in CFY 2025–26. Despite these improvements, provincial own-source receipts fell 7.33% short of budget estimates in FY 2023–24 and 17.4% in FY 2024–25, respectively, reflecting macroeconomic and structural challenges.

In CFY 2025-26, several factors have been influencing the provincial revenue outlook, including a stabilizing Consumer Price Index (CPI), rising fuel prices driven by geopolitical tensions, volatility in the automobile industry, the implementation of Negative List and Agriculture Income Tax regimes, and recent

statutory changes in the Sindh Development and Maintenance of Infrastructure Cess (SIDMIC) framework. These factors collectively shape the provincial economic environment and consequently affect per capita revenue generation and fiscal performance in Sindh.

5.1 Federal Transfers

Federal Transfers include Revenue Assignment, Straight Transfers, PSDP related development grants and Grant to offset losses on account of abolition of Octroi and Zila Tax (OZT). Details of actual federal receipts in last two fiscal years and forecast for next three fiscal years keeping the base of CFY 2025-26, are given in table below:

Table 5.2 – Federal Transfers **Rs. in Billion**

	Actual 2023-24	Actual 2024-25	Budget 2025-26	Revised Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
Federal Transfers	1,353.59	1,755.00	2,095.58	2,073.66	2,410.79	2,693.08	2,948.63
<i>Revenue Assignment</i>	1,214.89	1,571.20	1,927.33	1,906.51	2,262.83	2,529.68	2,766.97
<i>Straight Transfers</i>	101.63	141.60	116.43	115.90	147.96	163.41	181.66
<i>Other Grants (OZT)</i>	37.07	42.20	51.81	51.25	-	-	-

Revenue Assignment

Federal transfers are mainly derived from the Federal divisible pool of taxes, which comprises income tax, sales tax, central excise duty, customs duties, wealth tax, and capital value tax. These taxes are collected by the federal government and then distributed between the federal and provincial governments (vertical distribution) and among the provinces (horizontal distribution) based on the formula set under the National Finance Commission (NFC) Award. In FY 2023–24, in terms of actual collection, transfers from the divisible pool constituted 89.7% of total federal transfers to the province, amounting to Rs. 1,214.89 billion. The same pattern persisted in FY 2024–25, when Sindh received Rs. 1,571.2 billion, being 89.5%, compared with the budget estimate of Rs. 1,747.42 billion. For CFY 2025–26, these transfers are budgeted at Rs. 1,927.33 billion, reflecting an increase of 10.29% over the previous year’s budgeted amount. Over the following three years, receipts from the divisible pool are expected to grow at an average annual rate of 12.8%.

Straight Transfers

Straight transfers are payments made by the Federal Government directly to the provinces after deducting a 2.0% collection charge. These transfers comprise the net proceeds of the federal excise duty on natural gas, the gas development surcharge, and royalties on natural gas and oil. In accordance with Article 161 of the Constitution of the Islamic Republic of Pakistan, these revenues do not form part of the Federal Consolidated Fund; rather, they accrue to the province in which the wellhead of the natural gas or oil is located. These transfers recorded a substantial increase of 51.37% in FY 2023–24, followed by a further rise of 33.06% in FY 2024–25. This increase surfaced as a consequence of the reconciliation process with the Federal Government and resultant transfer of arrears. For CFY 2025–26, a comparatively modest

increase of 9.4% was anticipated relative to the preceding year. Over the medium term, straight transfers are projected to grow steadily at an average annual rate of approximately 16%.

Other Grants (OZT)

These grants are provided by the Federal Government at a rate of 0.66% of the provincial allocable amount to compensate for the discontinuation of the annual Octroi and Zila Tax (OZT) grants. Government of Sindh received Rs. 37.07 billion in FY 2023–24 and Rs. 42.20 billion in FY 2024–25. For CFY 2025–26, these grants are budgeted at Rs. 51.81 billion. In light of the implications of the 11th NFC, it is anticipated that these grants may be discontinued; therefore, these have not been included in the medium-term forecasts.

5.2 Provincial Own Revenues

Provincial own-source revenue consists of both tax and non-tax revenues. Major tax sources include SStoS, Infrastructure Development Cess, stamp duty, motor vehicle tax, provincial excise, registration fees, urban immovable property tax, tax on professions, trades and callings, and electricity duty. Key non-tax revenues comprise receipts from police service, extraordinary receipts, mines and minerals, works, and other miscellaneous sources.

Table 5.3 – Provincial Own-Source Receipts

Rs. in Billion

	Actual 2023-24	Actual 2024-25	Budget 2025- 26	Revised Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
Provincial Revenues	435.46	546.20	728.62	663.85	833.80	889.76	949.72
<i>Sales Tax on Services</i>	222.75	284.22	380.00	360.67	430.54	461.36	494.40
<i>Other Tax Receipts</i>	138.72	221.68	296.06	257.19	345.49	370.25	396.80
<i>Non-Tax Revenue</i>	74.00	40.30	52.56	45.99	57.77	58.14	58.52

In FY 2023–24, Sindh generated Rs. 435.46 billion from its own sources, reflecting a shortfall of 7.32% compared with the budget estimate of Rs. 469.69 billion. In FY 2024–25, actual collections reached Rs. 546.2 billion—17.48% lower than the budget estimate of Rs. 661.91 billion but representing a 25.43% increase over the FY 2023–24 collection. Since its introduction in 2011, the SStoS has remained the largest contributor, accounting for an average of about 52% of total provincial revenues over the last two fiscal years. For CFY 2025–26 (revised forecast), own-source revenues are projected to grow by 21.54% compared with the actual collection of LFY 2024–25. Over the next three fiscal years, revenues are expected to grow at an average annual rate of 9.2%.

Sindh Tax Revenue Mobilization Plan (STRMP)

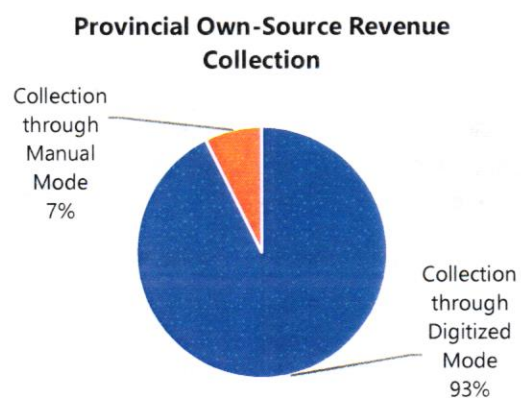
Government of Sindh had developed the Sindh Tax Revenue Mobilization Plan (STRMP-II) for FY 2021–2022 to FY 2025–2026. This plan required the three RCAs—Sindh Revenue Board (SRB), Board of Revenue

(BoR), and the Excise, Taxation and Narcotics Control Department (ET&NCD)—to identify ways to increase their own-source revenues through administrative reforms. The reforms focused on areas such as strategic planning, administration, automation, human resource management, and organizational development.

Under STRMP-II, annual revenue growth rates were spelled out for each RCA. SRB's revenue collection was projected to increase at average annual growth rate of 24% compared to the base year of FY 2020-21. STRMP also expected a gradual increase in receipts from Infrastructure Development Cess following the promulgation of the SDMIC Act, 2017, which allows settlement agreements between the Excise Department and individuals or entities liable to pay the cess. However, the sharp increase in the prices of local and imported vehicles, along with the growing introduction of electric vehicles (EVs) and the government's policy promoting green energy, may lead to a decline in excise duty due to certain exemptions and waivers.

On the non-tax side, receipts from electricity duty collected through HESCO, SEPCO, and K-Electric (KE) have shown a significant increase during CFY 2025-26, particularly in the case of K-Electric, which has started paying duty dues in compliance with the orders of the Public Accounts Committee Sindh. GoS also expects to receive Rs. 20.98 billion in CFY 2025-26 on account of electricity duty calculated up to June 30,

2023, which KE has withheld for several years without cogent justification. Furthermore, an increase in stamp duty collection is anticipated with the widespread use of e-stamps and their integration with Alternate Delivery Channel (ADC) modes of payment.



Digitization of Government Payments (G2P and P2G)

GoS has undertaken comprehensive measures to promote sustainable growth in its own-source revenue. SRB has played a pioneering role in digitizing the tax collection system. Currently, all major RCAs in the province operate fully digitized tax collection mechanisms. During FY 2024-25, digitized tax collection amounted to Rs. 505.9 billion, accounting for 92.6% of the total collection of Rs. 546.2 billion.

Figure 2 Digitization of Provincial Revenues

SRB is also in the process of installing Point of Sale (POS) machines in restaurants, hotels, and other commercial establishments to enhance provincial revenue collection. In addition, the E-Pay Sindh initiative has achieved significant progress and aims to digitize forty-seven (47) non-tax levies by the end of CFY 2025-26. Key levies under this initiative include collections related to the BoR, ET&NCD, and Traffic Police, such as Price Magistrate challans, traffic challans, vehicle token tax, and car registration and transfer fees. Sindh has also aligned with the national roadmap for a cashless and digitally integrated economy in government payments. Salaries and pensions of all provincial employees, vendor payments, and pension liabilities of retired employees are now fully processed through the Raast Micropayment Gateway (MPG) of State Bank of Pakistan. Drawing and Disbursing Officers (DDOs) from major expenditure-incurring departments have been trained to adopt the Online Billing System (OLBS) on SAP through the office of

the Accountant General (AG) Sindh. Approximately 40,000 DDOs from the School Education Department are expected to complete OLBS training by the end of the NFY 2026-27. Government payments for self-accounting entities, including the Food Department and Forest Department, are also being transitioned to the Raast MPG mechanism. Employee-related expenditures of the Forest Department are now processed through AG Sindh. Similarly, the Food Department has adopted digitized systems for receiving proceeds from commodity sales as well as making vendor payments.

Sindh has further initiated steps to introduce QR-based payments at the retail level particularly at the local council level. Several high-priority public entities, including the Karachi Metropolitan Corporation (KMC), Karachi Water and Sewerage Corporation (KWSC), and Sindh Mass Transit Authority (SMTA), have digitized both their expenditures and revenue receipts. In parallel, the Electronic Assignment Account (EAA) mechanism of the State Bank of Pakistan (SBP) is being implemented in alignment with the Federal Government's national EAA policy. This system will enable fully digitized and electronically monitored expenditure management by the respective accounting authorities and the Finance Department.

6. Expenditure

Expenditure forecasting lies at the core of the Medium-Term Fiscal Framework as it provides a baseline for line departments to plan their medium-term goals and objectives. For the Non-Development Current Revenue Expenditure, Indicative Budgetary Ceilings are worked out forecasted from the trends identified under the MTFF – the same are then communicated to line departments to steer the process of Budget Estimates. The process of Development Budget, however, is slightly varied. The overall size of development portfolio depending on resource envelope, government priorities, size of existing development portfolio and the overall medium-term vision, is ascertained specially focusing on the upcoming fiscal year.

Table 6.1 – Expenditure of the Province

Rs. in billion

Description	Actual 2023-24	Actual 2024-25	Budget 2025-26	Revised Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
Total Expenditure	1,887.6	2,302.4	3,160.3	3,018.8	3,562.7	3,684.7	3,937.3
Current Revenue Expenditure	1,420.7	1,691.2	2,142.0	2,038.4	2,400.5	2,587.0	2,786.8
Development Expenditure	466.9	611.7	1,018.3	980.4	1,162.2	1,097.7	1,150.5

Expenditures of the Province

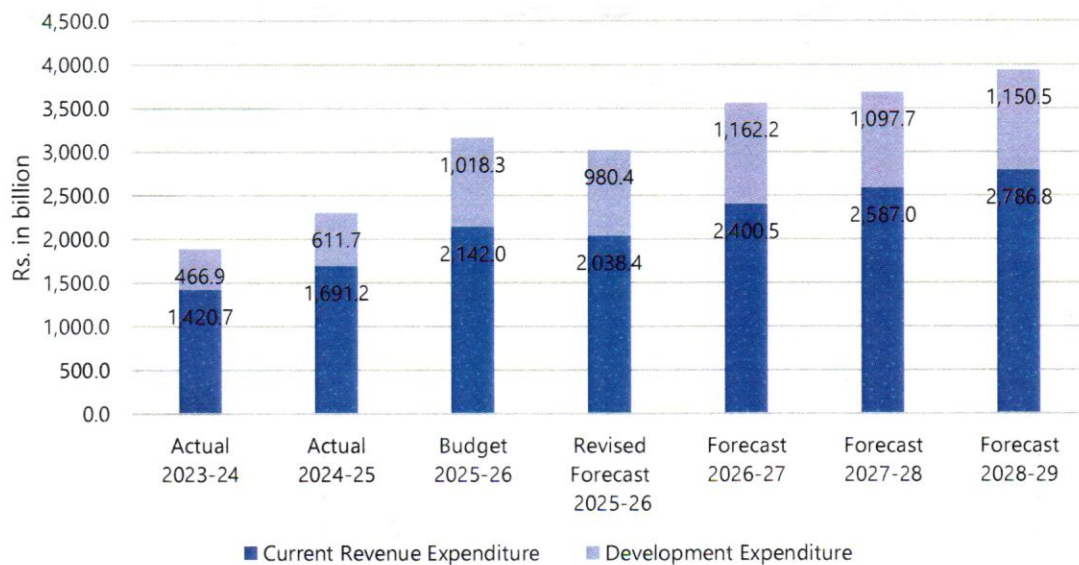


Figure 3 Expenditures of the Province

6.1 Current Revenue Expenditure

The total portfolio of Current Revenue Expenditure for GoS in FY 2025-26 stands at Rs. 2,142 billion with a share of 62% in the total budget outlay. The CRE is composed of Employee Related Expenses, Employee Retirement Benefits, Operational and Maintenance Expenses, Grants and Subsidies, Interest Payments, and Purchase of Physical Assets.

Over the last three years, the size of Employee Related Expenses and Employees Retirement Benefits has increased for GoS from Rs. 735.9 billion in FY 2023-24 (BE) to Rs. 1,111.6 billion in FY 2025-26 (BE), growing at an annual average rate of 15.0%. The budget allocation for O&M expenditure has been managed by GoS to ensure efficiency and growing forward, the O&M expenditures have been projected to increase at annual average growth rate of 8.1%. Overall, the budgeted CRE of Rs. 2,412.0 billion in FY 2025-26 is anticipated to remain at Rs. 2,038.4 billion as Revised Estimate for FY 2025-26.

Table 6.2 - Current Revenue Expenditure

Rs. in billion

<i>Description</i>	Actual 2023-24	Actual 2024-25	Budget 2025-26	Revised Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
<i>Current Revenue Expenditure</i>	1,420.7	1,691.2	2,142.0	2,038.4	2,400.5	2,587.0	2,786.8
<i>Employee Related Expenses</i>	521.3	566.8	840.3	678.8	959.2	1055.0	1156.6
<i>Employee Retirement Benefits</i>	249.4	309.3	271.3	291.4	310.2	330.3	351.6
<i>Operations and Maintenance</i>	201.1	240.7	296.2	306.7	324.0	347.5	373.9
<i>Grants, Subsidies, Write Off Loans and Transfers</i>	380.4	492.8	647.9	671.5	698.6	732.3	769.4
<i>Interest Payment</i>	48.5	49.0	59.8	59.8	66.9	75.0	84.0
<i>Physical Assets and Project Pre-Investment</i>	19.9	32.5	26.5	30.3	5.3	5.3	5.4
<i>Projected SNE</i>					36.2	41.6	45.8

Employee Related Expenses

The GoS has sanctioned posts of 752,069 reflected in Budget Book 2025-26. The size of the provincial Government has increased over the years especially post-18th Constitutional Amendment that led to devolution of various portfolios, including health and education to Provincial Governments. Given the emphasis of GoS on health and education sectors, both the departments employ significantly large numbers of human resource followed by Sindh Police, Agriculture Department, etc. The growing size of the government is reflected in the share of ERE in the GoS Annual Budget FY 2025-26 that currently stands around 24.5%.

In FY 2025-26, the budget allocation under ERE was Rs. 840.3 billion and under Revised Estimates, it is forecasted to be around Rs. 678.8 billion. However, for the next three years, the ERE is forecasted to grow at an average growth rate of 11.2%, amounting to Rs. Rs. 959.2 billion in FY 2026-27, Rs. 1,055.0 billion in FY 2027-28, and Rs. Rs. 1,156.6 billion in FY 2028-29, respectively.

Employee Retirement Benefits

Employee Retirement Benefits include pension, gratuity, provident fund, etc. to government employees who retire and are eligible for the listed benefits. The Defined Benefit Pension System led to ballooning of pension budget for the Federal and all of Provincial Governments over the years, as the size of governments increased. However, successful pension reforms have now led GoS to introduce Contributory Benefit Pension System for new hires starting from FY 2024-25. The Employee Retirement Benefits, budgeted at Rs. 271.3 billion in FY 2025-26, is forecasted to grow at an average annual growth rate of 9.0%, amounting to Rs. Rs. 310.18 billion in FY 2026-27, Rs. 330.25 billion in FY 2027-28, and Rs. Rs. 351.64 billion in FY 2028-29, respectively.

Operations and Maintenance

Operating and Maintenance expenses support the day-to-day running of government machinery and comprise of various heads of fuel, transportation, stationery, utilities, repair etc. Based on utilization trends, the budget estimates of operational and maintenance expenses are expected to grow at an average growth rate of 8.1% from Rs. 296.2 billion in BE 2025-26 to forecast of Rs. 324.0 billion in BE 2026-27, Rs. 347.5 billion in FY 2027-28 and Rs. 373.9 billion in FY 2028-29, respectively. The forecasted increase in expenditure is owing to the effect of inflationary pressures.

Grants, Subsidies, Write-off Loans and Transfer Payments

Grants, regulated by Chapter 19 of Sindh Financial Rules, 2023, are provided to support local bodies, autonomous organizations, non-profit institutions etc., as prescribed in approved policies. While transfers include payments in the form of financial assistance to families of civil servants who die during service. The budget allocation is expected to grow from Rs. 647.9 billion in FY 2025-26 to Rs. 698.6 billion in FY 2026-27, Rs. 732.3 billion in FY 2027-28 and Rs. 769.4 billion in FY 2028-29, respectively, with an annual average growth rate of 5.9%. GoS endeavors to bring increased efforts to ensure fiscal discipline in the disbursement to grants.

Interest Payments

Interest payments are due on the foreign currency assistance in the form of discounted loans by multilateral agencies such as World Bank, ADB, JICA, etc., or in local currency in the form of loans from the Federal Government and interest paid on GP Fund. The repayment schedule is regularly monitored by the Debt Management Unit and as per the schedule, the budgetary allocation for interest payment related expenditure of GoS is expected to grow from Rs. 59.8 billion in FY 2025-26 to Rs. 66.9 billion in FY 2026-27, Rs. 75.0 billion in FY 2027-28 and Rs. 84.0 billion in FY 2028-29, respectively, with an annual average growth rate of 12.0%.

Purchase of Physical Assets

In line with the Budget Manual, the Schedule of New Expenditure is finalized after detailed consultations with line departments. A part of SNE is also dependent on transfer of ADP schemes to non-development expenditure side upon the completion of the development component of the project. While in FY 2025-26, Rs. 13.6 billion were allocated for SNE⁸, the allocation is projected to grow to Rs. 36.2 billion in FY 2026-27, Rs. 41.6 billion in FY 2027-28 and Rs. 45.8 billion in FY 2028-29, respectively, with an annual average growth rate of 13.0% to enhance the capacity of government machinery, as required.

6.2 Development Expenditure

The Medium-Term Development Framework (MTDF) is integrated with the BSP to provide indicative budgetary ceilings for Provincial and District Annual Development Plans (ADPs) derived from socioeconomic indicators and revenue forecasts. These ceilings Administrative Departments to frame realistic and synchronized ADPs. The MTDF for the BSP 2026-29 is aligned with long-term strategies, targets, and action plans outlined in the 13th Five-Year Plan, formulated through an inclusive consultative process with all stakeholders.

During CFY 2025-26, total development outlay was Rs. 1018.3 billion, that included Rs.520.00 billion for Provincial ADP, Rs. 55.0 billion for District ADP, Rs. 366.7 billion from Foreign Project Assistance and PSDP grant of Rs. 76.6 billion for GOS executed schemes. The development budget was allocated as per priority of the government to achieve the desired goals for socioeconomic development. There were 480 new schemes taken up in ADP 2025-26, the budget was allocated mainly for ongoing schemes to capitalize the current portfolio in the aftermath of flood situation and conceive projects for next financial year particularly those projects which can address the rehabilitation of community infrastructure i.e. roads, buildings particularly of education & health facilities, housing, water supply & sanitation, develop agriculture & livestock and rehabilitation of irrigation & drainage infrastructure which have been damaged by the heavy rains & flood in 2022 besides completion of those schemes, which have either consumed 70% expenditure or have throw-forward amount up to Rs. 50 million.

During CFY 2025-26, unsatisfactory M&E reports, non-submission of DRO and schemes under revision (U/R) has led to slow implementation of ADP. There are 1,381 schemes where full funds have been allocated as they are likely to be completed during CFY 2025-26. Therefore, the estimates of total development budget of CFY 2025-26 are being revised and reduced from Rs. 1,018.3 billion to Rs. 980.4 billion; this includes revised estimates of development budget i.e., Rs. 475.0 billion for Provincial ADP, Rs. 44.0 billion for District ADP, Rs. 384.8 billion for FPA and Rs. 76.6 billion against Federal PSDP Grant.

P&D Department, in collaboration with line departments, is engaged in development of strategic plans for key sectors, these sectors taking stock of existing financial situation, set their goals and objectives to be achieved and layout action plans to be implemented in medium term framework. Effort is to integrate these plans into long-term provincial developmental strategy, setting smart, realistic and implementable development programs and projects in synchronization with resource availability to attain socio-economic

⁸ Supplementary Statement of Expenditure for the Year 2025-26
<https://finance.gos.pk/Home/Download?path=Budget%2FBudgetBooks%2FFY-25-26%2FSUPPLEMENTARY%2FSupplementary%202024-25.pdf>

goals and improve service delivery. Following development strategy is adopted while preparing next year's ADP 2026-27:

- a) Promote and develop climate-resilient infrastructure including buildings, roads, housing designed in accordance with green building codes and incorporating rainwater harvesting systems, to enhance sustainability and mitigate the adverse impact of climate change.
- b) On the basis of proper in-house exercise, consolidate and complete flood-damaged infrastructure, especially in the Education and Health sector
- c) Improve and rationalize healthcare facilities and management systems, including nutrition security and population welfare services.
- d) Enhance agricultural productivity and strengthen value chains, integrating climate-resilient approaches.
- e) Upgrade irrigation infrastructure to conserve water for agricultural, industrial, and municipal use.
- f) Ensure provision of clean drinking water and effective sewerage sanitation systems.
- g) Strengthen connectivity between major cities and towns in the province.
- h) Promote projects that expand carbon sinks and generate carbon credits through sustainable environmental practices with in public sector & through Public Private Partnership (PPP).
- i) Advance social protection and poverty reduction initiatives consistent with the Poverty Reduction Strategy (PRS).
- j) Support inclusive, gender-sensitive, equitable, and participatory development aligned with the Sustainable Development Goals (SDG).

During CFY 2025-26, two (02) development projects with a total estimated cost of Rs. 127.98 billion (FPA share Rs. 113.45 billion, GoS share Rs. 14.53 billion) were initiated with the financial assistance of development partners. These projects have been duly approved and are currently under implementation by the respective departments. At present, twenty-five (27) foreign-funded projects, with a cumulative value of Rs. 1,942.76 billion (FPA share Rs. 1,717.37 billion and GoS share Rs. 225.39 billion) are under implementation in Sindh. Further, four (04) projects amounting to USD 715 million are in pipeline for approval at various stages.

Table 6.3 Development Expenditure of the Province

Rs. in billion

Description	Actual 2023-24	Actual 2024-25	Budget 2025-26	Revised Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
Development Expenditure	466.9	611.7	1,018.3	980.4	1,162.2	1,097.7	1,150.5
<i>Provincial ADP</i>	249.6	312.7	520.0	475.0	603.0	543.5	596.3
<i>District ADP</i>	14.5	38.8	55.0	44.0	55.0	50.0	50.0
<i>Federal PSDP</i>	7.27	30.0	76.6	76.6	138.9	138.9	138.9
<i>FPA</i>	195.5	230.2	366.7	384.8	365.3	365.3	365.3

Table 6.3 lays down the development budget for 2026-27 for Provincial ADP, Districts ADP and FPA along with budget forecast for next two years 2027-28 & 2028-29. The budget ceiling for each department based on the past trends and execution capacity of the administrative department is given at Annexure-II. The proposed size of total development outlay in NFY 2026-27 is suggested at Rs. 1,162.2 billion as compared to budget estimates of Rs. 1018.3 billion for FY 2025-26. This will include Rs. 603.00 billion for Provincial ADP, Rs. 55.00 billion for District ADP, Rs. 365.3 billion from Foreign Projects Assistance (FPA) and Rs. 138.9 billion through Federal PSDP grant for GoS executed schemes in next year's ADP.

Provincial ADP

The actual expenditure of the provincial ADP for LFY 2024-25 was Rs. 312.7 billion, which represents an 25.27% increase compared to the previous year's expenditure amounting to Rs. 249.6 billion. The revised forecast of the Provincial ADP is estimated at Rs. 475 billion, representing a decrease of 8.6% compared to the original budgeted figure of Rs. 520 billion. The Provincial ADP is projected to grow at an average growth rate of 4.7% in the next three years.

District ADP

The actual District ADP in 2023-24 was Rs. 14.5 billion, which increased to Rs. 38.8 billion in 2024-25, reflecting significant growth and province's commitment towards decentralized development. The Budget for FY 2025-26 is estimated at Rs. 55 billion whereas the revised estimates amount to Rs. 44 billion hinting at tightening of fiscal space as a result of 11th NFC award implications, 18th constitutional amendments, reduction in OZT grants and rising CRE. For the next three years, the District ADP is forecasted to decrease by 3.1%.

Federal PSDP

PSDP at the federal level is an essential tool for the Federal government to allocate resources for the development of public sector expansion in the provinces. In FY 2024-25, the actual PSDP increased from Rs. 7.3 billion to Rs. 30.0 billion. The BE for FY 2025-26 for Federal PDSP is Rs. 76.6 billion which remains unchanged in the Revised Forecast for the same year. For the next three years, the federal PSDP is projected to remain at Rs. 138.9 billion, witnessing an increase of 81% as compared to Budgeted figure of FY 2025-26.

Foreign Project Assistance

Expenditure on foreign-funded projects during FY 2024-25 stood at Rs. 230.2 billion, reflecting an increase of 17.75% compared to the actual expenditure of Rs. 195.5 billion in FY 2023-24. For FY 2025-26, the Foreign Project Assistance (FPA) budget was set at Rs. 366.7 billion whereas the revised forecast is estimated at Rs. 384.8 billion, indicating a growth of 4.9%. Along the same lines, the budget for FY 2026-27 has been estimated at Rs. 365.3 billion, representing a moderate decrease compared to the previous financial year 2025-26. This projection is primarily attributable to the progress of major development projects initiated in FY 2022 in response to the 2022 floods.

7. Net Lending

Net Lending refers to the receivables of Government of Sindh due from loans and investments. The two items underneath Net Lending are Net Food Account and Net Public Account.

Table 7.1 – Net Lending of the Province

Rs. in billion

Description	Actual 2023-24	Actual 2024-25	Budget 2025-26	Revised 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
Net Lending	22.9	20.0	73.7	(253.9)	(10.0)	(171.5)	(238.6)
Net Food Account – State Trading	(1.6)	(3.0)	73.7	(3.0)	(10.0)	(15.0)	(20.0)
Net Public Account	24.5	23.0	-	(250.9)	-	(156.5)	(218.6)

7.1 Net Food Account

Net Food Account provides the net position of Government's receipts from the activity of State Trading of Wheat. The budget allocation of Net Food Account in FY 2025-26 was Rs. 73.7 billion, almost equivalent to that in FY 2024-25 amounting to Rs. 72.5 billion. This modest increase has been due to the discontinuation of the policy of state trading in commodities under the IMF conditions. The projected numbers reflect the expense to be incurred by GoS in retirement of accumulated commodity debt.

The forecast for 2025-26 and beyond shows negative figures, indicating a continued decrease in the food account. While the positive impact of the Public Account is significant, the negative impact of state trading on net lending items largely offsets it. However, despite this, the net lending items still reflect a relatively positive financing impact on the overall resource position of the province.

7.2 Net Public Account

The Public Account, which the provincial government oversees, is essentially a trust fund. Transactions within the Public Account comprise court deposits, GP Fund, Benevolent Fund, Group Insurance, Income Tax Deductions, Foreign Assignment Accounts for donor-funded projects, personal deposits, PWD deposits, revenue deposits, forest deposits, wage and cheque clearing accounts, adjustment accounts, and food department remittances, which encompass all food account receipts and some of the food account payments, among others. Net Public Account shows that the actual figure for 2023-24 was 24.5, indicating a surplus in the public account. Accordingly, the revised estimates for FY 2025-26 and the projections for FY 2026-27 and the outer years have been kept as per the position shown projected from finance accounts.

8. Financing

Financing refers to the ways and means of the GoS to finance its operations and development agenda over and above the support of revenues collected. The primary purpose of financing is to generate resources in order to provide funds for different government programs, such as development projects, investments, and repayment of outstanding loans. Financing plays a crucial role in the budgeting process of a government by enabling them to fund their operations, expand their reach, and achieve their goals. The government has several important sources of financing at its disposal which mainly includes current capital receipts, current capital expenditure, foreign project assistance, development grants, and carryover cash. By utilizing these sources effectively, the government can ensure that it has the resources it needs to fund its various initiatives and promote sustainable development in the province.

Table 8.1 – Financing of the Province

Rs. in billion

<i>Description</i>	Actual 2023-24	Actual 2024-25	Budget 2025-26	Revised 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
Financing	188.4	323.0	305.7	535.1	292.2	248.3	259.2
Net Capital Receipts and Expenditures	88.0	210.4	205.7	193.7	292.2	284.2	284.2
<i>General Capital & Other Receipts</i>	2.0	0.1	44.0	14.0	70.0	80.0	100.0
<i>Current Capital Expenditure</i>	(124.3)	(135.7)	(281.7)	(281.7)	(282.0)	(300.0)	(320.0)
<i>Foreign Projects Assistance</i>	203.2	279.4	366.7	384.8	365.3	365.3	365.3
<i>Development Grants (PSDP & Foreign)</i>	7.1	66.6	76.6	76.6	138.9	138.9	138.9
Carry Over Cash Balance (Opening)	100.4	112.6	100.0	341.4	0.0	(35.9)	(25.1)

8.1 Net Capital and Other Receipts

Net Capital and Other Receipts refer to the balance of capital receipts and expenditures of the GoS. The capital receipts include the domestic and foreign loans extended by the GoS to non-financial institution, employees, etc. whereas the capital expenditures include the repayment of principal on loans obtained by the GoS, specially as part of the VGF under PPP-mode projects. The Net Capital Receipts for GoS also include GoS investing its surplus cash balance in marketable government securities to be labelled as cash equivalents.

Current capital expenditure includes repayment of the principal amount of foreign and domestic loans and investments in capital market. In 2023-24, the actual expenditure figures were Rs. 124.3 billion. However, in 2024-25, the actual expenditure figures increased significantly to 135.7 billion. The revised forecast for CFY 2025-26 is lower than the budgeted figure. The forecast figures for the next three years show an average annual increase of 11.4%.

VGF was formed in FY 2008-09 and is kept for the sole purpose of financing the GoS share of PPP funded projects. In FY 2024-25, the budget allocation for VGF stood at Rs. 65.0 billion however, in FY 2025-26, the budget allocation was increased to Rs. 83.0 billion, in line with the PPP portfolio of GoS. Similarly, two other major capital expenditures for GoS are the financing of Sindh General Provident Investment Fund (SGPIF) and Sindh Province Pension Fund (SPPF), having budget allocation in FY 2025-26 of Rs. 2.0 billion and Rs. 25.0 billion, respectively.

8.2 Foreign Projects Assistance

Foreign Project Assistance (FPA) represents a key financing mechanism for the province, involving the utilization of foreign loans to support development projects.

The actual FPA figures for FY 2023-24 were Rs. 203.2 billion. However, in FY 2024-25, the actual FPA figures increased significantly to Rs.279.4 billion, indicating a significant percent increase of 37.4% in foreign loans received for development projects. The revised forecast for CFY 2025-26 is Rs. 384.8 billion which is 4.9% increase from the budgeted amount of Rs. 366.7 billion, suggesting that there would be additional FPA to be received for development projects. The forecast figures for the next year show a similar projection as compared to FY 2025-26, amounting to Rs. 365.3 billion for the next three years, respectively due to progress on major development projects undertaken in FY 2022 to restore the damages caused by Floods in Sindh.

8.3 Development Grants (PSDP & Foreign)

The funding provided as Development Grants comprises of two types of transfers. The first type of transfer is from the federal government and is received by the provincial government for federally funded projects. The second type of transfer is received from donors specifically for development projects. The money allocated for these grants is managed through the Federal Public Sector Development Program (PSDP).

The actual amount of Development Grants received in FY 2023-24 was Rs. 7.1 billion, which increased significantly to Rs. 66.6 billion in FY 2024-25. The budgeted amount for CFY 2025-26 is Rs. 76.6 billion, while the revised forecast for 2025-26 is approximately the same as the budgeted amount, indicating no change. However, the forecast figures for the next three years show an increased trend of 22% BE-to-BE growth rate with projected allocation of Rs. 138.9 billion.

9. Debt Management

The public debt portfolio of the Government of Sindh comprises of domestic debt and foreign debt. In domestic debt, currently Government of Sindh is not taking any normal CDLs however, the SCARP CDLs are being routinely transferred from the Federal Government as completed and handed over to the Provincial Government. In addition to this, all foreign loans are procured under the guarantee of the Federal Government however; the exchange rate risk is borne by the respective Provincial Government. The total debt liability of the Government of Sindh as on 30 June 2025 comprising of foreign and domestic loans and GPF liability is given below:

Table 9.1 – Debt Liability of GoS as on June 30, 2025

Category	Total Debt Liability Amount (Rs. in billion)	Percentage
Total Debt Portfolio	1,542.22	100.00%
Foreign Loans	1,337.69	86.74%
Domestic Loans - Cash Development Loans (CDL)	12.25	0.79%
Accumulated GPF Liability	192.28	12.47%

Total Debt Liability Amount (Rs. in billion)

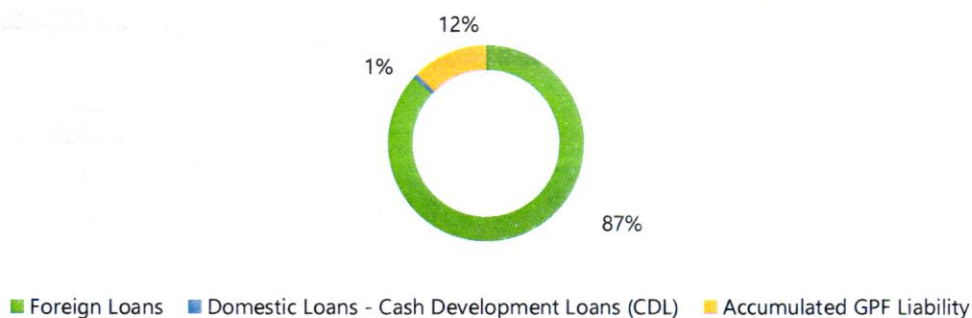


Figure 4 Total Debt Liability - GoS

9.1 Domestic Loans

The Domestic debt portfolio comprises Cash Development Loans (CDLs) i.e. Normal CDLs and SCARP CDLs. The CDLs Normal is a development loan extended by the Federal Government to the Province for financing its ADP (Annual Development Program), and CDLs SCARP as per the routine feature channelized from Federal Government to WAPDA for the execution of different projects.

In domestic debt portfolio, the interest rate on CDLs ranges from 6.86% to 15.94% per annum and comprises of uniform amortization period of 25 (twenty-five) years including a grace period of five (05) years. During the grace period, the interest charges on the original loan are deducted and principal obligations thereafter. The WAIR (Weighted average interest rate) for the domestic portfolio (excluding 01 IDA loan in Rupees) as of June 30, 2025 is 11.06%. The reason of acquiring these loans was the province's

reliance on domestic loans before FY 2000-01. Thus, the province bears a huge burden of cost of CDLs in terms of interest payments which constitutes approximately 7.79% of total interest cost when comparing the respective portfolio share of approximately 0.79 % only in FY 2024-2025.

Table 9.2 – Domestic Debt Liability of GoS as on June 30, 2025

Category	Total Debt Liability Amount (Rs. in Billion)	Percentage
Total	12.25	100.00%
<i>Normal CDLs</i>	0.07	0.57%
<i>SCARP CDLs</i>	12.18	99.43%

9.2 Foreign Loans

The external funding mostly comprises of loans obtained from World Bank (WB) and Asian Development Bank (ADB), which constitute 71.66% and 21.87%, respectively of the total foreign debt portfolio. The third major source of funding comes through IsDB indicating a share of 2.82% and rest of the loans hold almost very small share.

The foreign loans have been procured on both concessional and commercial rates. World Bank and ADB loans are based on mixed mode i.e., concessional and commercial rates both, however the major portion is on concessional terms. The basic difference between these two kinds of lending is the rate of interest and the length of maturity. Usually in concessional lending, the maturity period indicates a longer span of time for the repayments of loan as compared to commercial lending. On the other hand, the commercial lending is usually based on Secured Overnight Financing Rate (SOFR) with shorter maturity period. The details of foreign loans are as under:

Table 9.3 – Foreign Debt Liability of GoS as on June 30, 2025

Type of Loan	Interest Rate	Outstanding Loan (Rs. in billion)
<i>World Bank/ (IDA & IBRD)</i>	0.75% - 2% / 6 M SOFR + var spread	967.4
<i>Asian Development Bank</i>	1%-1.50% & 6M SOFR + var spread	295.2
<i>IsDB</i>	10 year Mid Swap Rate + var spread	38.1
<i>Others</i>	0.75%-2.50% & 6 M SOFR + 1.35%	37.1
Total		1,337.8

9.3 Debt Sustainability

Debt sustainability is often defined as the ability of a country to meet its debt obligations without requiring debt relief or accumulating arrears. The concept of fiscal sustainability draws on the idea that

public debt cannot keep on accumulating relative to national income because this would require governments to constantly increase taxes and reduce spending on goods and services.

In general, it has been useful to monitor External debt and Debt services obligation measures in relation to GDP, Exports, and Fiscal Revenue. In most countries, the need for such analysis may arise at national level as External borrowing and its Debt servicing remains with the Federal/Central level. Pakistan also comes under this category as Federation here is a Sovereign Guarantor; however, the 18th Constitutional Amendment authorizes Provinces may opt for Domestic borrowing through the forum of NEC. The Debt Servicing Obligations for Domestic and Foreign Loans have also been deducted through at-source adjustment by Federal Government against its monthly share of divisible pool Tax Revenue. However, the payment on account of foreign debt servicing is made directly to lenders from Federal Government.

The Sindh Government uses the ratios of Total Debt versus Current Revenue Expenditure (CRE) and General Revenue Receipts (GRR), respectively to monitor debt sustainability. As earlier mentioned, the CRE includes all operational expenses of the Provincial Government and GRR includes divisible pool taxes, straight transfers from Federal Government and provincial own tax and non-tax revenues. Table 9.4 depicts the position of the debt sustainability ratios.

The Debt Servicing ratios are gradually decreasing while comparing the last few years' data. In the future, if there would be slow growth in the federal revenue receipts which is almost 70% of total receipts and also in current revenue expenditure, i.e., salaries, pension and grant/ subsidies with the same pace, debt servicing ratio can cross 6% in next 06-08 years' time against the proposed threshold of 10% kept in Sindh Fiscal Responsibility and Debt Management Act 2022, duly approved from Provincial Assembly.

Table 9.4 – Debt Sustainability (Rs. in Billion)

Description	Actual 2023-24	Actual 2024-25	Budget 2025-26	Revised Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
CRE	1,420.7	1,691.2	2,142.0	2,038.4	2,400.5	2,587.0	2,786.8
GRR	1,789.1	2,375.2	2,824.2	2,737.5	3,244.6	3,582.8	3,898.3
Debt Servicing (Principal)*	44.4	42.8	45.7	48.9	61.7	81.4	83.7
Debt Servicing (Interest)*	27.6	28.6	31.7	32.1	32.8	30.7	28.3
Total Debt Servicing (Principal+Interest)	72.0	71.4	77.4	77.4	94.5	112.1	112.0
Debt servicing as % of CRE	5.1%	4.2%	3.6%	3.8%	3.9%	4.3%	4.0%
Debt servicing as % of GRR	4.0%	3.0%	2.7%	2.8%	2.9%	3.1%	2.8%

* Yearly interest on GPF liability and ways and means are not included in Debt Servicing head

10. Public-Private Partnership

Public-Private Partnership (PPP) is a collaboration between the government and private sector entities to finance, design, build, operate, and maintain public infrastructure or services. The government provides the regulatory framework and public assets, while the private sector brings in its expertise, technology, and financial resources to develop and manage the infrastructure or service. PPP has become increasingly important in recent years as governments face challenges in funding and delivering public infrastructure and services due to limited resources and competing demands. PPP augment efficiency in delivering, operating, and managing projects, guarantee access to supplementary resources to satisfy escalating investment demands, and offer access to advanced technology and introduce innovation in projects.

The Finance Department has established a central PPP Unit to aid the PPP Policy Board in promoting and progressing Public-Private Partnerships in the province. Furthermore, the PPP Unit supports government agencies in collaborating with consultants, supervising procurement procedures, and implementing projects planned to be carried out through PPP mode.

The PPP Unit of GoS has established the Public Private Partnership Support Facility (PSF) which is a Company incorporated under section 42 of The Companies Act, 2017 with the aim to manage the New Viability Gap Fund (new VGF), thereby enhancing corporate governance, and transparency. It improves the delivery of public infrastructure and social services by achieving better value and improving risk management of the Viability Gap Fund (VGF). The establishment of PSF shows the Sindh Government's commitment to utilizing PPPs to tackle the challenge of funding for infrastructure projects and create new opportunities for the private sector to contribute to the province's development.

The Sindh Public-Private Partnership (PPP) program has demonstrated strong performance compared to other provinces and regional peers. According to the 2018 Infrascope report by the Economist Intelligence Unit, Sindh ranked 6th in Asia and 2nd in institutional framework, reflecting its robust governance structure. The program has also received multiple international recognitions, including Euromoney's 2024 award for the Nabisar Vajihar Water Works Project as Pakistan's best Islamic project finance deal. Additionally, Islamic Finance News and The Asset Hong Kong have acknowledged key projects for innovation and excellence, underscoring Sindh's success in delivering impactful PPP initiatives.

10.1 GoS's Public Private Partnership Portfolio

The Sindh PPP Project Portfolio has experienced a significant growth from Rs. 5 billion in 2010 to around Rs. 876 billion in 2025, covering multiple sectors such as Health, Road Infrastructure, Water, Tourism, Forestation, Recreation and Education etc. Currently, more than Rs. 148 billion worth of projects are operation, over Rs. 130 billion worth of projects are under construction, and more than Rs. 177 billion worth of projects are under investor solicitation and expected to be concluded by June 2026. In addition, the PPP Program has a robust Project pipeline of almost Rs. 420 billion, with plans to deliver projects during 2026-29 in various sectors, including Water, Road Infrastructure, Transport, Health, Forestation, Special Economic Zones and Agriculture. This growth and pipeline of projects demonstrate the success of the Sindh PPP Program and the government's commitment to developing the province through PPPs.

Nabisar Vajihar Water Works Project, a large-scale PPP project, achieved its Commercial Operations Date (COD) in December 2025, while other large-scale projects which are already under construction phase

such as the Shahrah-e-Bhutto Expressway, Ghotki Kandhkot Bridge Project, Marble City Karachi, Dhabeji Industrial Zone, NED Science & Technology Park and M9-N5 Link Road Projects are expected to improve the living standards as well as in provided better facilities and infrastructure for the residents of Sindh.

Projects such as Sewerage Treatment Plant (TP-4), Karachi Port to Qayyumabad, Carbon Emission Reduction through Forestation, People's Green Transport, Rani Bagh, are currently under investor solicitation stage, and are expected to provide substantial investment opportunities for Sindh. These projects will have secondary positive impacts leading to job creation, increase in tax revenues, and improved quality of life for the people of Sindh.

To strengthen the monitoring mechanism of PPP projects, PPP unit is in the process of implementing cloud-based platform i.e., SOURCE, which will provide a single source of information for all PPP projects in Sindh. Implementation of SOURCE will not only help improve the efficiency of project evaluation but also improve its transparency and accountability.

10.2 Future Outlook

The devastating floods of 2022 and 2025 severely impacted Sindh's economy, with the World Bank estimating losses exceeding USD 30 billion in 2022 and USD 3 billion in 2025, alongside reconstruction needs of over USD 16 billion. These fiscal pressures have elevated the importance of the PPP Unit, as limited allocations under the Annual Development Plan (ADP) are insufficient to meet growing infrastructure demands. To bridge this gap, the Government of Sindh is collaborating with multilateral institutions such as the Asian Development Bank and the World Bank to mobilize additional financing. The PPP Unit is also partnering with credit guarantee agencies and development partners to advance climate-resilient initiatives, including the Sewerage Treatment Plant (TP-4), forestation-based carbon reduction projects, and electric buses on BRT feeder routes. These efforts not only aim to sustain infrastructure development but also promote environmental sustainability through carbon credit monetization.

In the long term, the PPP Unit is focused on "Portfolio Growth," targeting both an increase in the number and scale of projects to drive economic development. This strategy emphasizes a diversified and high-quality project pipeline that addresses multiple sectoral challenges while ensuring meaningful developmental outcomes. In coordination with administrative departments, the PPP Unit is prioritizing and fast-tracking key projects such as the Shahrah-e-Bhutto Expressway, Ghotki-Kandhkot Bridge, Karachi Port to Qayyumabad corridor, Dhabeji Special Economic Zone, Marble City Karachi, and others. This expanding portfolio reflects the Government of Sindh's sustained commitment to PPPs as a central development tool, with ongoing and planned initiatives expected to enhance infrastructure, improve public services, and contribute to long-term economic growth in the province.

11. Governance

The Governance Chapter outlines the major reforms undertaken by the Finance Department – Government of Sindh. These reforms are focused on ensuring fiscal discipline, improving service delivery, and promoting efficient and accountable utilization of public resources. During FY 2025-26, the Finance Department continues to advance a comprehensive reform agenda encompassing performance-based budgeting and the Medium-Term Budgetary Framework, promotion of a cashless economy through the introduction of micropayment gateway/RAAST, E-pay (Sindh), discontinuation of personal ledger account, development of Sindh Pension Contribution Unit, strengthening of the grant-in-aid framework, institutionalization of green and gender-based budgeting, and publication of a Fiscal Risk Statement. Through these measures, the Government of Sindh seeks to reinforce sound governance structures, enhance fiscal transparency, and support sustainable economic and social development across the province.

11.1 Green Based Budgeting and Gender Based Budgeting

To support the broader national and global agenda on climate change and sustainable development, the Government of Sindh has taken a progressive step by incorporating Green Budget Tagging and Gender Budget Tagging within the provincial budget framework. This initiative enables the systematic identification and classification of expenditures that directly or indirectly contribute to climate change mitigation, adaptation, and environmental sustainability, while ensuring that public financial resources are aligned with Pakistan's commitments under the Paris Agreement and the Sustainable Development Goals (SDGs). By institutionalizing these mechanisms, the Government seeks to promote evidence-based planning, enhance fiscal transparency, and integrate climate and gender considerations into core budgetary processes.

The Government of Sindh, has engaged the FCDO-backed Revenue Mobilization, Investment and Trade (REMIT) team to support the effective implementation of Green and Gender Budget Tagging. With their support, these measures have been formalized through their inclusion in the Budget Call Circular, providing standardized guidance to departments for the preparation of the provincial budget for FY 2026–27⁹. In this context, the tagging of climate and gender-related budget in the SAP system is currently underway, reflecting the Government's commitment to institutionalize these reforms and strengthen data driven, inclusive, and sustainable public financial management.

11.2 Cashless Economy Agenda Under National Fiscal Pact 2024

In pursuance of the National Fiscal Pact agreed under the IMF EFF supported Program 2024, which emphasizes the digitalization of financial transactions and elimination of cash-based payments across government operations, GoS has undertaken significant measures to promote a cashless economy in the province. The shift toward digital financial ecosystems is aimed at enhancing transparency and, strengthening overall fiscal governance. As part of this agenda, the Government has expanded the use of electronic payment platforms such as E-Pay Sindh and the provincial micropayment gateway to facilitate secure and convenient electronic payments for taxes, fees, and other public levies. These initiatives are

⁹ Budget Call Circular 2026-27

<https://finance.gos.pk/Home/Download?path=Budget%5CBudgetCallCircular%5CBCC%202026-27.pdf>

complemented by efforts to integrate government payment systems with banks and the 1-Link network, enabling broad access to digital channels, including online portals, mobile applications, and alternative delivery channels.

The promotion of a cashless economy also aligns with broader financial inclusion objectives by enabling citizens and businesses to transact digitally with ease, reducing dependency on physical currency, and fostering a formalized economy. GoS is encouraging adoption of electronic payments across all departments and service delivery points, while enhancing capacity of public sector staff and citizens to use digital platforms securely and efficiently.

11.3 E-Pay Sindh

Sindh's first-ever digital payment platform, E-Pay Sindh, had been launched with the objective of increasing financial inclusion and streamlining government payments across the province. Developed as a project under the Finance Department, Sindh, in collaboration with the Punjab Information Technology Board (PITB) as the technology partner, the platform facilitates both business-to-government (B2G) and person-to-government (P2G) payments. E-Pay Sindh is integrated with the State Bank of Pakistan (SBP) and all major banks through the 1-Link network, providing a secure, real-time, and unified payment gateway for citizens and businesses. The platform enables convenient payment of taxes and fees through multiple electronic channels, including a dedicated mobile application and web portal, allowing users to leverage alternative delivery channels (ADCs) efficiently.

As of August 2025, 20 out of 47 levies have been fully digitized through E-Pay Sindh, Further in FY 2024-25, nearly 92.6% of the provincial revenue was collected through this platform. Building on this success, the Government aims to digitize all 35 levies within the current fiscal year, further enhancing revenue efficiency, transparency, and accountability. By providing real-time visibility of payments, supporting effective financial planning, and reducing reliance on cash-based transactions, E-Pay Sindh serves as a key instrument in modernizing the province's financial ecosystem, improving public service delivery, and supporting Sindh's broader transition toward a cashless economy.

11.4 Payments Through RAAST/Micro Payment Gateway

In August 2025, the Government of Sindh successfully implemented the Raast / Micropayment Gateway (MPG) to digitalize all Government-to-Person (G2P) payments across the province. This initiative covers the disbursement of salaries and pensions to government employees, as well as payments to suppliers and vendors at both provincial and district levels. The system has been integrated across all administrative departments, including the Forest Department and local government entities, ensuring seamless operations down to district and council levels. The adoption of this platform provides multiple benefits: it enables secure, instant, and real-time traceability of public funds, it reduces reliance on cash-based and manual payment systems, and minimizes administrative delays and operational costs. By improving transparency and auditability, the system also strengthens financial accountability. The platform also facilitates better cash flow management and real-time monitoring of government expenditures, reinforcing the province's transition toward a cashless economy and modernizing public financial management in line with national reforms and international best practices.

11.5 Medium Term Budgetary Framework and Performance Based Budget

GoS has implemented the Medium-Term Budgetary Framework (MTBF) across nine key line departments to strengthen the link between policy priorities, planning, and resource allocation. Under the Sindh Public Finance Management Act, 2020, the Finance Department is required to present to the Provincial Assembly a document outlining expected outputs against each budget demand, along with selected performance indicators. Performance-Based Budgeting (PBB), often integrated with MTBF, links resource allocation to measurable outcomes, promoting a results-oriented approach to public service delivery. This approach enhances accountability, improves tracking of public expenditures, and ensures that allocated funds achieve their intended objectives. In addition to MTBF, line departments have been directed to submit performance-based budgets, demonstrating Sindh's ongoing commitment to efficient, transparent, and outcome-focused fiscal management.

11.6 Fiscal Risk Statement

International standards, including the IMF Fiscal Transparency Code and the PEFA framework, emphasize that the disclosure of fiscal risks is a key element of sound public financial management. Similarly, the Sindh Public Financial Management (PFM) Act, 2020 implicitly requires the preparation and publication of such statement. In line with this, GoS has prepared and published a Fiscal Risk Statement for FY 2025-26. The statement provides a comprehensive assessment of uncertainties that could affect Sindh's fiscal outlook beyond the official Medium-Term Budgetary Framework projections. It categorizes these risks into macroeconomic, revenue, debt, public sector enterprises, climate change, natural disasters, and other contingent liabilities, quantifying their potential impact on the fiscal deficit and proposing mitigation measures to manage these risks effectively.

11.7 Discontinuation of PLA of Forest and Wildlife Department

GOS intends to ensure end-to-end digitization of the economy in line with the Federal Government's vision of cashless economy. A key step in this process is the integration of all departmental accounts into the mainstream accounting framework. A notable challenge in this has been the digitization of Self-Accounting Entities (SEs), mainly the Forest and Wildlife Department, which has maintained Self Accounting Entity status since 1975 and historically operated a Personal Ledger Account (PLA).

While PLAs provided operational flexibility to SEs, they remained outside the mainstream financial reporting framework, limiting transparency and real-time oversight. In 2023, the PLAs were discontinued across the country with the exception of SEs. This year, the Finance Department has discontinued all remaining PLAs and integrated the Forest Department into the centralized accounting system. This step ensures complete digitization, enhances transparency, strengthens financial oversight, and aligns the department's financial management with provincial and federal accounting standards.

11.8 Pension Reforms

GoS has witnessed a significant rise in pension expenditures over the past few years. This sharp growth in the pension bill highlighted the need for sustainable, forward-looking reforms to manage long-term fiscal pressures. In response, the Government introduced the Sindh Civil Servants Defined Contribution Pension Plan, 2025, aimed at ensuring long-term pension sustainability. To operationalize this reform, the Finance

Department has established the Sindh Contribution Pension Unit, responsible for monitoring the Defined Contribution Pension Scheme and overseeing all operational aspects. The Unit will maintain an online portal to facilitate the smooth opening of pension accounts, enable real-time monitoring, and ensure efficient data sharing with Eligible Pension Fund Managers. It will also require periodic reporting on key parameters, including the number of pension accounts and holders, contributions received, performance of sub-funds, retirees and withdrawals, and employees invested in monthly income plans, thereby ensuring transparency, accountability, and effective management of the pension system.

11.9 Sindh Public Resources for Inclusive Development (SPRID)

Finance Department, with support from the World Bank, has initiated the Sindh Public Resources for Inclusive Development (SPRID) Project to strengthen governance, enhance public service delivery, and promote inclusive and sustainable development across the province. The project focuses on four key objectives: optimizing provincial own-source revenue, ensuring controlled, orderly, and improved budget execution, establishing a robust system of performance reporting and SDGs monitoring, and improving capacities for better public financial management. The central aim of this initiative is to develop a Sindh data bank under the support of Sindh Bureau of Statistics, which, as the province's key data agency, plays a pivotal role in producing, validating, and disseminating statistics to enable evidence-based policy-making; and modernizing economic, fiscal, agriculture, and business statistics to strengthen decision-making and service delivery throughout the province.

11.10 School Specific Budget Reforms

In FY 25-26, as part of its reform's trajectory, the Government of Sindh has decentralized the education budget to the school level, designating schools as functional cost centers and empowering head teachers, irrespective of grade, to manage and incur expenditures against approved allocations. Under this initiative, over 34,100 cost centers have been established for government schools with dedicated operational budgets covering essential needs such as stationery, transport, co-curricular and sports activities, stipends for girls, furniture, playground maintenance, and minor repairs. The reform enhances transparency by making budget information accessible at division, district, taluka, and school levels, enabling public access, oversight, and real-time expenditure tracking, thereby strengthening accountability, improving service delivery, and promoting efficient utilization of public resources.¹⁰

11.11 Police Station Budget Reforms

To strengthen financial management, enhance operational autonomy, and improve expenditure visibility at the grassroots level, the Government of Sindh introduced Police Station Budget Reforms in FY 24-25, allocating exclusive fund center codes to 485 police stations across the province. Under this initiative, a DDO-wise budget amounting to Rs. 3.74 billion has been devolved to the police station level, enabling more efficient and timely utilization of resources. This reform facilitates improved accountability,

¹⁰ Budget Speech FY 25-26

<https://finance.gos.pk/Home/Download?path=Budget%5CBudgetBooks%5CFY-25-26%5CBUDGET%20SPEECH%202025-26%20ENGLISH.pdf>

transparency, and service delivery by ensuring that financial resources are directly accessible at the point of service¹¹.

Special Chapter 1: National Finance Commission (NFC)

The National Finance Commission (NFC) is established under Article 160 of the Constitution of the Islamic Republic of Pakistan, 1973. Its primary mandate is to make recommendations on the distribution of revenues between the Federation and the Provinces. The Commission determines the principles and formula for sharing federally collected revenues, grants-in-aid, and other financial matters, ensuring equitable resource distribution between the Centre and provinces.

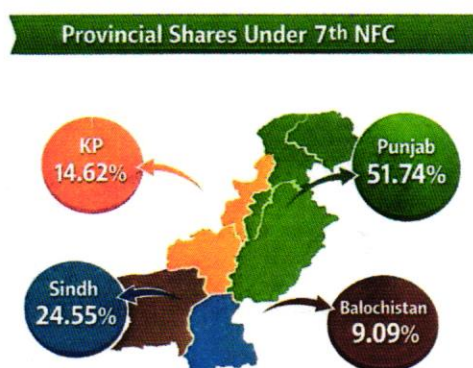
The foundation of fiscal federalism in Pakistan dates back to the pre-independence era. The Niemeyer Award (1936) established the first structured system of revenue sharing between the center and provinces in the subcontinent. On the other hand, post-independence, the Constitution of 1973 formalized the NFC process and mandated the award to be reviewed and updated every five years. This framework was designed to strengthen fiscal federalism after the separation of East Pakistan and to provide provinces with a predictable share of national resources.

Since 1973, seven NFC Awards have been finalized, with the 7th NFC Award finalized in the year 2010. Subsequent commissions, the 8th, 9th, and 10th, were constituted, but no Award was finalized. The Committee for the 11th NFC was constituted in August 2026, and consultations are underway.

Seventh NFC Award

The 7th NFC Award represents a major milestone in Pakistan's fiscal history, introducing structural reforms in revenue sharing. For the first time, the Award moved away from sole reliance on population and adopted a multi-indicator formula for horizontal distribution among provinces. The indicators and weights included population (82%), poverty and backwardness (10.3%), revenue generation and collection (5%), and inverse population density (2.71%). This reform addressed long-standing provincial concerns regarding equity and development disparities.

Under this Award, the provincial share in the divisible pool was increased to 56% in FY 2010-11 and further enhanced to 57.5% in subsequent years, reducing the Federal Government's share to 42.5%. Sindh's share in the horizontal distribution stands at 24.55% under this award.



Eleventh NFC and Implications for Sindh

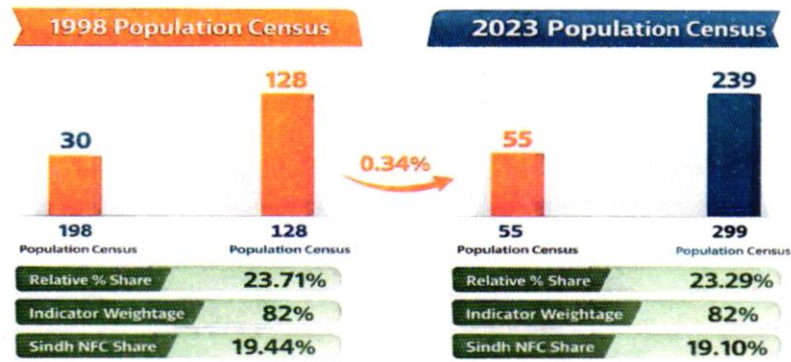
¹¹ Budget Speech FY 24-25

<https://finance.gos.pk/Home/Download?path=Budget%5CBudgetSpeech%5CBudget%20Speech%202024-25%20English.pdf>

Since the finalization of the 7th NFC Award, the province's economic, fiscal, demographic, and administrative landscape has changed significantly. The devolution of key industries, and administrative functions to the provinces under the 18th Constitutional Amendment has transformed the responsibilities of provincial governments, reshaping the economic profile of the nation and the province.

The population of the provinces has almost doubled after the 7th NFC award as reflected in the 2023 Census directly impacting the largest component (82%) of the NFC resource distribution formula. At the same time, rising expenditure demands, development commitments, and public debt have increased the fiscal pressures on all provinces. These realities underscore the need for a revised NFC Award that reflects current economic, demographic, and fiscal realities of the nation ensuring equitable distribution of resources.

The 11th National Finance Commission has commenced its meetings, and a new Award is expected to be finalized during the current fiscal year. Under the existing 7th NFC Award, Sindh's share in the divisible pool stands at 24.55%. Based on the 2023 Census, Sindh's relative population share has declined by approximately 0.34 percentage points.



This estimated impact is indicative in nature. The final outcome will depend on the agreed indicators, their respective weights, and the overall structure of the finalized 11th NFC Award. Any revision in the formula, inclusion of new indicators, or adjustment in weights will affect the provinces' share.

NFC continues to serve as the principal institutional mechanism for resource distribution between the Federation and the Provinces. While successive NFC Awards have strengthened provincial fiscal space, key challenges, particularly those related to changing fiscal responsibilities, and alignment with the post-18th Amendment realities remain unresolved. The forthcoming 11th NFC Award provides an important opportunity to address these issues and establish a fair, equitable, and resource distribution mechanism, taking into account Sindh's demographic profile, economic contributions, and revenue potential.

Special Chapter 2: Risk Management

Sindh, with a population of 55 million, is the second-largest province of Pakistan and the largest contributor to Pakistan's total revenues. The province plays a pivotal role in supporting the national economic growth. Hence, the province's fiscal space is critical not only for sustaining Sindh's own growth but also for the economic growth of the country.

Over time, Sindh's fiscal space has come under increasing pressure due to a combination of structural, macroeconomic risks, debt-related risks, contingent liabilities associated with public sector enterprises,

government guarantees, under public-private partnerships, other exogenous shocks, including natural disasters. These combinations of risks have constrained Sindh’s fiscal space, and reinforced the need for prudent financial management and a robust fiscal risk management framework.

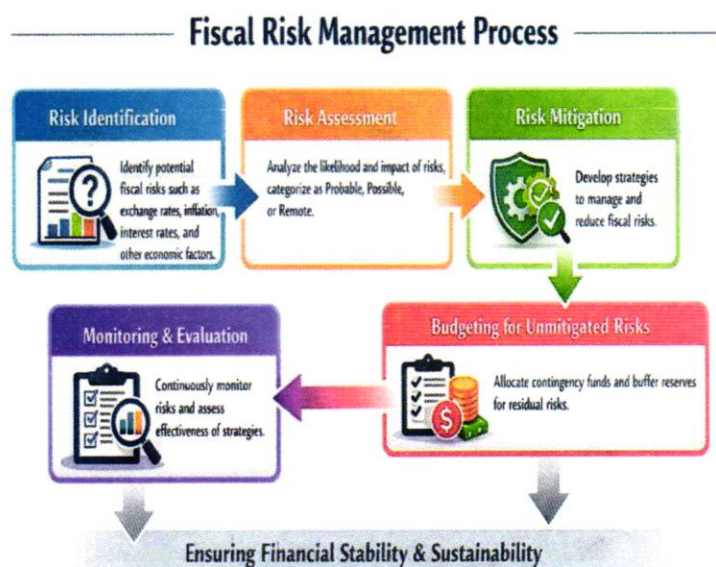
To manage such risks, GoS has established systematic fiscal risk management framework that comprehensively captures potential fiscal exposures across the public sector. The framework provides for the regular collection and analysis of comprehensive information on macroeconomic shocks, as well as the ongoing monitoring of the financial performance of public sector entities to assess contingent liabilities and limit the risk of unanticipated fiscal pressure. Debt-related risks, including exposure to rising interest rates, and currency depreciation, are managed through a prudent debt management strategy, while risks associated with government guarantees, particularly those arising from public-private partnership arrangements, are monitored and assessed on a continuous basis by the PPP Unit.

In addition to this, Finance Department, GoS prepares a Fiscal Risk Statement annually as part of the budget process. This statement outlines the principal risks that could affect the sustainability of the Government of Sindh’s public finances and describes the institutional arrangements in place to identify, assess, monitor, and mitigate such risks.

Objectives of Risk Management in the Budget Process

The objective of fiscal risk management in the budget is to ensure that the GoS maintains financial stability, allocates resources efficiently, safeguards long-term fiscal sustainability, and promotes transparency and accountability in financial management. Effective risk management enables the government to identify, assess, and mitigate financial risks, ensuring that fiscal obligations are met and that the budget remains resilient even in the face of uncertainties.

The fiscal risk management process of the Government of Sindh is a systematic and iterative approach designed to ensure financial stability and sustainability. It begins with risk identification, where potential fiscal risks such as interest rate fluctuations, inflation, or contingent liabilities are recognized. These risks are then assessed for their likelihood and potential impact, categorized as high, medium and low. Based on this assessment, mitigation strategies are developed to manage or reduce exposure. For residual risks that are unavoidable, the government employs budgetary measures, such as contingency appropriations or buffer funds. This process allows the Government of Sindh to proactively manage financial risks while maintaining transparency and accountability.



Key Fiscal Risks

- i. **Macroeconomic Risks:** GoS faces macroeconomic risks from slower economic growth i.e., lower-than-expected GDP. Currency depreciation increases the cost of debt servicing, while rising interest rates add to debt-related expenditures. Revenue volatility in key sectors driven by political or institutional uncertainty can further strain provincial finances. Inflation, on the other hand, can create additional pressures on public finances. These factors collectively impact the provincial fiscal balance.
- ii. **Institutional Uncertainties:** GoS's fiscal position is influenced by institutional uncertainties, particularly those related to federal transfers under the NFC Award. Federal transfers account for nearly 74% of the province's total revenues, with Sindh currently receiving 24.55% of the divisible pool. Any reduction in tax collections by FBR, reduces the quantum of straight transfers that can constrain the province's fiscal space. Future revenue receipts may also be affected by changes in the NFC award criteria. These uncertainties highlight the need for proactive fiscal planning, and mitigation strategies to potential revenue shortfalls.
- iii. **Government Guarantees:** The Provincial Government issues guarantees to support borrowing by Public Sector entities (PSEs) and under Public-Private Partnership (PPP) projects, enabling them to access financing from banks or financial institutions. While these guarantees do not constitute direct loans of the government, they create contingent liabilities, as the government is obligated to repay the debt if the borrowing entity defaults.
- iv. **Fiscal performance of PSEs:** PSEs operating under the Provincial Government receive financial support through Grants-in-Aid, equity investment or loans. In the event that these enterprises suffer losses or fail to meet their obligations, GoS may be required to honor guarantees or provide financial support.
- v. **Natural Disasters:** Sindh's geographic position exposes the province to recurring natural disasters, including tropical cyclones, floods, and droughts. Coastal districts face cyclones almost annually, while heavy rainfall often triggers widespread flooding, as observed in July–August 2022. These events have a direct impact on agriculture, livelihood, and economic activity, resulting in crop losses, depletion of surface and groundwater, increased unemployment, and population displacement. The province incurs substantial fiscal expenditure in emergency response, including rescue, relief, rehabilitation, resettlement, and restoration of critical infrastructure. The frequency and severity of such disasters continue to rise, placing increasing pressure on provincial resources and underscoring the importance of robust disaster preparedness, risk mitigation, and contingency planning to safeguard both lives and the province's financial stability.
- vi. **Interest Rate Risk:** A key source of fiscal vulnerability for the provincial government arises from exposure to interest rate. Fluctuations in interest rates can significantly affect debt servicing costs, particularly where borrowing is contracted at variable rates or requires frequent refinancing. Rising rates increase expenditure pressures and reduce fiscal space for development priorities.
- vii. **Financing of commodity operations:** Financing of commodity operations continues to pose risk for the province. The Provincial Government purchases wheat and distributes it at subsidized rates, financing these operations through commercial bank borrowings. Rising costs due to interest rates, storage, and transport, combined with sale to flour mills at subsidized rates, have led to the accumulation of debt, creating both secured and unsecured liabilities. The increasing debt burden and high financing

costs reduce fiscal space for other priorities and highlight the need for structured debt management, and targeted subsidy policies to maintain the province's fiscal stability.

- viii. Provident Fund and Pension liabilities: GoS requires its permanent employees to contribute to the General Provident Fund through a contributory savings scheme. Contributions are deducted from employees' salaries and credited to the GP Fund Account, which forms part of the Public Account of the Province. The total payable amount to such employees represents a significant liability that can impact fiscal space and requires careful monitoring and management. Further, Pension obligations for retired government employees constitute a recurring fiscal commitment. The growing number of retirees, combined with existing pension liabilities, poses pressures on the provincial budget and underscores the need for sustainable pension planning and management to safeguard fiscal stability.
- ix. Local government liabilities: The province is exposed to potential fiscal risk arising from the financial position of local governments. Strengthening local fiscal discipline, improving transparency in subnational borrowing, and regularly monitoring contingent liabilities are essential to mitigate risks and ensure that local government obligations do not compromise provincial fiscal stability.

Risk Mitigation Measures

The province has established institutional mechanisms to monitor and manage fiscal risks. Finance Department prepares Annual Fiscal Risk Statements (AFRS) to systematically quantify risks and identify priority areas for mitigation. This statement is prepared taking into account all the potential fiscal risks, it identifies and assesses the financial impact of such risks and then suggest mitigation measures. These measures include continuous monitoring of PSEs to detect early signs of contingent liabilities, regular assessment of the financial health of borrowers to manage exposure from government guarantees, and development of policies and strategies to address debt-related risks and potential revenue shortfalls. By combining proactive risk identification with structured mitigation and policy oversight, the province ensures that fiscal resources are protected.

Special Chapter 3: National Fiscal Pact Under IMF Extended Fund Facility Supported Program - 2024

Pakistan entered into a 37-month Extended Fund Facility (EFF) program with the International Monetary Fund (IMF) on September 25, 2024. The objective of this program is to restore macroeconomic stability, strengthen fiscal sustainability, and improve public financial management through coordinated fiscal adjustment across all tiers of government. It places emphasis on fiscal consolidation, enhanced revenue mobilization, and improved intergovernmental fiscal coordination¹².

IMF has set a number of structural benchmarks and fiscal targets for both provincial and national government. A national primary surplus target of 1 percent of GDP has been assigned under the Programme. Therefore, in order to support fiscal consolidation and achieve the fiscal targets, the Federal

¹² IMF Executive Board Concludes 2024 Article IV Consultation for Pakistan and Approves 37-month Extended Arrangement <https://www.imf.org/en/news/articles/2024/09/27/pr-24343-pakistan-imf-concludes-2024-aiv-consultation-pakistan-approves-37-mo-extended-arr>

and Provincial Governments have agreed on a fiscal strategy under which provinces are required to contribute to overall fiscal consolidation by generating fiscal surpluses¹³.

To support these objectives, the Federal and Provincial Governments have agreed to a National Fiscal Pact in FY 2025. The Pact is further supported through Memorandum of Understanding (MoUs) signed between the Federal and Provincial Governments, which outline agreed fiscal targets, including provincial surplus requirements, as well as key reform actions. Effective implementation of these commitments is critical for achieving the fiscal consolidation path envisaged under the IMF-supported Programme.

The Pact aims to strengthen fiscal coordination and improve overall public financial management by rationalizing expenditure responsibilities in line with the 18th Constitutional Amendment, broadening the revenue base, and strengthening tax administration to enhance compliance and collection efficiency. The Pact further emphasizes reforms in the Public Sector Development Programme (PSDP) to improve the efficiency and effectiveness of public investment management, along with consolidation of the Treasury Single Account (TSA) and improved utilization of cash balances to strengthen liquidity management, reduce borrowing costs, and enhance overall debt management.

Key Features of the National Fiscal Pact

Devolution of Expenditure Responsibilities: Devolution of key functions to provinces in line with the 18th Constitutional Amendment, including increased provincial roles in higher education, health, social protection, and regional infrastructure development.

- a) Enhancement of Provincial Own-Source Revenues: Strengthening provincial tax collection efforts through reforms in agricultural income tax (FY 2025), sales tax on services (FY 2026), and property tax (FY 2026).
- b) Tax Administration Reforms: Implementation of necessary administrative measures to improve tax compliance, ensure effective enforcement, and enhance revenue collection from a broader base.
- c) Strengthening Social Sector Spending: Rebuilding and safeguarding expenditures on health and education as a share of GDP.
- d) Rationalization of Development Spending: Provinces to assume responsibility for Public Sector Development Programme (PSDP) that solely benefits their respective province.
- e) Treasury Single Account (TSA) Consolidation: Efforts to consolidate the TSA and optimize the utilization of cash balances held in the commercial banking sector to improve liquidity management, reduce borrowing costs, and strengthen debt management.
- f) Digitalization of Government Payments: Progress towards complete digitalization of government payments to enhance transparency, efficiency, and financial control.

In line with this national framework, the Government of Sindh remains committed to maintaining fiscal discipline and contributing to the agreed surplus targets through enhanced revenue mobilization and prudent expenditure management. At the same time, efforts are being made to ensure that fiscal adjustment is balanced with the need to protect priority social and development expenditures, thereby supporting inclusive growth and improved service delivery.

¹³ 2024 Article IV consultation and request for an extended arrangement under the extended fund facility—press release; staff report; and statement by the executive director for Pakistan

Annexure – I: Current Revenue Expenditure Forecast

Rs. in million

<i>Department</i>	Actual 2023-24	Actual 2024-25	Budget 2025-26	Revised Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
<i>Agriculture Supply & Prices</i>	17,658.4	19,520.21	35,257.69	28,719.63	37,397.10	39,621.05	41,995.33
<i>Auqaf, Religious Affairs Zakat & Ushr</i>	858.4	929.81	1,714.36	1,632.69	1,855.79	2,008.66	2,174.69
<i>Board of Revenue</i>	8,999.5	10,724.05	16,471.42	12,604.17	18,015.47	19,678.72	21,459.93
<i>Chief Minister's Office</i>	28,280.4	40,365.16	54,651.23	54,650.11	57,053.51	59,306.31	61,674.50
<i>CME&IT</i>	151.7	210.86	222.92	204.19	239.84	256.44	274.31
<i>College Education</i>	26,240.0	30,152.03	39,645.72	36,271.03	45,510.84	49,930.91	54,633.22
<i>Cooperative</i>	573.9	624.51	795.93	692.06	903.11	1,003.02	1,109.56
<i>Culture, Tourism & Antiquities</i>	7,691.4	9,005.82	7,198.47	6,957.03	7,634.77	7,995.82	8,389.83
<i>Energy</i>	61,560.8	66,005.62	72,646.46	86,185.43	94,577.84	105,638.71	118,059.37
<i>Environment</i>	639.3	727.51	1,568.96	1,141.00	1,685.23	1,873.50	2,074.83
<i>Excise, Taxation & Narcotics</i>	4,998.5	5,421.06	7,862.61	7,399.88	8,456.76	9,048.31	9,686.92
<i>Finance</i>	366,741.1	406,279.04	495,211.41	515,227.90	541,406.73	569,978.27	600,885.01
<i>Food</i>	1,774.8	1,903.01	2,860.19	2,328.67	3,161.91	3,473.46	3,804.98
<i>Forest & Wildlife</i>	2,661.7	2,901.41	3,587.64	2,860.30	3,850.61	4,204.06	4,581.67
<i>Governor's Secretariat</i>	991.8	1,078.15	1,187.18	1,070.54	1,248.06	1,332.14	1,422.29
<i>Health</i>	221,007.3	262,542.26	336,457.29	317,809.60	361,097.15	385,549.68	411,728.42
<i>Home</i>	139,955.4	155,217.18	210,873.37	198,264.47	229,810.55	249,083.05	269,732.44
<i>Human Rights</i>	323.0	274.87	589.79	574.87	631.55	671.22	714.68
<i>Industries & Commerce</i>	1,155.4	1,505.47	2,057.08	1,827.04	2,158.46	2,278.62	2,407.37
<i>Information & Archives</i>	9,254.7	10,142.48	10,962.00	10,821.73	10,955.46	11,083.53	11,222.14
<i>Information technology</i>	520.0	1,326.26	1,334.15	1,321.01	1,380.40	1,431.22	1,487.19
<i>Inter-Provincial coordination</i>	68.9	76.29	81.48	70.80	88.43	95.83	103.82
<i>Investment</i>	125.2	9,656.80	5,452.94	8,977.42	5,468.76	5,488.03	5,509.14
<i>Irrigation</i>	29,405.1	34,771.49	42,077.88	35,160.02	46,258.22	49,275.08	52,484.54
<i>Katchi Abadies</i>	255.2	269.44	289.48	273.66	297.56	308.11	319.66
<i>Labor & Human Resources</i>	915.5	997.08	1,732.54	1,583.97	1,892.28	2,039.67	2,197.51
<i>Law, Parliamentary Affairs & Prosecution</i>	19,952.5	22,318.89	26,750.24	24,640.18	29,913.65	32,314.52	34,885.22

<i>Department</i>	Actual 2023-24	Actual 2024-25	Budget 2025-26	Revised Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
<i>Livestock and Fisheries</i>	8,808.8	10,575.10	13,966.26	12,086.35	12,451.22	13,656.68	14,962.39
<i>Local Government & HTP</i>	135,219.1	200,482.12	204,260.03	218,625.91	235,314.68	258,289.92	284,094.04
<i>Mines & Mineral Development</i>	351.6	389.43	420.67	405.59	481.19	532.27	587.02
<i>Minorities Affairs</i>	1,210.0	1,306.74	1,823.71	1,793.17	1,848.08	1,873.07	1,899.82
<i>Ombudsman for Protection of Women against Harassment at Workplace Planning & Development</i>	104.9	172.32	227.83	184.80	280.24	308.07	337.91
<i>Population Welfare</i>	6,742.2	7,216.80	8,376.49	8,041.04	9,273.65	10,108.36	11,006.02
<i>Provincial Assembly of Sindh</i>	2,277.5	2,694.94	4,391.42	4,066.33	4,794.82	5,121.20	5,477.08
<i>Provincial Ombudsman (mohtasib) Sindh</i>	603.7	788.74	1,021.57	1,359.20	1,394.60	1,432.14	1,471.95
<i>Public Health Engineering & Rural Development</i>	6,860.7	8,384.02	9,740.13	8,881.18	10,291.32	10,840.26	11,426.59
<i>Rehabilitation</i>	2,828.9	2,606.18	2,727.96	2,702.06	2,732.35	2,744.74	2,758.26
<i>School education</i>	249,253.4	276,476.34	425,317.08	334,714.61	477,680.15	526,094.27	577,560.27
<i>SGA&CD</i>	16,402.4	31,427.41	25,786.15	25,962.68	29,438.08	30,827.85	32,326.67
<i>Social Protection</i>	123.2	118.17	2,268.79	2,209.31	2,280.18	2,296.64	2,314.65
<i>Social Welfare</i>	2,718.5	2,594.41	3,757.80	3,387.19	4,051.81	4,333.99	4,636.21
<i>Special Education</i>	4,583.4	13,413.68	17,304.79	16,891.45	17,096.58	17,632.69	18,204.70
<i>Sport and Youth Affairs</i>	1,087.2	1,796.16	2,408.63	2,411.73	2,509.40	2,557.64	2,609.60
<i>Transport & Mass Transit</i>	6,476.6	6,330.84	7,277.40	7,177.75	5,572.06	5,623.28	5,678.04
<i>Universities and Boards</i>	6,208.9	6,907.32	8,230.78	7,448.65	8,862.12	9,450.52	10,079.70
<i>Women Development</i>	546.5	777.36	876.60	822.22	962.48	1,034.81	1,113.63
<i>Works & Services</i>	13,741.7	19,405.37	19,325.52	17,268.26	20,680.40	22,058.28	23,527.28
Total	1,420,708	1,691,173	2,142,000	2,038,355	2,364,278	2,545,376	2,740,962
<i>Discretionary Space for SNE</i>	-	-	-	-	36,206	41,637	45,800
Grand total	1,420,708	1,691,173	2,142,000	2,038,355	2,400,484	2,587,013	2,786,762

Annexure - II: Development Expenditure Forecast

Rs. in million

Name of Sector / Department	Actual 2023-24	Actual 2024-25	Budget 2025-26	Revised Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
Human Development							
School Education	11567.46	35,604.50	82,407.69	87,835.93	72,524.19	31,665.48	34,832.03
Local ADP	8,522.86	18,063.00	17,820.00	17,820.00	21,384.00	23,522.40	25,874.64
Matching Allocation (ADP)			6,169.00	6,169.00	7,402.80	8,143.08	8,957.39
Matching Allocation (PSDP)			3,169.00				
FPA Component	3,044.60	17,541.50	55,249.69	63,846.93	43,737.39		
College Education	2,711.83	3,299.00	7,106.00	5,684.80	8,527.20	9,379.92	10,317.91
Empowerment of PWD	1,177.83	1,933.00	4,412.00	4,412.00	5,294.40	5,823.84	6,406.22
STEVTA	431.65	191.00	1,620.00	1,296.00	1,944.00	2,138.40	2,352.24
Universities & Boards	2,133.62	1,852.00	7,247.00	5,797.60	8,696.40	9,566.04	10,522.64
Health	5,496.42	7,438.09	45,377.43	26,387.59	69,318.99	28,139.76	30,953.74
Local ADP	2,777.60	7,186.00	21,318.00	17,054.40	25,581.60	28,139.76	30,953.74
FPA Component	2,718.82	252.09	24,059.43	9,333.19	43,737.39		
Public Health Engineering	14,790.92	14,673.00	24,664.00	19,731.20	29,596.80	32,556.48	35,812.13
Sub-Total	38,309.73	64,990.59	172,834.12	151,145.12	195,901.9	119,269.9	131,196.91
Natural Resource Management							
Agriculture	17,005.81	4,307.52	11,331.50	16,943.39	11,485.12	10,337.58	11,371.33
Local ADP	6,604.79	3,845.00	7,535.00	6,028.00	9,042.00	9,946.20	10,940.82
Matching Allocation (ADP)		4.00	296.50	237.20	355.80	391.38	430.51
Matching Allocation (PSDP)			0.00				
FPA Component	10,401.02	458.52	3,500.00	10,678.19	2,087.32		
Livestock & Fisheries	803.61	1,301.00	11,341.00	3,386.48	3,169.20	3,486.12	3,834.73
Local ADP	803.61	1,301.00	2,641.00	2,112.80	3,169.20	3,486.12	3,834.73
Matching Allocation (ADP)			0.00	0.00			

Matching Allocation (PSDP)			0.00				
FPA Component			8,700.00	1,273.68	0.00		
Food	59.00	120.00	316.00	252.80	379.20	417.12	458.83
Forest and Wildlife	1,215.91	724.00	3,013.00	2,170.40	3,255.60	3,581.16	3,939.28
Local ADP	1,215.91	724.00	2,213.00	1,770.40	2,655.60	2,921.16	3,213.28
Matching Allocation (ADP)			500.00	400.00	600.00	660.00	726.00
Matching Allocation (PSDP)			300.00				
Irrigation	64,093.82	54,468.34	84,457.53	157,548.00	84,012.65	55,836.00	61,419.60
Local ADP	17,528.24	34,085.00	31,500.00	31,500.00	37,800.00	41,580.00	45,738.00
Matching Allocation (ADP)	0.00	4,385.00	10,300.00	10,300.00	12,360.00	13,596.00	14,955.60
Matching Allocation (PSDP)		220.00	10,000.00				
Thar Coal Infrastructure	0.00	0.00	500.00	400.00	600.00	660.00	726.00
FPA Component	35,765.56	15,778.34	32,157.53	115,348.00	33,252.65		
Lining of Main Canals	10,800.02	0.00					
Energy	2,961.10	17,368.68	10,759.00	10,707.49	11,518.80	12,670.68	13,937.75
Local ADP	1,333.77	2,150.00	2,299.00	1,839.20	2,758.80	3,034.68	3,338.15
Thar Coal Infrastructure	2.50	6.00	7,300.00	5,840.00	8,760.00	9,636.00	10,599.60
FPA Component	1,624.83	15,212.68	1,160.00	3,028.29	0.00		
Industries & Commerce	846.33	535.00	4,638.61	1,298.40	1,947.60	2,142.36	2,356.60
Local ADP	846.33	535.00	1,623.00	1,298.40	1,947.60	2,142.36	2,356.60
Matching Allocation (PSDP)			3,015.61				
Mines & Minerals	0.00	73.00	110.00	88.00	132.00	145.20	159.72
Environment, Climate Change & CDA	274.16	290.00	1,082.00	865.60	1,298.40	1,428.24	1,571.06
Sub-Total	98,906.09	79,722.53	131,687.25	194,558.96	119,146.2	92,186.82	101,405.50
Infrastructure Development							
Works & Services	87,260.20	75,143.42	147,158.97	112,373.95	103,104.2	109,014.6	119,916.06
Local ADP	79,774.14	58,199.00	60,437.00	60,437.00	72,524.40	79,776.84	87,754.52
Matching Allocation (ADP)			22,149.82	22,149.82	26,579.78	29,237.76	32,161.54

<i>Matching Allocation (PSDP)</i>		2,150.00	39,982.45				
<i>FPA Component</i>	7,486.06	14,794.42	24,589.70	29,787.13	4,000.00		
Local Government	58,930.33	88,166.00	131,915.97	136,486.71	126,154.9	114,015.9	125,417.49
<i>Local ADP</i>	45,730.89	63,436.00	78,087.00	78,087.00	93,704.40	103,074.8	113,382.32
<i>Karachi Mega Projects</i>		4,805.00	8,288.68	8,288.68	9,946.42	10,941.06	12,035.16
<i>Matching Allocation (PSDP)</i>							
<i>FPA Component</i>	13,199.44	19,925.00	45,540.29	50,111.03	22,504.10		
<i>Rural Development</i>	422.55	2,840.00	2,459.00	1,967.20	2,950.80	3,245.88	3,570.47
<i>Rehabilitation & Reconstruction of Flood Damaged Infrastructure</i>	0.00	0.00	12,000.00	9,600.00	12,000.00		
<i>Special Initiatives for Renewable Energy</i>	0.00	0.00	25,000.00	20,000.00	25,000.00		
<i>New Development Initiatives</i>	0.00	0.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
<i>Allocation for Cost Impact due to CSR-2024</i>	0.00	0.00	15,000.00	5,000.00	5,000.00		
<i>Allocation for Sustainable Development Goals (SDGs)</i>		0.00	45,000.00	45,000.00	55,000.00		
<i>Allocation for Divisional Headquarters</i>		0.00	7,500.00	3,750.00	10,500.00		
Transport & Mass Transit	12,108.72	17,757.69	59,685.00	37,271.29	61,716.49	13,530.00	14,883.00
<i>Local ADP</i>	4,224.66	2,506.00	10,250.00	8,200.00	12,300.00	13,530.00	14,883.00
<i>Matching Allocation (ADP)</i>			0.00	0.00			
<i>FPA Component</i>	7,884.06	15,251.69	49,435.00	29,071.29	49,416.49		
<i>Rehabilitation</i>	462.53	433.00	637.00	509.60	764.40	840.84	924.92
Sub-Total	159,184.3	184,340.11	461,355.94	386,958.75	417,190.8	255,647.2	279,711.94
Social Development							
Social Protection and Poverty Reduction	1,273.62	5,086.01	12248.96	12,156.96	21,519.36	303.60	333.96
<i>Local ADP</i>	49.24	0.00	230.00	138.00	276.00	303.60	333.96
<i>FPA Component</i>	1,224.38	5,086.01	12,018.96	12,018.96	21,243.36		

<i>Social Welfare</i>	402.78	170.00	686.00	548.80	823.20	905.52	996.07
<i>Women Development</i>	14.25	11.35	270.00	216.00	324.00	356.40	392.04
<i>Population Welfare</i>	80.53	235.00	318.00	254.40	381.60	419.76	461.74
<i>Minorities Affairs</i>	743.56	1,955.00	1,440.00	1,440.00	1,728.00	1,900.80	2,090.88
<i>Sports & Youth Affairs</i>	1,977.71	4,797.00	3,752.00	3,752.00	4,502.40	4,952.64	5,447.90
<i>Culture, Tourism, Antique & Archives</i>	2,435.85	3,121.00	2,581.00	2,581.00	3,097.20	3,406.92	3,747.61
<i>Auqaf, Rel. Affairs Zakat & Ushr</i>	329.09	825.00	627.00	501.60	752.40	827.64	910.40
<i>Labour & Human Resources</i>	66.90	137.00	130.00	104.00	156.00	171.60	188.76
<i>Human Rights</i>	12.50	3.00	124.00	99.20	148.80	163.68	180.05
<i>Human Settlements & SD&SH</i>	46.21	50.00	108.00	108.00	129.60	142.56	156.82
<i>Cooperative</i>	0.00	0.00					
<i>Special Initiatives for Backward Districts</i>	0.00	0.00	500.00	500.00	500.00	500.00	500.00
Sub-Total	8,656.62	21,476.37	35,033.92	34,418.92	55,581.92	14,354.72	15,740.19

Inclusive & Sustainable Growth

<i>Planning & Development</i>	49,557.12	39,750.08	20,418.10	19,139.06	25,056.88	16,787.76	18,466.54
<i>Local ADP</i>	2,727.73	7,489.51	12,718.00	10,174.40	15,261.60	16,787.76	18,466.54
<i>FPA Component</i>	46,829.39	32,260.57	7,700.10	8,964.66	9,795.28		
<i>Resource Mobilization</i>	1,695.22	1,296.76	7,733.00	8,774.05	2,079.60	2,287.56	2,516.32
<i>Local ADP</i>	550.27	61.36	1,733.00	1,733.00	2,079.60	2,287.56	2,516.32
<i>FPA Component</i>	1,144.95	1,235.41	6,000.00	7,041.05	0.00		
<i>Excise & Taxation</i>	0.00	61.00	126.00	126.00	151.20	166.32	182.95
<i>Sindh Revenue Board</i>	0.00	0.00	5.00	0.00	6.00	6.60	7.26
<i>Board of Revenue</i>	95.41	13.00	321.00	256.80	385.20	423.72	466.09
<i>Investment</i>	210.44	1,738.17	3,006.00	3,813.65	446.40	491.04	540.14
<i>Local ADP</i>	87.43	1,343.00	372.00	297.60	446.40	491.04	540.14
<i>FPA Component</i>	123.01	395.17	2,634.00	3,516.05	0.00		
<i>Governors Secretariat</i>	82.80	101.00	390.00	390.00	468.00	514.80	566.28

<i>Home</i>	7,681.25	6,142.00	13,365.00	13,365.00	16,038.00	17,641.80	19,405.98
<i>Information</i>	9.80	61.00	208.00	166.40	249.60	274.56	302.02
<i>Science & Information Tech:</i>	236.84	115.00	801.00	640.80	961.20	1,057.32	1,163.05
<i>Law, PA & Prosecution</i>	933.03	2,773.00	1,757.00	1,757.00	2,108.40	2,319.24	2,551.16
<i>Provincial Assembly</i>	774.92	295.00	110.00	110.00	132.00	145.20	159.72
<i>Provincial Ombudsman</i>	28.32	29.00	115.00	92.00	138.00	151.80	166.98
SGA&CD	10,6192.8	132,718.73	130,265.00	131,498.00	126,358.8	21,318.00	23,449.80
<i>Local ADP</i>	25,924.36	25,182.00	16,150.00	16,150.00	19,380.00	21,318.00	23,449.80
<i>FPA Component</i>	80,268.47	92,036.729	94,000.00	115,348.00	106,978.8		
<i>Matching Allocation (PSDP)</i>		15500	20,115.00				
<i>Sindh Public Service Comm:</i>	826.42	1,367.00	503.00	503.00	603.60	663.96	730.36
<i>TMR</i>	0.00	0.00	180.00	144.00	216.00	237.60	261.36
Sub-Total	219,787.2	229,245.75	210,460.20	212,502.52	202,981.8	84,053.64	92,459.00
Total Provincial	248,746.6	312,684.22	520,000.00	475,035.70	603,000.0	543,500.0	596,300.00
District ADP	14,496.00	38,792.69	55,000.00	44,000.00	55,000.00	50,000.00	50,000.00
Foreign Project Assistance	195,527.00	230,228.12	366,744.70	384,825.00	336,752.85	200,000.0	200,000.00
Federal PSDP Grant	7,278.00	29,975.74	76,582.06	76,582.06	60,068.76	60,068.76	60,068.76
Grand Total (A+B+C+D)	466,047.6	611,680.76	1,018,326.76	980,442.7	1,054,821.6	853,568.8	906,368.76