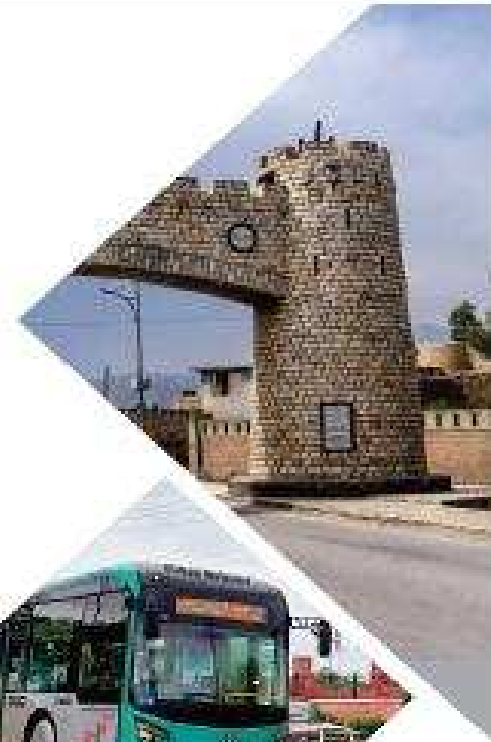


CITIZEN BUDGET 2025-26



BUILDING FORWARD
A RESPONSIBLE KHYBER PAKHTUNKHWA



Government of
Khyber Pakhtunkhwa
FINANCE DEPARTMENT





خیبر پختونخوا
KHYBER PAKHTUNKHWA

ABOUT THIS BOOKLET

The Government of Khyber Pakhtunkhwa, led by Pakistan Tehreek-e-Insaf (PTI), is presenting its second budget since the 2024 elections.

This booklet has been prepared to help the people of Khyber Pakhtunkhwa understand the budget in easy and simple words. It explains how the government plans to collect and spend money and how these decisions affect everyday life.

This Citizen's Guide shows the government's promise to stay open and honest about public money. It also highlights the government's focus on spending wisely and taking responsibility for every rupee spent.

THE CHIEF MINISTER KHYBER PAKHTUNKHWA

In modern governance, every decision involving public resources demands a delicate balance between competing priorities: growth versus austerity, and fiscal discipline versus effective service delivery. These trade-offs are challenging even in the best of times, and especially so during periods of economic constraint.

Despite these challenges, the Government of Khyber Pakhtunkhwa has demonstrated exceptional resolve and performance. As we enter the second full year of our term, I am pleased to present a forward-looking and inclusive annual budget that reflects our steadfast commitment to the ideals of a modern Islamic welfare state—a vision inspired by the founding chairman of Pakistan Tehreek-e-Insaf, Imran Khan.

While ensuring strict financial discipline, Khyber Pakhtunkhwa delivered the highest budgetary surplus of any province in the outgoing fiscal year. For the financial year 2025–26, our total budget has expanded by 19%, with enhanced allocations for our priority sectors:

- Education: 14% increase
- Health: 19% increase
- Social Welfare: 135% increase

The Annual Development Programme (ADP) has surged to a record Rs. 195 billion, marking a remarkable 62% increase over last year's ADP. This is a historic milestone and the largest developmental portfolio in the province's history.

This budget is not only a financial document — it is a reflection of our people-first philosophy.

- Sehat Card Plus: Expanded to include coverage for liver, kidney, and bone marrow transplants, as well as cochlear implants
- BRT Peshawar: Improved urban connectivity through new feeder routes and the induction of 50 additional buses
- Food Security: Programs to ensure consistent access to affordable food staples
- Youth Development: Scholarships, endowment funds, and vocational training under the Ehsaas Hunar digital skills program
- Social Protection: Expansion of Ehsaas Naujawan microfinance initiative and Ehsaas Apna Ghar housing loans, providing dignified support to our youth and vulnerable communities

All these flagship programs are underpinned by our record development portfolio, aimed at generating jobs, spurring economic activity, and strengthening human capital across the province.

The 2025–26 budget has been crafted to ensure that every citizen, regardless of location or background, feels the presence of a responsive, compassionate, and capable government.



Sardar Ali Amin Khan Gandapur
Chief Minister,
Khyber Pakhtunkhwa

ADVISOR TO CM FOR FINANCE

KHYBER PAKHTUNKHWA

Last year's provincial budget for fiscal year 2024-25 marked a year of transition, as the overall country and the province in particular made a long-awaited return towards a democratic government spearheaded by elected public representatives. In such compelling circumstances, our team delivered a well-designed and responsible surplus budget, which is projected to over-deliver in terms of the actual budgetary surplus in spite of challenges such as underfunding of Merged Districts and insufficient repayment of Net Hydel Profit arrears.

The upcoming annual budget for Khyber Pakhtunkhwa builds upon and cements the gains achieved in the outgoing financial year – those being own source revenue growth, a contingency fund for debt management and repayment, responsible and limited spending towards priority areas, and elimination of waste of public resources.

Next year's budget adds an augmented development budget, generous wage and allowance increases, enhancement of allowances and Shuhada packages for the brave stalwarts of Khyber Pakhtunkhwa Police, expansion of flagship social uplift initiatives including Sehat Card, food security for the poor, the BRT and tertiary care hospitals, increased allocation for public sector universities as well as the public education system overall, and an even more ambitious target of 38% growth in own source revenue.

We have made every possible effort to ensure that next year's budget is a citizen friendly budget which includes something for everyone. In addition to a higher budgetary surplus target, the provincial budget aspires to become a bedrock for the provincial government's commitment towards good governance, service delivery and economic growth, without compromising on fiscal discipline and responsible public financial management.

In doing so, the 2025-26 budget marks the latest step in PTI's journey towards transforming the province into an Islamic welfare state as envisioned in our party manifesto. Alongside the aforementioned initiatives towards social uplift, PTI's economic development agenda will be executed via a record development budget outlay in line with Chairman Imran Khan's vision for economic growth and prosperity. This year's ADP includes historic allocation for new schemes that will create employment opportunities to empower the youth, usher in development across all regions, and further solidify Khyber Pakhtunkhwa's journey towards economic progress.



Muzammil Aslam
Advisor to CM for Finance,
Khyber Pakhtunkhwa

MESSAGE FROM THE CHIEF SECRETARY



Shahab Ali Shah
Chief Secretary,
Khyber Pakhtunkhwa

Khyber Pakhtunkhwa is uniquely faced with significant challenges on the economic and security fronts, yet it has a proven track record of punching above its weight when it comes to delivering solid economic growth, fiscal responsibility and development.

Despite a complex merger and accompanying mainstreaming of erstwhile tribal areas into the national fabric, the provincial government has continued to ensure service delivery and good governance when and where it matters most, all the while maintaining the core tenets of sound public financial management and being a shining example of fiscal discipline for the entire federation to strive towards.

A record development budget outlay, more ambitious target for provincial revenue growth without raising taxes on the average citizen, increased spending on economically disadvantaged and marginalized citizens, an even greater commitment to shared national financial responsibility goals – simply no other budget in Pakistan matches up!

This year, the annual budget marks a full-fledged commitment towards growth and development alongside the oft-quoted fiscal responsibility that the provincial government is known for. I look forward to my role in executing this vision and ensuring that these lofty goals are met and outright surpassed during the upcoming financial year.

MESSAGE FROM THE SECRETARY FINANCE



Amer Sultan Tareen
Secretary Finance,
Khyber Pakhtunkhwa

The past year marked a return towards normalcy in Khyber Pakhtunkhwa, as the dust settled after general elections with public financial management and budgeting becoming predictable once again. Cash flow forecasting and a routine budget cycle re-emerged after an extended period of cash management and shoring up provincial resources.

While elected representatives took the helm in the past year, the provincial government did not stray away from responsible financial management in the least. Rather, a renewed commitment towards fiscal discipline was made, which is clearly showcased by impressive growth in provincial revenue, an unprecedented budgetary surplus which is projected to surpass the budget estimates, and the country's first public fund for managing and servicing the provincial debt portfolio.

The upcoming budget is a continuation of the commitments made and goals achieved during the prior financial year, while also leaving room for flagship service delivery areas, increases in salary and allowances, a historic development portfolio and even greater revenue growth targets. Our team ensured that none of the core principles of fiscal discipline would be compromised upon in the process, and we take great pride in balancing good governance and strong performance with responsible public financial management.

TABLE OF CONTENTS

01

Understanding the budget

02

Budget FY 2025-26 at a glance

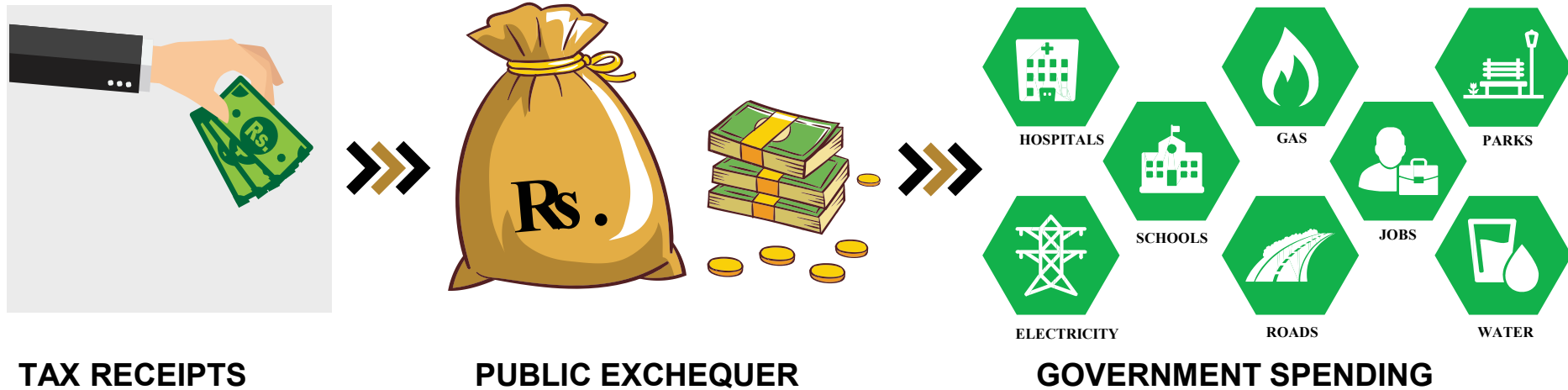
03

Flagship initiatives

04

Deep dive on key issues

The Basics of the Budget



The Government of Khyber Pakhtunkhwa gets money in two main ways. One part comes from taxes and fees collected by the provincial government this is called own source revenue. The other part comes from the federal government, which collects bigger taxes across the country and then gives each province its share. This is called federal transfers from the divisible pool.

This money is used to provide important services to the people like education, healthcare, roads, clean water, and electricity. These services help improve daily life and, in turn, create jobs for many people across the province. The money is also used to pay government employees who work to deliver these services.

The budget year starts in July and ends in June. Every year in June, the government makes a plan called the budget, which shows how much money it expects to receive (called revenue) and how much it plans to spend (called expenditure) to improve people's lives.

Why Paying Taxes Is Important



The government needs money to run schools, hospitals, water supply, electricity etc. This money mostly comes from the taxes and fees that people pay.

If the government collects more money, it can spend more on things that help you and your family.

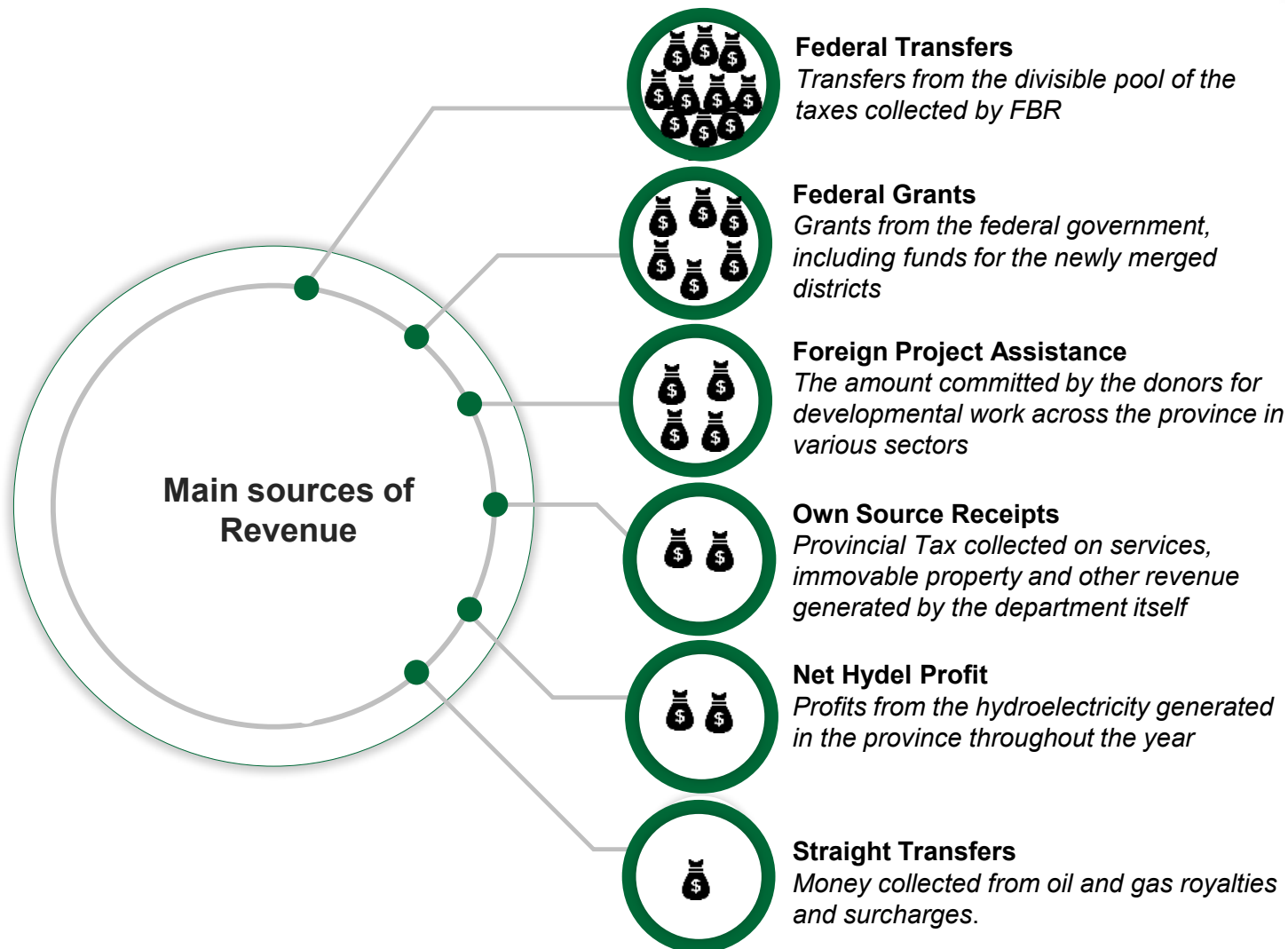
But when people don't pay taxes, the government has only two options:

1. Borrow more loans from banks, or
2. Spend less on important things like health, education etc.

When you pay your taxes honestly, you help the government do more for you. The money comes back to you through better services and a better life.

So always pay your taxes and help Khyber Pakhtunkhwa and Pakistan grow.

How does Khyber Pakhtunkhwa Generate Resources?



Different areas of spending?

The budget is segregated into two parts;
Current and Development expenditures.

Current Expenditure



Salary

A big ticket item and a major expenditure
of a Government



Pension

Third largest current expenditure. Key reforms
are being undertaken to make it sustainable



Non-salary

Represents everything other than the salary
expenditure mainly operational and
maintenance expenses

Development Expenditure

This is the expenditure done on the
infrastructure projects

It is spent at Provincial and District levels
(20% of funds are earmarked for local
bodies as District ADP in accordance with
the Local Government Act)

It is usually what remains of the total
budget, once all current expenditures have
been covered

It also consists of the projects funded by
the Federal Government and the
international development partners

TABLE OF CONTENTS

01

Understanding the budget

02

Budget FY 2025-26 at a glance

03

Flagship initiatives

04

Deep dive on key issues

The Headline Numbers 2025-26

PKR in Billion

Total budgeted expenditure

1,962.0

Settled districts

1,662.4

Merged districts

299.6

Current budget

1,415.0

Settled districts

1,255.0

Merged districts

160.0

Development budget

547.0

Settled districts

407.4

Merged districts

139.6

Surplus

157.0

Revenue / Receipts 2025-26

PKR in Billion

Federal Tax Assignments	1,147.8
1% of the divisible pool to the province for the war on terror	137.9
Oil & Gas royalties and surcharges (straight transfers)	57.1
NHP as per 2015-16 MoU, including arrears	106.0
Provincial Tax and Non-Tax Revenue	129.0
Foreign Project Assistance (settled districts)	171.8
Foreign Project Assistance (merged districts)	5.4
Grants for merged districts	292.3
Other receipts	71.7
Total Receipts:	2,119.0

Details of Expenditure 2025-26

PKR in Billion

Head	Settled	MDs	Total
Salary	577.1	103.7	680.8
Pension	190.3	4.7	195.0
Non-Salary	346.3	50.1	396.4
Other current expenditure	141.3	1.5	142.8
Provincial ADP (Plus AIP for MDs)	195.0	125.7	320.7
Devolved ADP	39.0	6.6	45.6
Foreign Project Assistance	171.8	5.4	177. 2
PSDP	1.6	1.9	3.5
Total Expenditure:	1,662.4	299.6	1,962.0

Department Wise Budget Allocation (1/2)

PKR in Million

Departments	Budget 2025-26 Settled	Budget 2025-26 Merged	Total Budget 2025-26
Agriculture	22,034	4,077	26,111
Auqaf, Religious, Minority & Hajj	3,916	392	4,308
Communication & Works	100,976	21,822	122,798
Debt Servicing	98,300	0	98,300
District ADP	39,000	6,600	45,600
Elementary & Secondary Education	311,549	51,863	363,412
Energy & Power	27,703	1,937	29,640
Environment & Forestry	11,609	2,018	13,627
Establishment & Administration	10,661	269	10,930
Excise & Taxation	2,125	100	2,225
Finance	17,883	10,723	28,606
Food	10,829	1,609	12,438
Grant To Local Councils	13,035	2,148	15,183
Health	245,993	30,548	276,541
Higher Education, Archives & Libraries	45,174	4,509	49,683
Home & Tribal Affairs	135,339	37,389	172,728
Housing	2,237	10	2,247
Industries, Commerce & Technical Education	8,492	1,586	10,078
Information & Public Relations	899	85	984

Department Wise Budget Allocation (2/2)

PKR in Million

Departments	Budget 2025-26 Settled	Budget 2025-26 Merged	Total Budget 2025-26
Inter Provincial Coordination	115	0	115
Irrigation	40,384	5,092	45,476
Labour	1,127	65	1,192
Law & Parliamentary Affairs	21,465	2,224	23,689
Livestock & Dairy Development	13,128	4,297	17,425
Local Government	52,129	4,089	56,218
Mines & Mineral Development	2,324	231	2,555
Pension	190,297	4,670	194,967
Planning & Development	59,780	18,383	78,163
Population Welfare	5,118	422	5,540
Provincial Assembly	4,268	0	4,268
Public Health Engineering	27,512	4,463	31,975
Relief Rehabilitation & Settlement	14,272	19,556	33,828
Revenue & Estate	25,043	11,068	36,111
Science Technology & Information Technology	3,843	363	4,206
Sports & Youth Affairs	9,980	1,616	11,596
Tourism, Culture, Archaeology & Museums	14,411	595	15,006
Transport & Mass Transit	9,210	819	10,029
Zakat, Ushr, Social Welfare, Special Education & Women Empowerment	17,936	1,225	19,161

TABLE OF CONTENTS

01 Understanding the budget

02 Budget FY 2025-26 at a glance

03 **Flagship initiatives**

04 Deep dive on key issues

The primary benchmark for assessing good governance and financial inclusion is the alignment of governmental expenditure priorities with strategic objectives, as well as the effectiveness of the resulting service delivery outcomes.

Outlined below are key sectors in which the Government of Khyber Pakhtunkhwa spends public funds for the welfare of its citizens.

1

Social Protection & Food Security

2

Education

3

Information Technology

4

Universal Healthcare

5

Health

6

Agriculture

7

Sports

8

Urban Mobility

9

Roads & Connectivity

10

Industries & Ease of doing business

11

Drinking Water Supply & Sanitation

12

Mines & Minerals

13

Forestry & Wildlife

14

Local Government

15

Livestock

16

Energy & Power

17

Tourism

18

Youth Affairs

Social Protection



Rs.17 Billion for TDPs



Rs. 675 Million for Panagahs

Social Welfare



Rs. 600 Million

For establishment of new campuses of
Model Institutes (Zamong Kor)



Rs. 1.2 Billion

For establishment of Center
of Excellence for Special
Children with Autism

Prioritizing Social Programs

With special focus on Girls Education



Rs. 2.1 Billion

for Girls Community Schools



Rs. 8.5 Billion

Provision of Free Text Books
and School Bags



Rs. 674.3 Million

for Construction of
Examination Halls

Declaration of Education Emergency

**Targeting Out-of-School
Children**



Rs. 5 Billion
for increasing children's
enrolment in schools

Higher Education interventions



Rs. 10 Billion
for Public Sector Universities



Rs. 1.4 Billion
for Establishment of Government
Colleges

Elementary & Secondary Education

Rs. 2.5 Billion
for Reconstruction of Schools



Rs. 1.3 Billion
for Upgradation of Schools



Rs. 730 Million
for ETEA Scholarships for
deserving students



Enabling Digitization Across the Province

Rs. 2.0 Billion

Budgeted for Khyber Pakhtunkhwa IT Board



Sehat Card Plus Program

The Sehat Card Plus program now includes coverage for liver , kidney, and bone marrow transplants as well as cochlear implants.



SEHAT
SAHULAT PROGRAM

Rs. 41 Billion
for Sehat Card Plus

Health interventions

Rs. 909.2 Million
For Treatment of Poor
Cancer Patients



Rs. 735 Million
for Establishment of
Cath Labs at
different hospitals



Health interventions



Rs. 11.9 Billion
for Medicines



Rs. 912 Million
for Polio Eradication



Rs. 150 Million
for X-Ray Re-agents &
Dental Materials

Strengthening Agriculture Sector



Rs. 330 Million

for control of Locust and crop pandemic



Rs. 500 Million

for Reforms initiatives

Promoting Sports Activities

Rs. 800 Million

for Holding of Sports Events & Sponsorship of Talented Players



Rs. 316.8 Million

for Establishment of Futsal grounds



Rs. 11 Million

Allocated for development, standardization and upgradation of Sports Facilities



Providing Affordable Travel

Rs. 4.0 Billion for BRT operational subsidy

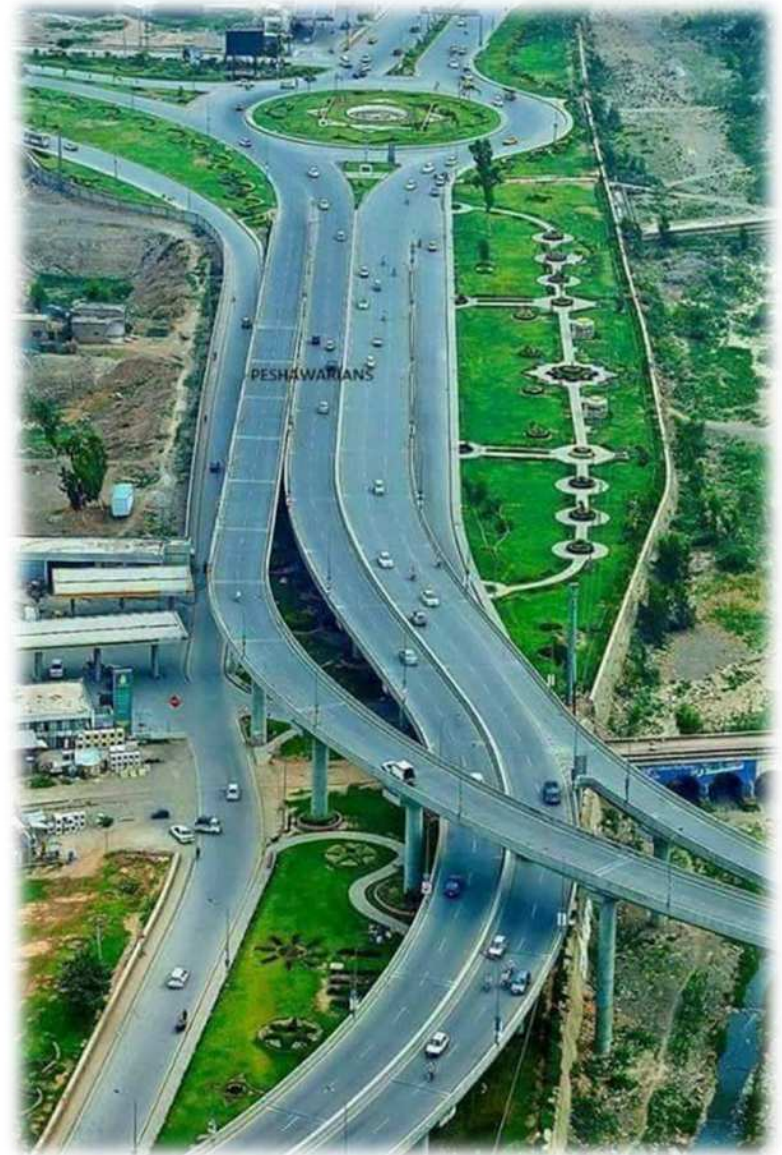
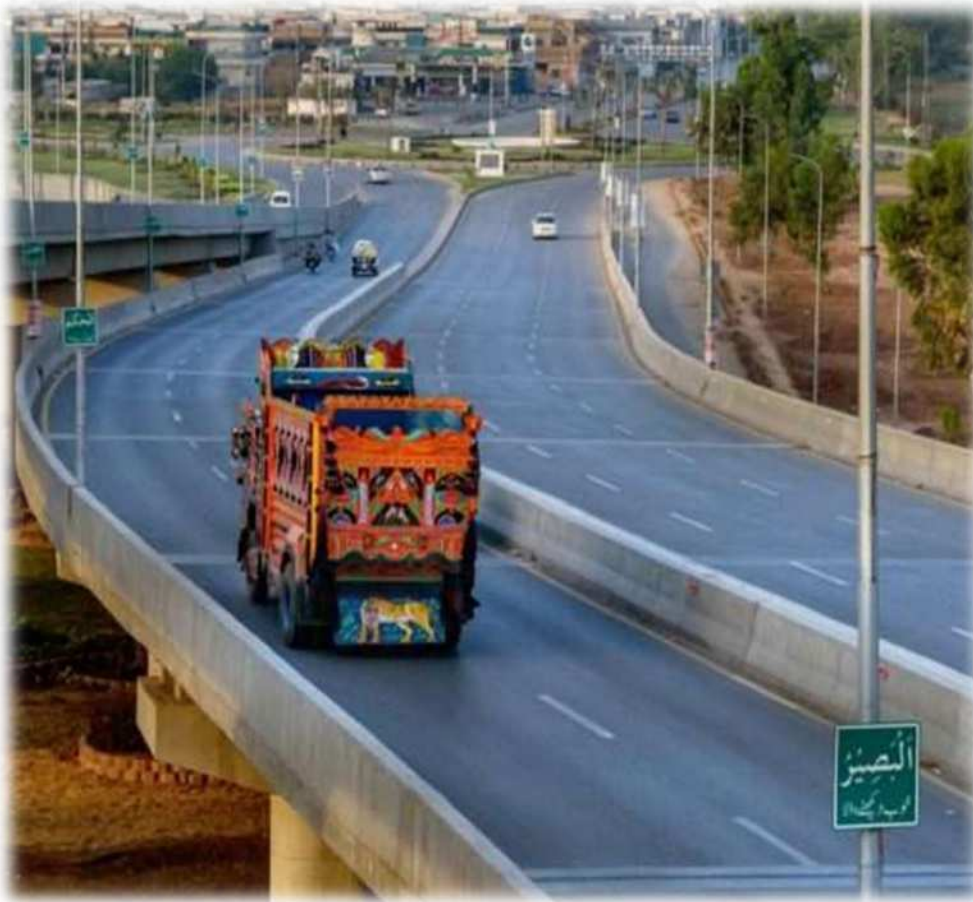
Rs. 4.0 Billion for procurement of new BRT buses



Roads & Connectivity

Rs. 4.6 Billion

for Maintenance & Repair of Roads,
Highways & Bridges



Improving Infrastructure

Rs. 2.2 Billion
for Peshawar Division



Construction, Improvement,
Rehabilitation & Widening of
Black Top Roads



Rs. 2.4 Billion
for Malakand Division



Rs. 1.8 Billion
for Hazara Division

Rs. 1.4 Billion
for Mardan Division

Promoting Industrialization & Investment



Rs. 200 Million
for security enablers and
right of way payments for
Rashakai Economic Zone

Youth Capacity Building

Rs. 600 Million allocation for Ehsas Hunar Program



Drinking Water Supply & Sanitation

Rs. 6.6 Billion

for Water Supply Schemes,
Reforms initiatives for PHE,
Electricity, Civil Works,
Machinery & Equipment



Drinking Water Supply & Sanitation

Rs. 1.1 Billion
for Central Districts of KP



Rs. 725 Million
for Merged Districts



Rs. 1.3 Billion
for Northern Districts of KP

Rs. 575 Million
for Southern Districts of KP

Strengthening of Mining Sector

Rs. 300 Million

for operationalization & strengthening of
KP Mineral Development & Management
Company Limited (KPMDMCL)



Rs. 250 Million

for establishment of mining polishing &
processing unit



Forestry, Environment & Wildlife

Rs. 1.0 Billion

for 10-BTTP Up-Scaling Green Pakistan Program, Revival of Forestry Resources



Rs. 371.5 Million

Establishment of Mini Zoo at Kanju Township Swat



Rs. 405.5 Million

for Zoo for Peshawar Division



Climate Change & Sustainability



Rs. 454 Million for Climate Change Projects

Uplifting / Beautification Activities

Rs. 1.1 Billion
For Central Districts



Rs. 1.2 Billion
For Northern Districts



Rs. 737.5 Million
For Merged Districts



Rs. 575 Million
For Southern Districts

Strengthening Livestock Sector



Rs. 300 Million

For Poverty Alleviation Via
Increasing Milk and Meat
Production in Merged Districts



Rs. 630 Million

For strengthening quality of Livestock &
procurement of vaccine for Lumpy Skin
and Foot & Mouth Disease

Strengthening Livestock sector



Rs. 500 Million

For Establishment of Horse
Breeding Facilities in
Khyber Pakhtunkhwa



Rs. 250 Million

For Survey/Assessment
Study of the Poultry
Breeders and Hatcheries
Development



Rs. 300 Million

For Development of
Fisheries and Aquaculture
in Merged Districts

Energy & Power



Rs. 1.0 Billion
For Construction of
84MW Gorkin-Matiltan
HPP Swat



Rs. 800 Million
For Purchase of Land
and PMU Balakot HPP
300 MW



Rs. 664 Million
For Solarization of Masajid
& Worship Places

Making Tourist Attractions Accessible



Rs. 894 Million

Allocated for construction and development of roads to tourist areas

Empowering Youth



احساس نوجوان



Rs. 1.5 Billion
for Ehsaas Nojawan
Program

Rs. 315 Million
Allocated for Youth
Development Package



TABLE OF CONTENTS

01

Understanding the budget

02

Budget FY 2025-26 at a glance

03

Flagship initiatives

04

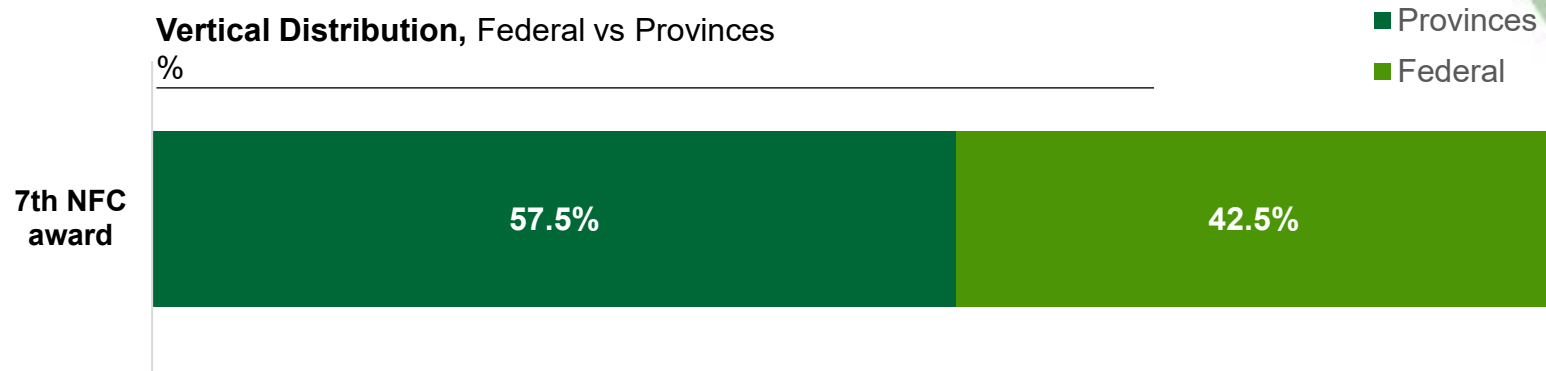
Deep Dive on Key Issues

1 National Finance Commission (NFC)

Part IV-Chapter 1 of the Constitution governs the distribution of revenues while the National Finance Commission is formed under Article 160

“NFC award is the framework for distribution of revenue between the federation and the provinces”

7th NFC Award is in vogue since 2010



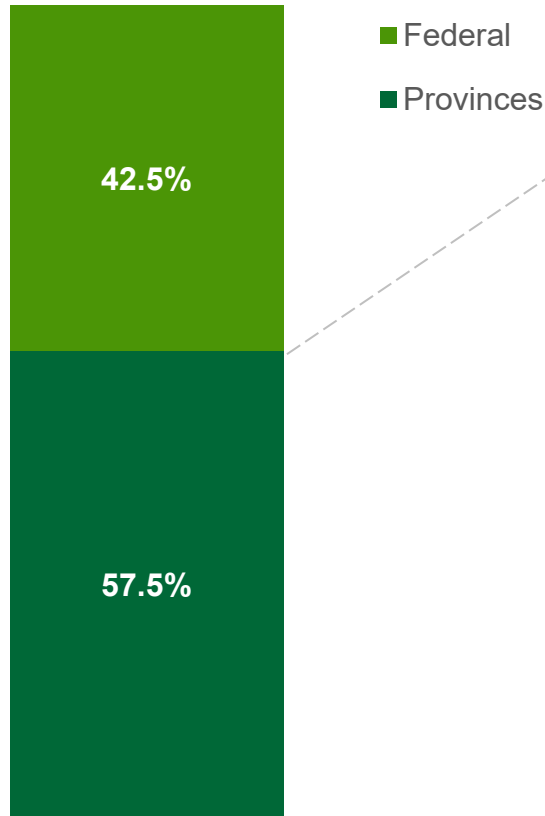
Indicators for distribution among provinces

%

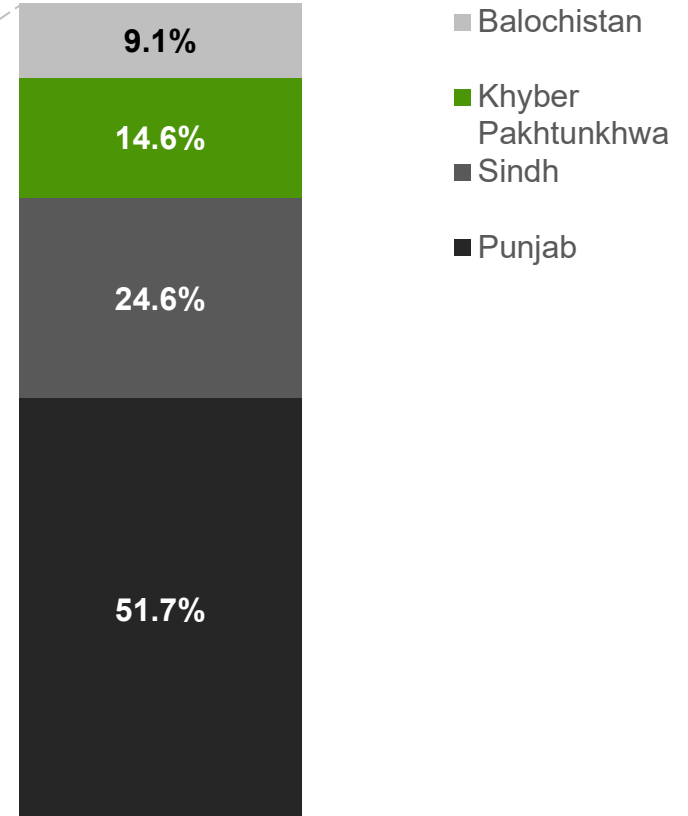
#	Indicator	Weightage
1	Population	82.0%
2	Poverty / backwardness	10.3%
3	Revenue collection / generation	5.0%
4	Inverse population density	2.7%
	Total	100.0%

Khyber Pakhtunkhwa's share in provincial distribution is 14.62%

Vertical Distribution, Federal vs Provinces
%



Horizontal Distribution among provinces
%



Vertical distribution

Horizontal distribution

Khyber Pakhtunkhwa’s population has increased from 13.5% to 17.1% necessitating an update in the existing NFC award

	Population share according to census		
	1998	2017	2023
Khyber Pakhtunkhwa	13.5%	14.8%	14.2%
Ex-FATA	2.4%	2.5%	2.9%
KP with Ex-FATA	15.9%	17.3%	17.1%

Khyber Pakhtunkhwa projected to spend Rs 42 Bn out of its own kitty on current expenditure of merged districts by the end of FY 2024-25

As merged districts have remained critically underfunded for more than two years, the only way forward is an urgent re-evaluation of resource distribution via the NFC Award, which in its current state is in violation of the Constitution of Pakistan 1973 following the passage of the 25th Amendment on May 31, 2018.

1 National Finance Commission (NFC)

With a true financial merger of the merged districts, KP's NFC share in horizontal distribution increases from 14.62% to 19.46%

NFC Indicators	Pre-Merger Share (%)	Post-Merger Share (%)	Post-Merger (KP + Ex-FATA) Net Change (%)	Post-Merger (KP + Ex-FATA) Financial Impact (Rs. in Billions)
Population	11.33%	14.01%	2.68%	211.00
Poverty & Backwardness	2.87%	4.71%	1.84%	145.18
Inverse Population Density	0.17%	0.49%	0.32%	24.68
Revenue Collection	0.25%	0.25%	0.00%	0.00
Net Impact	14.62%	19.46%	4.84%	380.85

Calculation based on FBR Revenue Collection Target 2025-26, Population Census 2023, MPI Survey 2019. Excludes revenue effort.

KP issues to be solved as part of the NFC

Correction to the 7th NFC:

- a. Urgently removing continued non-compliance of the 7th NFC with the constitution after the 25th amendment

Key issues for the future:

- a. Formalizing national commitments to the development of the merged districts of ex-FATA as part of the award
- b. Resolving the issue of NHP through removing non-compliance to article 161(2) of the constitution
- c. Ensuring the NFC award is based on the latest population census conducted in 2023
- d. Considering other revenue sources part national fiscal distribution (e.g. FED on crude oil) while designing the award
- e. Ensuring an NFC award with fiscal equalization at its heart in the interests of the entire federation

Net Hydel Profit (NHP) is granted through the 1973 constitution

Article 161 (2) states

“The net profits earned by the Federal Government, or any undertaking established or administered by the Federal Government from the bulk generation of power at a hydro-electric station shall be paid to the Province in which the hydro-electric station is situated.”

2 Net Hydel Profits (NHP)

Annual payments have not been consistently in line with dues, having dried up completely after the change in federal government

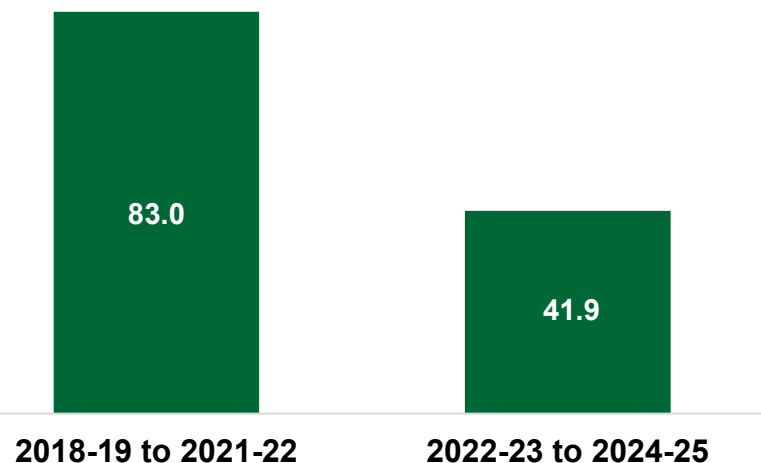
Fiscal Year	Budgeted (Rs. Billion)	Actual (Rs. Billion)
2017-18	35.8	41.5
2018-19	65.3	20.0
2019-20	55.7	16.0
2020-21	58.3	47.0
2021-22	74.7	21.0
2022-23	61.9	4.9
2023-24	87.9	7.0
2024-25	111.3	30.0

2 Net Hydel Profits (NHP)

Issues on the NHP being pursued by the Khyber Pakhtunkhwa Government

- a) Out-of-the-box solution on how to pay NHP according to AGN Kazi formula
- b) For the interim period, implementation of 2016 MoU in letter and spirit including annual indexation of 5%
- c) Institutionalizing monthly NHP payments to Khyber Pakhtunkhwa by delinking it with WAPDA
- d) Approval of interim arrangement of NHP including indexation in next CCI meeting

NHP receipts in last 6 years
Rs. Billions

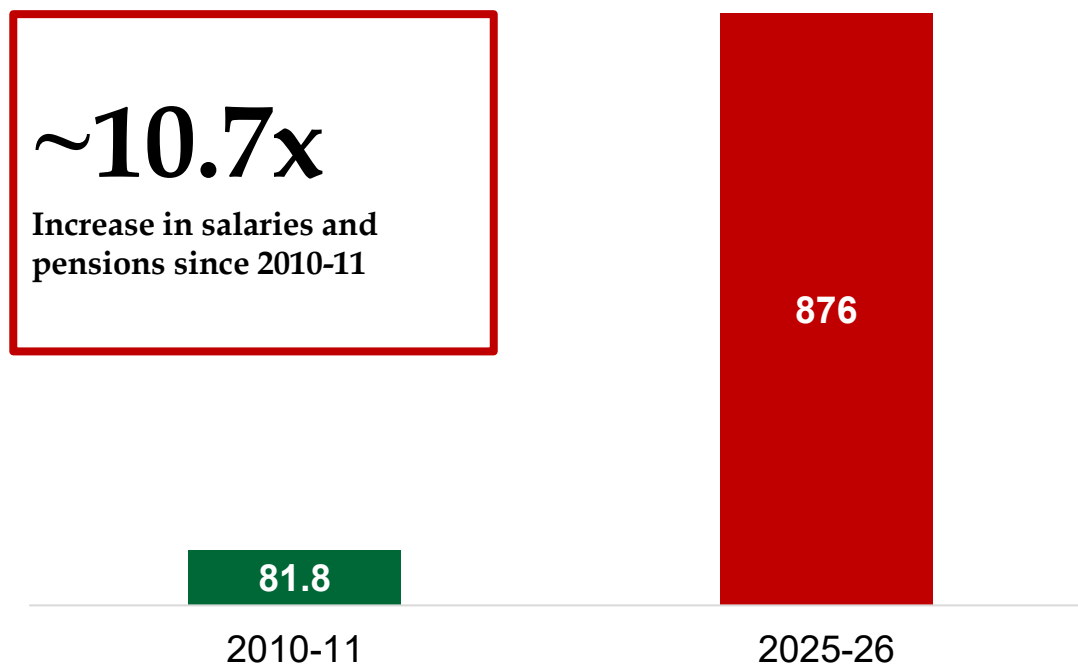


3 Salary & Pensions

The government salary and pension bill has increased by 1070% in the last 15 years

Salary & Pensions bill comparison, 2010-11 – 2025-26

Rs. Billions - Settled Districts



3 Salary & Pensions

Pension expenditure has gone from 1% to more than 10% of the budget in last two Decades

~224x

Increase in pensions
since 2003-04 from 1% of
the budget, to 10.2% of
the budget

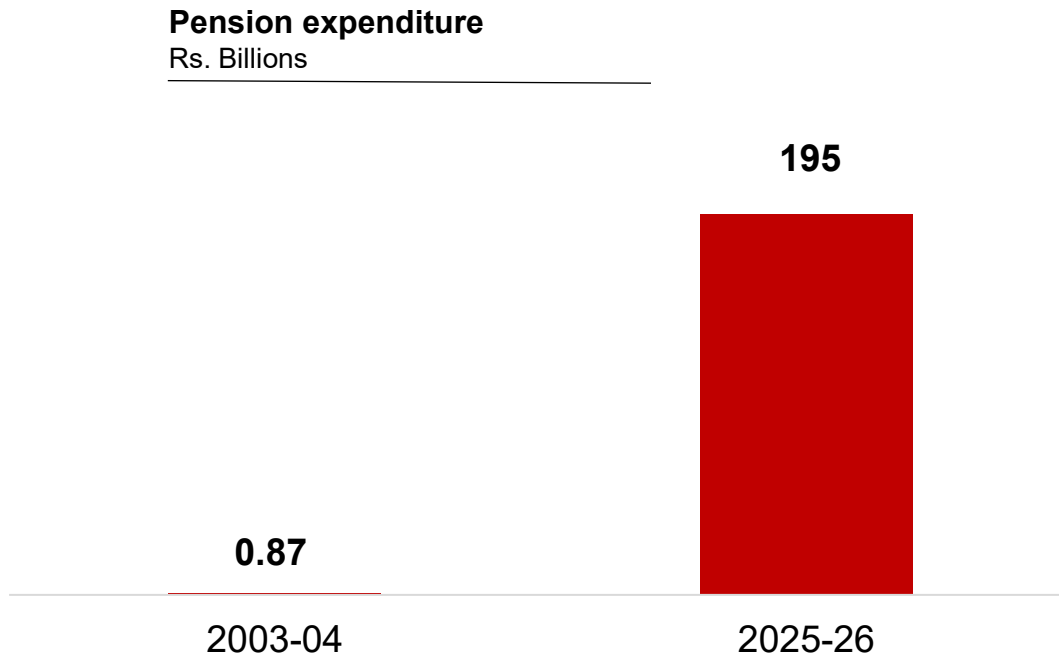
Pension expenditure
Rs. Billions

0.87

2003-04

195

2025-26



3 Salary & Pensions

With this trend continuing, pensions will rise to PKR 460 Billion by 2030

Pension Projections - till 2030

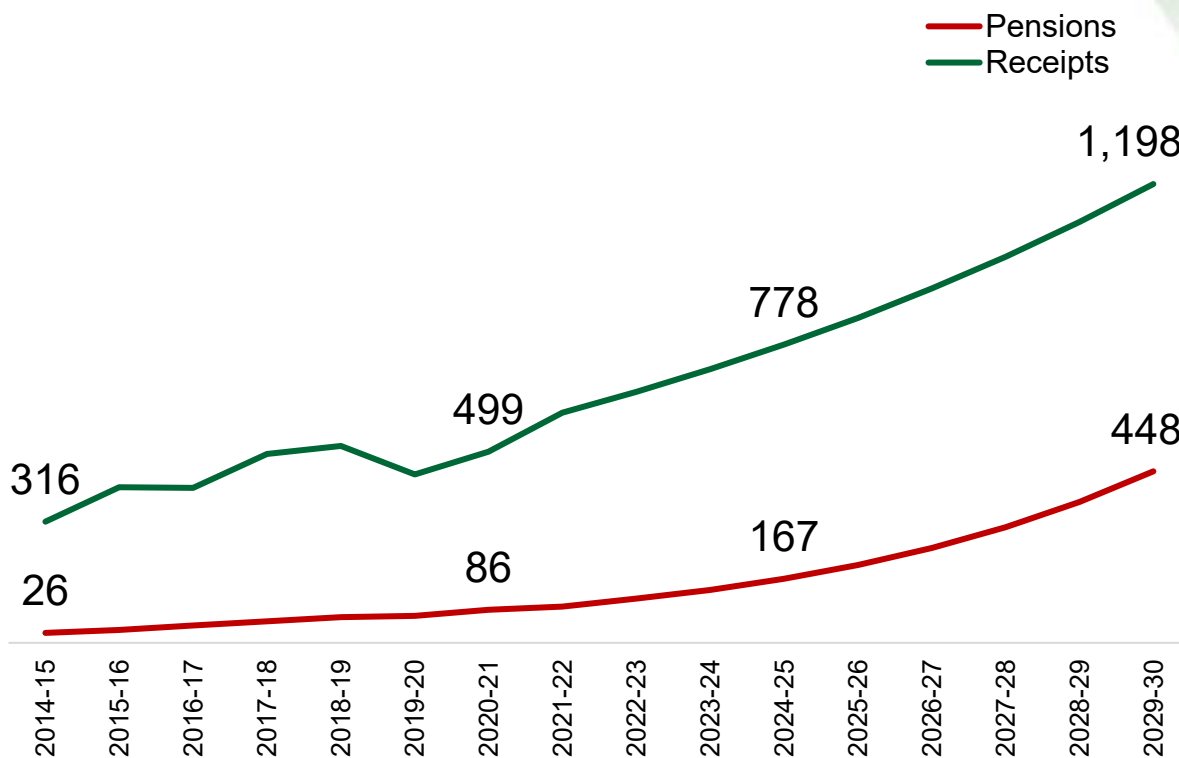
Rs. Billions

40%

Pensions as a % of Receipts in 6 years.

22% & 9% Annual Compounded growth rate of Pensions & Receipts for the last 5 years

With the same trend, in 6 years, pensions will reach around half a trillion



3 Salary & Pensions

Major steps have been taken to make pension sustainable for current employees

Raising Minimum Age for Early Retirement

- The minimum age for early retirement has been increased to 25 years of qualifying service or 55 years of age, whichever is later

Impact!

Rs. 12 billion annually

Revision of Pension Rules

- Limiting beneficiaries to the pensioner's widow or widower, dependent children and parents
- Eliminating double pensioners
- Increasing pension of widows from 75% to 100%

Impact!

Rs. 1 billion annually

Introduction of Contributory Pension

- Employees recruited after June 7, 2022 by the provincial government now participate in the country's first defined contribution pension programme, which will soon be replicated in the federal government and Punjab

Impact!

Control the pace of annual pension growth from current 22%

Broad Framework for Contributory Pension

Contributory Pension Scheme



Amendment in Khyber Pakhtunkhwa Civil Servants Act 1973

All employees recruited after passage of the Amendment on June 7, 2022 required to participate in contributory provident fund



Government and employee contribute to an independently managed fund

- Each new employee contributes 10% of basic pay
- Government exceed employee's share by contributing 12% of basic pay



Features to include shariah-compliant fund options, voluntary contribution

- Retiree can choose lump sum withdrawal or further investment in a long-term annuity
- Opt-in to be introduced for older employees switching from defined benefit pension to contributory provident fund

Broad Framework for Management of Public Debt

Borrowing allows the government to maintain public services and invest in development without immediately raising taxes, which could slow down economic activity and place a heavier burden on citizens. In this way, debt becomes a practical tool to bridge financial gaps in a balanced and strategic manner.

In Khyber Pakhtunkhwa (KP), the government's debt is at a safe level. At present, only around 3.5% of the province's total income is spent on paying back loans. This means the budget is not under pressure because of debt.

Khyber Pakhtunkhwa's current loans are all foreign loans taken from international development partners on easy terms usually spread over 20 to 25 years. The interest rate is low, mostly between 2% to 4% per year. As of 1st July 2025, the Government of KP has a total outstanding foreign loan amount of Rs. 723,199 million.

GoKP has established a dedicated Debt Management Fund and allocated Rs. 150 billion to support the sustainable servicing of loans borrowed from international financial institutions. Funds are invested in T-Bills and Term Deposit Receipts to generate returns, reducing pressure on the provincial budget & creating a stable mechanism to meet external debt obligations.



**Public Debt
Management**

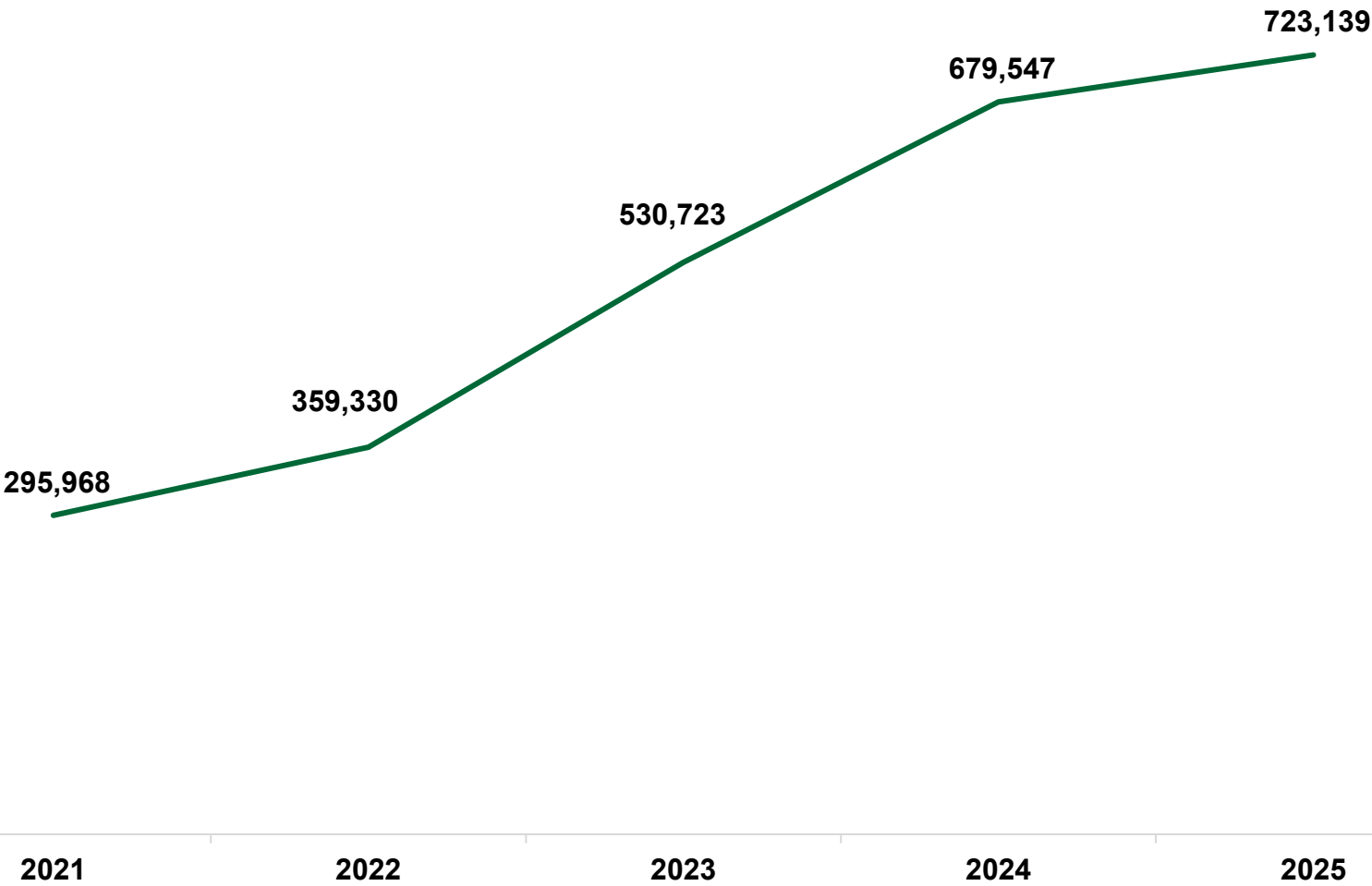
Loan Portfolio and outstanding debt position

PKR Millions

Description	Outstanding/ Loan Disbursed	Principal Repayments	Disbursements	Outstanding/ Loan Disbursed
Timeline	30 th Jun 2024	1 st Jul 2024 – 30 th Jun 2025	1 st Jul 2024 – 30 th Jun 2025	30 th Jun 2025
Foreign Debt	679,547	30,705	87,363	723,139

Historical debt portfolio

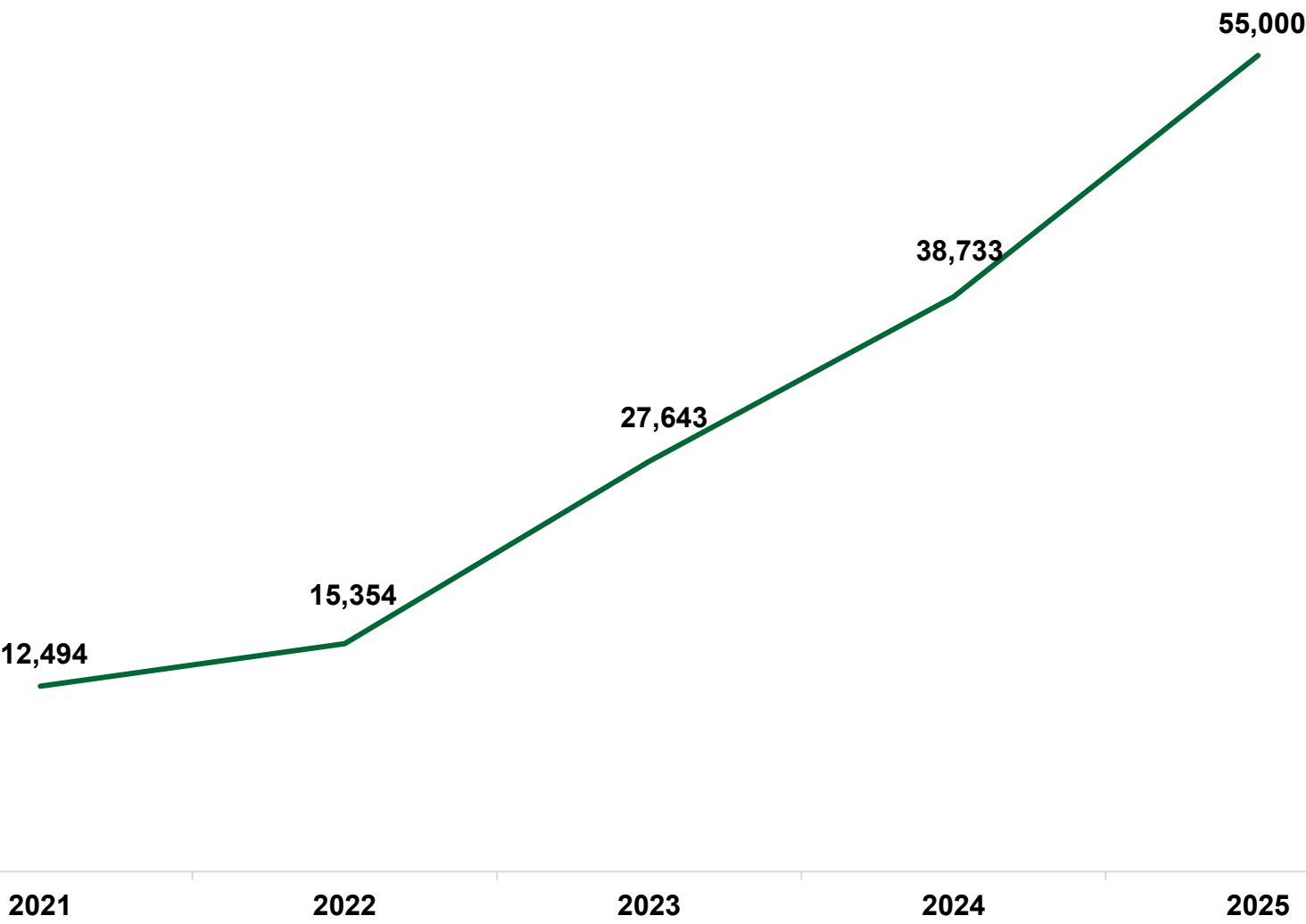
PKR Millions

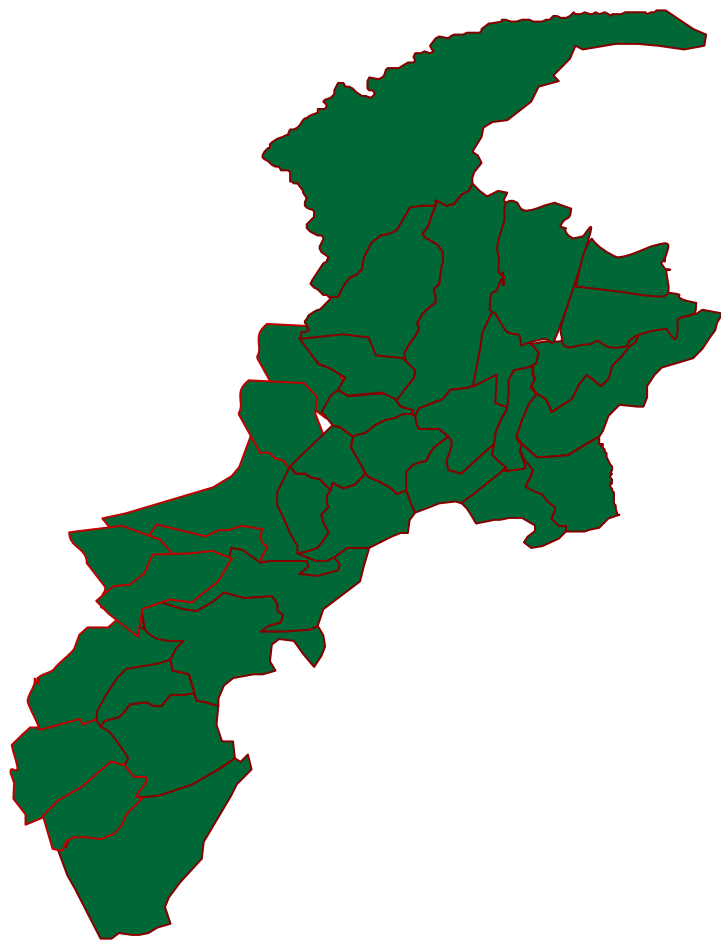


4 Debt Management

Historical debt servicing

PKR Millions





**Sector-wise budget –
All KP**

Departmental and sectoral allocations – All KP (1/2)

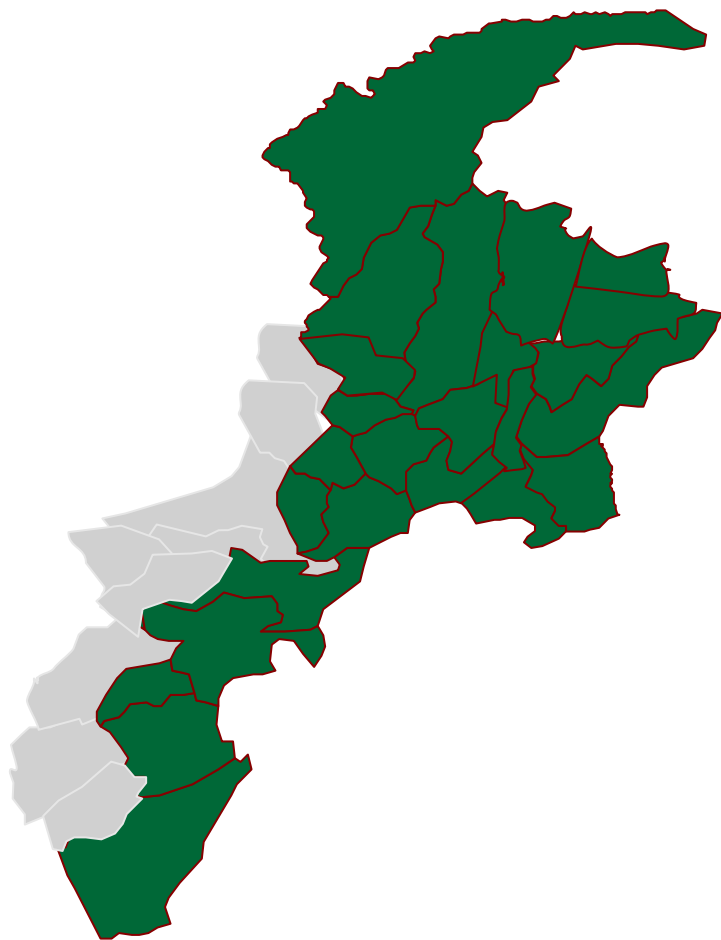
PKR Millions

Department	Current	Development	FPA	Total
Agriculture	12,321	8,175	5,614	26,111
Auqaf, Religious, Minority & Hajj	2,744	1,564	0	4,308
Communication & Works	16,987	54,554	51,257	122,798
Debt Servicing	98,300	0	0	98,300
District ADP	0	45,600	0	45,600
Elementary & Secondary Education	344,597	13,513	5,302	363,412
Energy & Power	467	4,813	24,360	29,640
Environment & Forestry	8,589	4,333	705	13,627
Establishment & Administration	9,710	1,220	0	10,930
Excise & Taxation	1,977	248	0	2,225
Finance	15,087	23	13,496	28,606
Food	12,100	338	0	12,438
Grant To Local Councils	15,183	0	0	15,183
Health	227,952	28,259	20,329	276,541
Higher Education, Archives & Libraries	43,409	6,275	0	49,684
Home & Tribal Affairs	165,731	6,997	0	172,728
Housing	1,430	817	0	2,247
Industries, Commerce & Technical Education	6,922	2,854	302	10,078
Information & Public Relations	903	81	0	984

Departmental and sectoral allocations – All KP (2/2)

PKR Millions

Department	Current	Development	FPA	Total
Inter Provincial Coordination	115	0	0	115
Irrigation	10,347	25,105	10,024	45,476
Labour	981	210	0	1,192
Law & Parliamentary Affairs	17,228	6,460	0	23,688
Livestock & Dairy Development	13,346	4,079	0	17,425
Local Government	20,747	16,251	19,220	56,218
Mines & Mineral Development	2,265	290	0	2,555
Pension	194,967	0	0	194,967
Planning & Development	1,808	60,780	15,574	78,162
Population Welfare	4,893	646	0	5,539
Provincial Assembly	4,268	0	0	4,268
Public Health Engineering	18,596	10,859	2,520	31,975
Relief Rehabilitation & Settlement	30,628	3,200	0	33,828
Revenue & Estate	34,479	1,632	0	36,111
Science Technology & Information Technology	2,573	1,549	84	4,206
Sports & Youth Affairs	2,713	8,883	0	11,596
Tourism, Culture, Archaeology & Museums	2,140	4,466	8,400	15,006
Transport & Mass Transit	8,818	1,212	0	10,030
Zakat, Ushr, Social Welfare, Special Education & Women Empowerment	17,376	1,786	0	19,161



Sector-wise budget – Settled Districts

Departmental and sectoral allocations – Settled Districts (1/2)

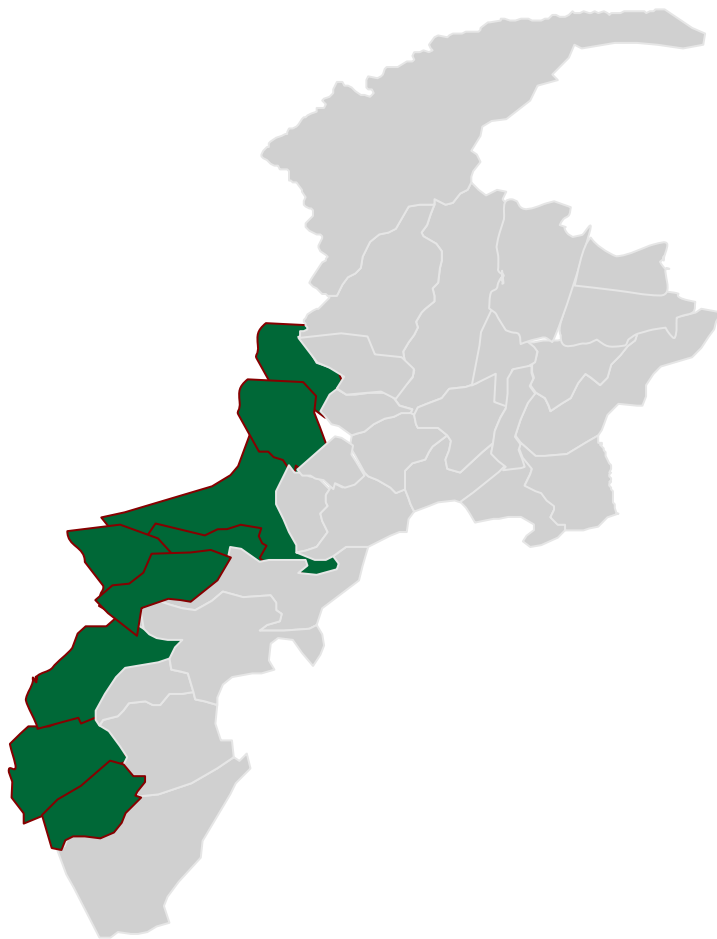
PKR Millions

Department	Current	Development	FPA	Total
Agriculture	10,656	5,763	5,614	22,034
Auqaf, Religious, Minority & Hajj	2,506	1,410	0	3,916
Communication & Works	14,424	35,295	51,257	100,976
District ADP	0	39,000	0	39,000
Elementary & Secondary Education	300,168	6,341	5,040	311,549
Energy & Power	434	2,909	24,360	27,703
Environment & Forestry	6,910	3,994	705	11,609
Establishment & Administration	9,551	1,110	0	10,661
Excise & Taxation	1,903	222	0	2,125
Finance	4,366	21	13,496	17,883
Food	10,600	229	0	10,829
Grant To Local Councils	13,035	0	0	13,035
Health	211,431	14,232	20,329	245,993
Higher Education, Archives & Libraries	40,402	4,772	0	45,174
Home & Tribal Affairs	133,523	1,816	0	135,339
Housing	1,430	807	0	2,237
Industries, Commerce & Technical Education	6,422	1,768	302	8,492
Information & Public Relations	846	53	0	899

Departmental and sectoral allocations – Settled Districts (2/2)

PKR Millions

Department	Current	Development	FPA	Total
Inter Provincial Coordination	115	0	0	115
Irrigation	9,928	20,432	10,024	40,384
Labour	916	210	0	1,127
Law & Parliamentary Affairs	16,074	5,391	0	21,465
Livestock & Dairy Development	10,644	2,484	0	13,128
Local Government	19,780	13,129	19,220	52,129
Mines & Mineral Development	2,073	251	0	2,324
Pension	190,297	0	0	190,297
Planning & Development	1,392	47,910	10,478	59,780
Population Welfare	4,572	546	0	5,118
Provincial Assembly	4,268	0	0	4,268
Public Health Engineering	16,787	8,205	2,520	27,512
Relief Rehabilitation & Settlement	12,175	2,097	0	14,272
Revenue & Estate	24,353	690	0	25,043
Science Technology & Information Technology	2,573	1,186	84	3,843
Sports & Youth Affairs	2,380	7,600	0	9,980
Tourism, Culture, Archaeology & Museums	2,140	3,871	8,400	14,411
Transport & Mass Transit	8,790	420	0	9,210
Zakat, Ushr, Social Welfare, Special Education & Women Empowerment	16,533	1,404	0	17,936



Sector-wise budget – Merged Districts



Departmental and sectoral allocations – Merged Districts (1/2)

PKR Millions

Department	Current	Development	FPA	Total
Agriculture	1,665	2,412	0	4,077
Auqaf, Religious, Minority & Hajj	238	154	0	392
Communication & Works	2,563	19,259	0	21,822
District ADP	0	6,600	0	6,600
Elementary & Secondary Education	44,429	7,172	262	51,863
Energy & Power	33	1,904	0	1,937
Environment & Forestry	1,679	339	0	2,018
Establishment & Administration	159	110	0	269
Excise & Taxation	74	26	0	100
Finance	10,721	2	0	10,723
Food	1,500	109	0	1,609
Grant To Local Councils	2,148	0	0	2,148
Health	16,521	14,027	0	30,548
Higher Education, Archives & Libraries	3,007	1,503	0	4,510
Home & Tribal Affairs	32,208	5,181	0	37,389
Housing	0	10	0	10
Industries, Commerce & Technical Education	500	1,086	0	1,586
Information & Public Relations	57	28	0	85

Departmental and sectoral allocations – Merged Districts (2/2)

PKR Millions

Department	Current	Development	FPA	Total
Irrigation	419	4,673	0	5,092
Labour	65	0	0	65
Law & Parliamentary Affairs	1,154	1,069	0	2,223
Livestock & Dairy Development	2,702	1,595	0	4,297
Local Government	967	3,122	0	4,089
Mines & Mineral Development	192	39	0	231
Pension	4,670	0	0	4,670
Planning & Development	416	12,870	5,096	18,382
Population Welfare	321	100	0	421
Public Health Engineering	1,809	2,654	0	4,463
Relief Rehabilitation & Settlement	18,453	1,103	0	19,556
Revenue & Estate	10,126	942	0	11,068
Science Technology & Information Technology	0	363	0	363
Sports & Youth Affairs	333	1,283	0	1,616
Tourism, Culture, Archaeology & Museums	0	595	0	595
Transport & Mass Transit	28	792	0	820
Zakat, Ushr, Social Welfare, Special Education & Women Empowerment	843	382	0	1,225

For more information and feedback:

FINANCE DEPARTMENT

Government of Khyber Pakhtunkhwa



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