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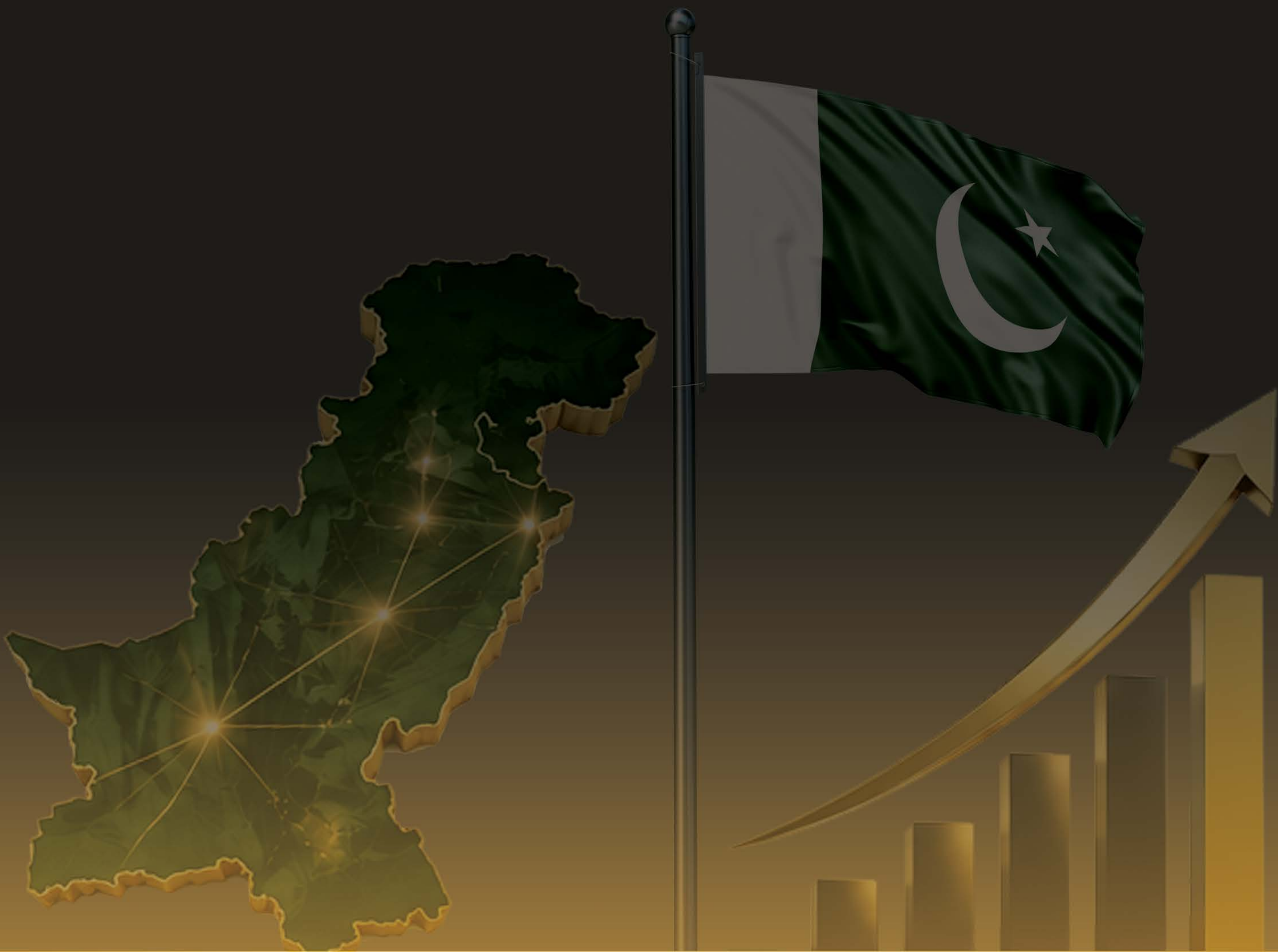
ICMA
ACCOUNTABILITY REPORT

PAKISTAN 2026 PROGRESS FROM POLICY MOMENTUM TO MEASURABLE OUTCOMES



Research and Publications Department

Institute of Cost and Management Accountants of Pakistan

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MESSAGE FROM THE VICE PRESIDENT ICMA

& Chairman, Research & Publications Committee

This Accountability Assessment of Pakistan's 2026 Progress reflects the nation's evolving response to citizens' priorities; jobs, inflation control, political stability, and climate resilience. It provides a structured evaluation of government actions, initiatives, and outcomes, measured against public expectations.

The findings highlight visible progress in macroeconomic stabilization, fiscal consolidation, and external sector resilience. The State Bank's cautious monetary stance, improved remittance inflows, and exchange rate stability have supported growth while containing inflationary pressures. At the same time, youth-focused initiatives; such as skill development programmes, concessional financing for entrepreneurs, and the launch of digital hubs; demonstrate a commitment to human capital investment and inclusive growth. Climate allocations and urban resilience planning mark an important step toward sustainability, while international partnerships continue to expand Pakistan's economic horizons.

Yet, the assessment also underscores enduring challenges. Employment generation, AI-driven skills, and entrepreneurship initiatives remain at an early stage, requiring stronger institutional capacity and timely execution. Structural risks persist in the form of external financing dependence, incomplete SOE reforms, and political constraints that weaken governance and policy continuity.

At ICMA, we emphasize that accountability is not simply about documenting progress; it is about ensuring discipline, foresight, and continuity in implementation. Pakistan's path forward must rest on three pillars: investment in human capital, institutional strengthening, and climate resilience. Only by converting policy frameworks into measurable outcomes can the country address citizens' concerns and secure long-term stability.

This assessment is both a recognition of progress and a reminder of the work ahead. It calls for sustained reform momentum, effective execution, and inclusive strategies to transform policy into tangible improvements in livelihoods, governance, and resilience for the people of Pakistan.

Muhammad Yasin, FCMA

PREAMBLE

The imperative of governmental accountability to citizenry constitutes a foundational principle of democratic governance, wherein public expectations serve as both a mandate for policy formulation and a benchmark for performance evaluation. In contemporary governance frameworks, systematic assessments that bridge the gap between citizen priorities and institutional responses have emerged as critical instruments for strengthening transparency, fostering public trust, and enhancing policy effectiveness. The ICMA Outlook Survey 2026 captured citizens' expectations and priorities for the year ahead including macroeconomic stability, employment generation, inflation control, political governance, climate resilience, and digital transformation. Six months into 2026, this accountability assessment undertakes a systematic inspection of the Government 's response to these articulated public priorities.

This assessment is structured around a four-step methodological framework designed to ensure analytical rigour and evidentiary integrity:

- Systematic identification and categorization of public priorities as articulated in the survey, thereby establishing the evaluative criteria against which government performance is measured.
- A comprehensive review of government policy actions, programmatic initiatives, implementation progress, and measurable outcomes during the first six months of 2026.
- The inclusion of ICMA Insights throughout the analysis provides expert contextual interpretation, enriching the empirical findings with institutional perspective and policy-relevant observations.
- Lastly, undertakes an analysis between documented government outcomes and the initial public expectations, systematically identifying three distinct categories: areas of visible progress, implementation gaps requiring accelerated action, and continuing structural challenges that persist despite government interventions.

This accountability assessment serves a dual purpose. First, it provides citizens and stakeholders with a transparent evaluation of the Government's performance against their articulated priorities, thereby strengthening the accountability relationship between state and society. Second, it offers policymakers and institutional stakeholders' evidence-based insights that can inform future policy formulation, identify priority areas for accelerated action, and contribute to more responsive and effective governance in Pakistan. In doing so, this assessment aspires to contribute meaningfully to the broader discourse on governance reform, institutional strengthening, and sustainable development in Pakistan.

Economy in 2026: 57 % expected improvement and 43% stability

GOVERNMENT ACTIONS & INITATIVES

Strengthening price stability, remittances, and foreign exchange reserves.

- **Actions:** Pursued effective macroeconomic management by improving fiscal accounts, maintaining exchange rate stability, and implementing reforms under the IMF Extended Fund Facility (EFF) Programme.
- **Actions:** The State Bank of Pakistan (SBP) maintained a cautious monetary policy stance by keeping interest rates steady amid Middle East conflict risks.
- **Actions:** Strengthened fiscal discipline through growth in both tax and non-tax revenues.

OUTCOMES

- Economy accelerated to 3.70% in FY 2026 from 3.18% last year, owing to effective macroeconomic management, fiscal discipline, LSM growth, agricultural resilience, and IMF EFF reforms.
- Fiscal Deficit narrowed to 0.7% of GDP during July-March FY 2026 from 2.6% last year, driven by growth in tax/non-tax revenues and decline in mark-up expenditure.
- Current Account recorded a marginal surplus of US$72 million during July-March FY 2026.
- Primary Surplus rose to 3.2% of GDP from 3.0% during the same period last year.
- Workers remittances rose 8.2% while the exchange rate remained stable at Rs. 281.1/US showing remittance inflows and exchange rate management policies pay off.
- Exchange Rate remained stable, supporting external sector stability and trade competitiveness.

ICMA Insights: The government's coordinated approach, combining fiscal consolidation, monetary prudence, exchange rate stability, and IMF-mandated reforms has successfully stabilized the economy, with growth accelerating, the fiscal deficit narrowing, and remittances providing strong external support.

Top Worries for 2026: 90% worry about politics, jobs, inflation, and extreme weather

GOVERNMENT ACTIONS & INITATIVES

Advancing stability, inflation control, digital upskilling, and climate resilience.

- **Action:** The SBP kept the policy rate unchanged at 11.5 % because the current inflation is a "cost-push" phenomenon (fuel, wheat, war) rather than a "demand-pull" one.
- **Action:** Approved Rs. 3,915.24 million through a Technical Supplementary Grant for the Prime Minister Youth Skill Development Programme via NAVTTC.
- **Action:** Provision of small loans to SMEs, farmers, and youth entrepreneurs to encourage self-employment and economic self-sufficiency.
- **New Initiative:** Digital Youth Hub.
- **New Initiative:** First-ever National Urban Strategy consultations, climate-resilient roadmap for cities.
- **New Initiative**: The largest share of the PMYP allocation, Rs. 21,000 million, has been earmarked for the Prime Minister's Youth Business and Agriculture Loan Scheme to provide affordable financing to young entrepreneurs.
- **New Initiatives:** Climate-related allocations totalled Rs. 690,000 million in FY2026-27, including Rs. 214,000 million in direct spending and Rs. 476,000 million in green subsidies.

OUTCOMES

- Military's dominant role and restrictive political environment weaken democratic institutions.
- Inflation averaged 6.2% (July-April), with core inflation declining to 7.2% (urban) and 8.2% (rural) from 8.8% and 11.6% last year, without choking growth.
- Enhanced access to concessional financing supported SMEs, young entrepreneurs, and farmers in promoting inclusive economic growth.
- Climate policy advanced through increased budgetary allocations and urban resilience planning, although large-scale implementation remains at an early stage.

ICMA Insights: Continued policy continuity, investment in human capital, and climate resilience, supported by effective implementation, will be critical to addressing citizens' concerns over jobs, inflation, and long-term economic stability.

What Pakistan Should STOP Doing: 86% call to stop failed policies, political conflicts, and loan resilience in 2026

GOVERNMENT ACTIONS & INITATIVES

Commitment towards phase-out of subsidies and self-reliance.

- **Action:** Blanket electricity & gas cross-subsidies will be ended by Jan 2027; move to targeted BISP and income-based support.
- **Action:** The Government accelerated PIA's privatization as part of broader SOE reforms to reduce recurring fiscal losses, improve efficiency, and strengthen fiscal sustainability.
- **Action:** Repaid the US$3.45 billion deposit to the United Arab Emirates and secured US$3 billion from Saudi Arabia.
- **Action:** Despite regional tensions and global uncertainties, the government has successfully maintained economic dialogue.
- **New initiative:** EPADS 2.0 upgraded to digitize public procurement, enhance transparency, streamline processes, and improve efficiency.

OUTCOMES

- State-Owned Enterprise (SOE) privatization has progressed slowly, with key reforms and transactions remaining incomplete.
- IMF's third review was successfully completed, unlocking US$1.1 billion.
- Pakistan repaid its Saudi Arabia (KSA) loan, demonstrating commitment to meeting external debt obligations.
- Despite debt repayments, new IMF disbursements continue to add to the country's debt burden.

ICMA Insights: Structural reforms will lay the foundation for a more self-reliant economy, but sustained implementation and reduced dependence on external financing remain critical to achieving lasting fiscal resilience.

Actions to Build a Stronger 2026: 84% Call for jobs and education

GOVERNMENT ACTIONS & INITATIVES

People-focused growth.

- **Action:** The government approved the National Youth Employment Policy to boost youth employment.
- **New Initiative:** A Rs. 2.69 billion project has been approved to roll out Matric-Tech in all federal schools in Islamabad, with vertical integration into intermediate-level higher education.
- **New Initative:** The Government expanded the Daanish Schools initiative by approving Rs. 3.8 billion budget for FY 2026-27, introducing AI-based learning, and enhancing educational facilities and scholarship opportunities.
- **New Initiative:** The Government allocated Rs. 1 billion through the Ministry of Overseas Pakistanis and Human Resource Development to promote overseas employment, create decent job opportunities, strengthen social protection, and support inclusive economic growth.

OUTCOMES

- The Matric Tech and National Youth Employment Policy provides a clear roadmap for better education and job creation and a strong foundation for measurable results.
- Infrastructure spending is higher despite being a secondary public priority.

ICMA Insights: The Government has established a policy framework for youth-focused growth; the priority now is timely execution and maintaining track record of results.

International Partnerships: 71% think China, neighboring countries, the Gulf, and the USA are key partners in 2026

GOVERNMENT ACTIONS & INITATIVES

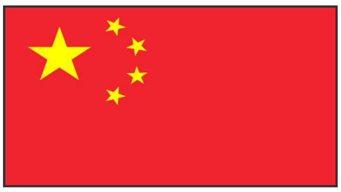
Investment-led growth via active diplomacy with all key partners.

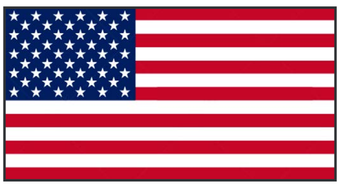
- **Action:** Series of high-level bilateral meetings with development partners such as cerntral Aisa, Gulf countries and USA to advance Pakistan's economic priorities and strengthen international partnerships.
- **Action not taken yet:** Foreign investment should translate into local jobs and industrial growth.

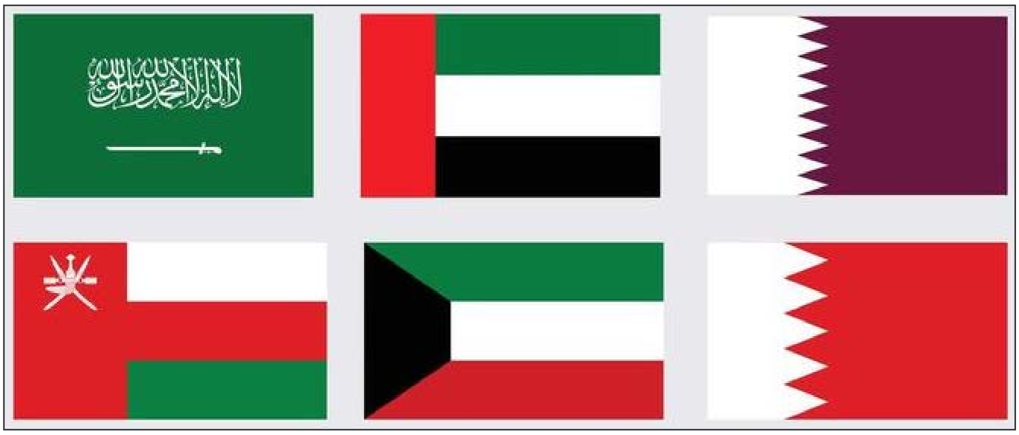
OUTCOMES

- CPEC Phase-II is active (rail, Gwadar, SEZs) along with a $13 bn project pipeline
- The government-led Pakistan-China Business Conference in Hangzhou secured $1.22 billion in B2B agreements.
- High-level Strategic Cooperation Council agreements with Uzbekistan were signed.
- In April, 2026 Transit trade talks with Tajikistan took place.
- CEPA fast-track negotiations with UAE; Kuwait investment talks (fuel storage, port infrastructure; Qatar tourism & real estate investment discussions.
- Pakistan and the USA signed an MoU to advance cooperation on the Roosevelt Hotel redevelopment, enhancing investment and value creation.

ICMA Insights: Pakistan is actively strengthening partnerships with China, Gulf countries, Central Asia, and the USA through trade deals and investment frameworks. Linking these investments to local job creation will maximize their benefit for ordinary citizens.







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Personal Action in 2026: 82% plan to learn digital skills or start ventures

GOVERNMENT ACTIONS & INITATIVES

Expanding digital services and financing opportunities for youth.

- **Action:** MOU signed related to ACT AI as Pakistan's first nationally coordinated, university-level AI skills program.
- **Action:** PSDF advance tech (Initiated two new programs, Advance Tech and Global Rozgar).
- **Action:** Ministry of IT & Telecom accelerates AI National Initiatives "AI Seekho 2026" with Google Developers Group, Telenor and Innovist.
- **New Initative:** The National Artificial Intelligence Advancement Initiative launched to establish seven AI Hubs, support startups through incubation and grants.

OUTCOMES

- Thousands of students will be benefited through ACT AI and PSDF Advance Tech programs building a future-ready workforce.
- Through AI Seekho 2026, youth will convert AI learning into real economic opportunities from freelancing to global jobs.
- AI hubs, advanced training programmes, and industry partnerships can strengthen Pakistan's digital economy by developing a skilled workforce and innovation ecosystem.

ICMA Insights: The Government's shift towards AI-driven skills development and digital facilitation provides a pathway for youth empowerment and technology-led growth. Sustained industry collaboration, quality training, and employment linkages will be essential to translate skills into economic opportunities.

Change That Most Improves Daily Life: 63% efficient public services

GOVERNMENT ACTIONS & INITATIVES

Through Digital governance transformation.

- **Action:** The ECC approved a technical supplementary grant of Rs. 800 million for the establishment of the Asan Khidmat Centre in Islamabad as a flagship, citizen-centric public service delivery initiative.
- **Action:** Government is considering leveraging artificial intelligence for enhancing efficiency, transparency.

OUTCOMES

- Asan Khidmat Centre is a concrete step toward citizen-centric public service delivery.
- AI integration is under active consideration, it will strengthen revenue administration and improve transparency.

ICMA Insights: The government is advancing digital governance through initiatives like the Asan Khidmat Centre and AI-based revenue reforms. Shifting focus from physical infrastructure to service delivery will bring the most meaningful improvement to daily life.

Visible Progress, Implementation Gaps, and Structural Risks

The Government has maintained strong policy momentum across macroeconomic stabilization, youth development, digital transformation, and international economic partnerships, strengthening the foundation for longer-term growth. However, the impact on employment, public service delivery, productivity, and climate resilience remains limited, highlighting persistent implementation gaps and structural constraints. Overall, the assessment reflects meaningful policy progress alongside uneven outcomes and continuing economic risks.

Where Progress Is Visible	Where Implementation Gaps Remain	Where Structural Risks Persist
• Improved macroeconomic stability through stronger GDP growth, fiscal consolidation, exchange rate stability, and higher remittances. • Expanded youth employment, digital skills, AI, entrepreneurship, and international partnerships (CPEC Phase-II, Gulf, China, Central Asia, U.S.). • Advanced digital governance through AI initiatives and expanding public services.	• Employment, AI, and entrepreneurship programmes remain at an early stage with limited measurable outcomes. • Climate resilience and digital public service reforms have progressed but implementation remains uneven. • Investment initiatives are not yet fully translating into job creation, technology transfer, and industrial growth.	• External financing dependence remains despite stronger fiscal performance and debt repayments. • High debt-servicing obligations continue to constrain fiscal space for development spending. • SOE reforms remain only partially implemented. • Political and institutional uncertainty continues to affect policy continuity and implementation.

Converting Policy Momentum into Measurable Outcomes: Pakistan's first half of 2026 reflects a shift from macroeconomic stabilization toward structural reforms. Government initiatives have increasingly aligned with public priorities however, sustained implementation and stronger institutional capacity will be critical to translate these policies into measurable improvements in jobs, public services, climate resilience, and citizens' quality of life.

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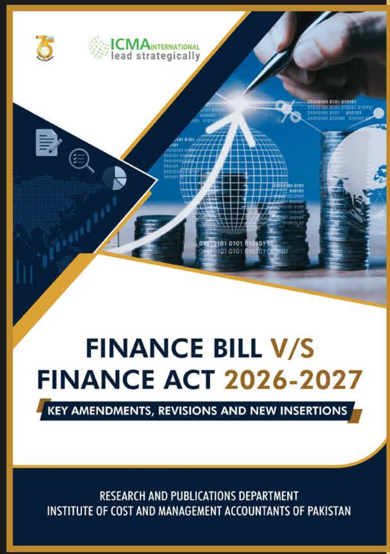

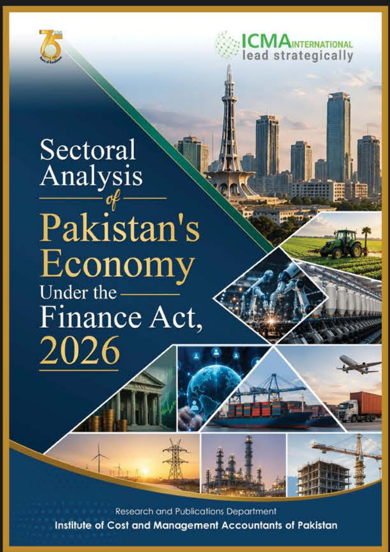

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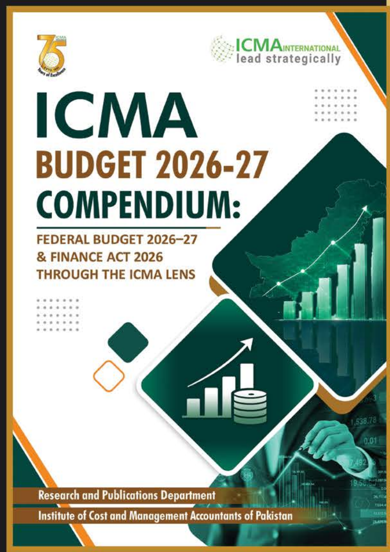

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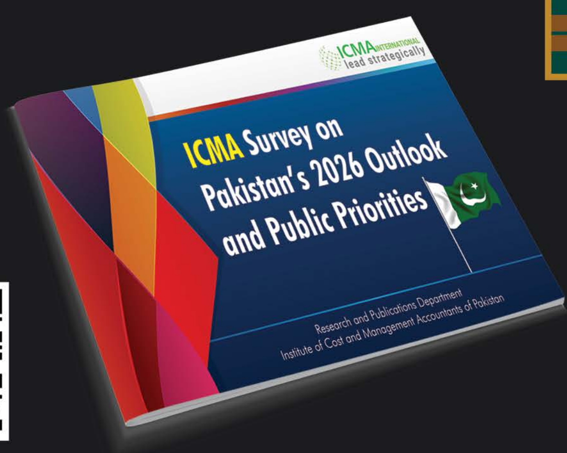

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