



Budget Strategy Paper

FY 2026-27

GOVERNMENT OF
KHYBER PAKHTUNKHWA



Finance Department

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1. Preface

The integrated Budget Strategy Paper (IBSP) for FY 2026–29 sets the strategic direction for managing public finances in Khyber Pakhtunkhwa over the medium term. It reflects the Government's commitment to prudent fiscal management, evidence-based decision-making, and the efficient allocation of resources in line with developmental priorities and public service delivery needs.

As a key instrument of medium-term fiscal planning, the IBSP links the annual budget to the broader policy objectives of the Provincial Government. It outlines the fiscal framework, macroeconomic assumptions, revenue and expenditure projections, and strategic priorities that will guide the formulation of annual budgets over the next three years. By highlighting policy choices, the IBSP provides a foundation for informed dialogue among policymakers, administrative departments, business community, civil society, academia and development partners.

In the context of ongoing fiscal constraints, post-devolution responsibilities, and emerging challenges, including climate resilience and social protection the IBSP underscores the need to enhance domestic revenue mobilization, improve the efficiency of public investment, and uphold fiscal discipline. It aims to support inclusive growth, human capital development, and results-oriented governance through institutional reforms and performance-based budgeting.

The medium-term projections in this IBSP are developed on a three year's rolling basis. The budget for FY 2026-27 will form the basis of the first year of the medium term, whereas forecasting for the remaining two years has been worked out based on improved predictability of resources and expenditure requirements, aligned with the sectoral plans, objectives and priorities of the government for the upcoming budget in relation to the fiscal outlook. The IBSP strengthens fiscal transparency, accountability, and responsive budgeting. Additionally, it serves as a tool for the legislature to monitor government performance and propose improvements in financial management.

The financial projections presented in this paper are informed by the province's socioeconomic outlook, federal fiscal forecasts, provincial revenue targets, expenditure priorities, financing strategies, and debt management considerations. The BSP has been presented to the Cabinet for its approval on _____, 2026.

2. Budget Strategy Paper (BSP)

The preparation of the Budget Strategy Paper (BSP) is a statutory requirement under the Khyber Pakhtunkhwa Public Financial Management Act, 2022. As provided in Chapter-II (Fiscal Policy and Transparency), Section 3, the Finance Department must prepare and present the BSP by the end of February each year outlining:

- Medium-term fiscal strategy
- Revenue and expenditure priorities
- Indicative sectoral allocations
- Fiscal risks and mitigation measures
- Deficit financing or surplus investment plan

The BSP serves as the Government's principal medium-term fiscal policy document, aligning departmental spending with strategic priorities and strengthening transparency and fiscal discipline.

2.1 Objectives of the Budget Strategy Paper

The main objectives of the Budget Strategy Paper are:

- Provide a medium-term fiscal framework for budget preparation
- Set clear revenue and expenditure priorities
- Issue indicative resource ceilings to Administrative Departments
- Identify fiscal risks and mitigation measures
- Present deficit financing or surplus investment strategy
- Improve transparency and predictability in the budget process

2.2 Fiscal Context

For FY 2025–26, the Government approved a surplus target of Rs. 157 billion. As of 30th January 2026, Rs. 120.5 billion surplus has been realized, reflecting evolving fiscal conditions and the need for continued prudent management. To ensure liquidity, safety, and optimal returns, surplus funds (101.88 billion, as of January 30th 2026) have been invested in Federal Government Treasury Bills through the Subsidiary General Ledger Account (SGLA) maintained with the State Bank of Pakistan. Investments are diversified across tenors in line with cash flow needs and market conditions.

2.3 Investment of Surplus Funds

In accordance with sound cash management practices, surplus funds are invested in secure and approved instruments, primarily Treasury Bills via SGLA.

This approach ensures:

1. Liquidity preservation
2. Capital safety
3. Reasonable risk-adjusted returns
4. Financial flexibility

3. Economic Outlook

3.1 Global Economic Context

The global economy is stabilizing but remains below historical averages. The International Monetary Fund projects global growth at 3.3% in 2026 and 3.2% in 2027, compared to the long-term average of 3.7%. Advanced economies show divergence: the United States remains resilient, while the Euro Area faces subdued recovery amid geopolitical uncertainty. Emerging markets continue to anchor global growth despite trade fragmentation and financial tightening.

Inflation is moderating globally, easing pressures on import-dependent economies. However, risks persist from trade tensions, high sovereign debt, monetary policy shifts, and climate shocks.

Global GDP Growth

Country/Region	GDP Growth 2025 (%)	GDP Growth 2026 (%)	GDP Growth 2027 (%)
World	3.3	3.3	3.2
USA	2.7	2.1	2
Euro Area	1	1.4	1.4
China	4.6	4.5	4

Source: IMF, *World Economic Outlook*, January 2026.

Global Economic Overview

Indicator	2025 Estimate	2026 Forecast	Source
Global GDP Growth	3.20%	3.30%	IMF
Global Inflation	5.80%	4.40%	IMF
Developing Asia Growth	5.00%	4.90%	ADB
World Bank Global Growth	2.60%	2.70%	World Bank

3.2 National Economic Outlook

Pakistan's economy is gradually stabilizing under reform momentum supported by the State Bank of Pakistan and the International Monetary Fund Extended Fund Facility (\$7 billion). Growth is projected to strengthen from 2.6% (2025) to 4.1% (2027). Inflation has sharply declined from 23.4% (2024 peak) to 5–6% range, improving macroeconomic stability. Foreign exchange reserves are targeted to rise to \$27.9 billion by 2027.

Pakistan Economic Outlook (2025–2027)

Key Economic Indicators	2025	2026	2027	Source
	Estimate	Forecast	Forecast	
Real GDP Growth	2.60%	3.60%	4.10%	IMF
Inflation Rate (CPI)	5.10%	6.30%	6.50%	IMF
Unemployment Rate	8.00%	7.50%	7.40%	IMF
Current Account Balance (% of GDP)	0.50%	-0.60%	-0.30%	IMF
Policy Interest Rate	10.50%	TBD	TBD	SBP
Foreign Reserves (USD)	\$14.5B	\$21.5B	\$27.90	Trading Economics, IMF

3.3 Khyber Pakhtunkhwa Economic Outlook

The Economic Review of Khyber Pakhtunkhwa reflects strong recovery momentum, with Provincial GDP reaching Rs. 11,885 billion¹ and per capita income rising to Rs. 290,000, supported by a balanced structure where commodity sectors contribute 51% and services 49% of GDP. Agriculture accounts for 30% of GDP and 32% employment, with livestock and poultry (86% of agri GVA) growing 3.15% despite a 1.36% crop decline, while industry is projected to grow 5.3% (power & utilities +28.5%, manufacturing +1.3%, construction +6.6%) and services expanded 3.0% led by education +14% and health +19%, alongside a Rs. 12.1 billion food security initiative. Fiscal performance remained strong with a Rs. 157 billion surplus in FY 2025–26 (57% YoY increase), total revenues of Rs. 2,119 billion, including Rs. 1,401 billion federal transfers, Rs. 106 billion Net Hydel Profit, and Rs. 129 billion own-source revenue target. Social indicators improved with literacy at 56.5%, immunization coverage 90%, and Sehat Card Plus (Rs. 41 billion) covering 32 million people, though maternal mortality and rising rural referrals (~10%) highlight remaining equity challenges.

4. Key Sectoral Strategic Objectives

4.1 Law and Order (Security)

The Government of Khyber Pakhtunkhwa's Law & Order framework prioritizes internal security, counter-terrorism capacity, and technology-driven policing through institutional reforms, intelligence coordination, and modernization of law enforcement systems. For FY 2025-26, PKR 172,727.7 million has been allocated to Home & Tribal Affairs (PKR 135,339 million settled, PKR 37,389 million merged), including PKR 164,520 million for Police a 9% increase over FY 2024-25 supporting operations, salaries, counter-terrorism, and security infrastructure. The development focus includes new police stations, Safe City systems, digitization, forensic strengthening, and merged districts' infrastructure, reinforcing rule of law, investor confidence, and long-term provincial stability. Provincial Government is committed to provide due financial support in the next financial year.

¹ Economic Review of KP 2024-25

FY	Police (Current+Dev) Rs. Million	Total KP (Current+ Dev) Rs. Million	%age
2023-24	101,980	1,110,530	9%
2024-25	125,600	1,310,700	10%
2025-26	164,520	1,920,000	9%

Table-1: Police Budget 3 years

4.2 Health Sector

The Government of Khyber Pakhtunkhwa has operationalized the Health Policy through the Khyber Pakhtunkhwa Health Sector Strategic Plan (KPHSSP) 2019–2025, strengthening service delivery and institutional governance. For FY 2025-26, PKR 276,541 million has been allocated to health, including PKR 48,588 million (17.5%) development and PKR 227,952 million (82.43%) current expenditure, supporting reforms such as E-transfer, MTI Act implementation, restructuring of Policy Boards & BoGs, and establishment of Independent Monitoring, Financial Management, Procurement, and Internal Audit Cells. The “Treatment of Poor Cancer Patients” project at Hayatabad Medical Complex provides life-saving medicines, while infrastructure stands at 192 hospitals (11.30% national share), 962 dispensaries (17.10%), 156 MCH centers (19%), supported by 9,144 doctors, 6,956 nurses, 1,425 LHV, and 22,949 beds (13.7% share), though population pressure remains high (1,780 persons per bed; 4,468 persons per doctor). ADP portfolio includes 90 new, 93 ongoing, and 61 due-for-completion schemes, reflecting expansion alongside systemic capacity challenges exacerbated by disasters and environmental stress. Reflecting on prioritization of health in the province, Provincial Government is committed to provide due financial support in the next financial year.

Description	Khyber Pakhtunkhwa	Pakistan	% share of Khyber Pakhtunkhwa
Number of Health Institutions			
Hospitals	192	696	11.30%
Dispensaries	962	627	17.10%
MCH Centres	156	822	19.00%
Medical Personnel (In Number)			
Doctors	9,144	319,572	2.90%
Nurses	6,956	138,391	5.00%
Lady Health Visitors	1,425	29,163	4.90%
Beds in Hospitals and Dispensaries			
Beds in Hospitals and Dispensaries	22,949	167,947	13.70%
Population Per			
Hospital/Disp: Bed (Persons)	1,780	1,353	-
Doctors (Persons)	4,468	723	-

Table 2: Health Facilities Statistics

Sources: 1. DG Health Services, Govt. of Khyber Pakhtunkhwa, Peshawar, Pakistan Economic Survey

Strategically, the sector prioritizes enhanced access to primary, secondary, tertiary, and specialized healthcare; subsidized emergency and curative care for poor and vulnerable groups; preventive services focused on immunization, reproductive health, and malnutrition; disease prevention through early detection and subsidized treatment; improved emergency and epidemic response; strengthened medical and paramedical education with continued professional training; capacity building through the Provincial Health Services Academy; improved governance, regulation, accountability, and enforcement of health and food safety laws; strengthened stewardship, planning, and financing mechanisms aligned with the National Human Resource for Health Vision 2018–2030; and enhanced financial risk protection for citizens through efficient and transparent service delivery. Provincial Government is committed to provide due financial support in the next financial year.

4.3 Education Sector

The Government of Khyber Pakhtunkhwa allocated PKR 363,412 million for elementary and secondary education (PKR 344,944 million current; PKR 18,814 million development) and PKR 45,174 million for Higher Education (PKR 40,402 million current; PKR 4,771 million development), strengthening human capital across settled and merged districts. Enrolment in settled districts increased to 5.14 million students across 28,239 schools (from 4.77 million), while merged districts reached 0.693 million students in 6,394 schools, with Gender Parity Index improving to 0.86 (primary) and 0.68 (secondary) in settled areas and 0.58 (primary) and 0.28 (secondary) in merged districts. Through PPP reforms, 24 schools were identified in 2024, with eight primary schools transitioning in the first phase across D.I. Khan, Dir, Lakki Marwat, Abbottabad, and Haripur. Additionally, PKR 8,500 million for free textbooks and a Book Re-use Policy reinforce affordability, sustainability, and equitable access. Provincial Government is committed to provide due financial support in the next financial year.

4.4 Climate Change

According to the Climate Risk Index 2025, Pakistan remains highly climate-vulnerable, with the 2022 floods impacting 33 million people, causing 1,700+ deaths and losses exceeding USD 15 billion, including 311 deaths, 91,468 houses damaged, and 674,318 displaced in KP. The 2025 monsoon affected 1.57 million people, resulting in 504 deaths, destruction of 4,767 houses, damage to 266 schools and 60 health facilities, and inundation of 330 km² cropland, underscoring escalating risks. In response, KP established a Provincial Emergency Operations Centre, flood telemetry systems, a Humanitarian Response Facility, and a digital compensation platform. The Disaster Management Plan 2025–2030 and a 10-year Disaster Risk Financing Strategy, aligned with BSP 2026–29, institutionalize climate resilience, environmental protection, and adaptive governance. Provincial Government is committed to provide due financial support in the next financial year.

The technical feasibility assessment for forest carbon markets in Khyber Pakhtunkhwa highlights substantial potential to leverage nature-based solutions for climate mitigation and sustainable economic growth. The study identifies over 400 million tonnes of CO₂ equivalent sequestration capacity across a 48-year project horizon, with estimated revenues of around USD 4 billion from carbon credits, sustainable timber, and non-timber forest products. A total of 10 priority projects including Improved Forest Management (IFM), Afforestation/Reforestation (ARR), and Avoided Unplanned Deforestation and Degradation (AUDD) initiatives cover approximately 2.2 million hectares, expected to restore 78,000 hectares of degraded land, sustainably manage 2.8 million hectares of forest, and generate over 50,000 jobs while allocating 40% of carbon revenues to local communities. The report further proposes institutional mechanisms such as a provincial carbon trading framework, AI-enabled monitoring and verification systems, and public-private partnerships to integrate carbon finance into long-term climate resilience and sustainable development planning.

4.5 Social Protection

Post-COVID recovery accelerated social protection reforms through the Azm-e-Nau Economic Recovery Plan (2020–23), operationalization of the KP Social Protection Policy, and institutional strengthening via a dedicated Social Protection Cell and Reform Unit with GIZ and ILO support. In 2025, over one million families received Rs10,000 each under the Ramadan relief package through transparent digital banking channels, fully covering disbursement costs. The Rs. 20 billion solarization project targets 130,000 households, with 32,500 free solar units allocated in the first phase from 2.5 million applicants, advancing energy equity and cost relief. Strategic priorities focus on disability rehabilitation, support for vulnerable groups, gender equity, market-oriented skills, transparent Zakat & Ushr systems, and strengthened fiscal and institutional coordination for inclusive growth. Provincial Government is committed to provide due financial support in the next financial year.

4.6 Agriculture and Livestock

As per the KP Economic Review 2024–25, agriculture remains the backbone of the provincial economy, contributing nearly 30% to GDP and employing 32% of the labor force, underscoring its central role in livelihoods and food security. Important crops, accounting for 72% of crop GVA, grew almost 1%, while other crops declined by over 3% due to climate impacts, and forestry contracted by 22% following the timber ban. Livestock and poultry dominate the sector, contributing 88% to agricultural GVA and 25.5% to GDP, with steady growth of 3.17% in FY 2024–25. Strategic priorities now focus on climate-resilient agriculture, productivity enhancement, sustainable water use, strengthened data systems, and climate-adaptive policy and budgeting to secure long-term rural prosperity and sectoral resilience.

4.7 Mines and Minerals

Khyber Pakhtunkhwa is strategically endowed with vast mineral wealth, including exploitable reserves of coal, rock salt, limestone, marble, gypsum, silica sand, granite, and precious and semi-precious stones, alongside significant oil and gas reserves in the Southern Belt. Mining & Quarrying contributed nearly 12% to the industries sector and 2.5% to provincial GDP in FY 2024–25 (P), reflecting its structural importance to the economy. The sector recorded strong growth of over 14% in FY 2023–24, though it experienced a contraction of more than 7% in FY 2024–25 (P), indicating volatility but sustained potential. With only 30% of the province geologically mapped, yet hosting major reserves of copper, zinc, iron, lead and high-value gemstones, KP remains Pakistan’s leading contributor in soapstone, gypsum, and marble production. Provincial Government is committed to provide due financial support in the next financial year.

Mineral Name	Production (Tonnes)	% Share of KPK
Baryte	2	1
Chromite	71	28
Coal	1,585	8
Soap Stone	220	100
Fire Clay	7	1
Gypsum	1,186	57
Limestone	9,389	20
Magnesite	1	48
Marble	5,600	83
Rock Salt	258	8
Silica Sand	52	14

Table 3: Mineral Production 2023-24 (Development Statistic KP 2025)

4.8 Tourism

In FY 2024–25, Khyber Pakhtunkhwa allocated PKR 12,865 million to accelerate tourism development under the KP Tourism Act 2019 and through KPCTA, while the World Bank-backed KITE project targets 5 million annual visitors by 2030 by developing Integrated Tourism Zones in Ganool (61 acres), Mankiyal (52 acres), Thandiani (58 acres), and Madaklasht (66 acres) under sustainable PPP models. Key destinations have been upgraded with 70 prefabricated washrooms and a tourism helpline responding to 95,384 calls, significantly improving visitor facilitation and safety. In 2025, the World Bank further approved \$30 million for road rehabilitation, heritage conservation, digital platforms, and community capacity building. Tourist momentum remains strong, with 1,632 foreign visitors to Chitral (including the Shandur Polo Festival), 6.58 million domestic tourists in Galiyat, and 5.17 million in Kaghan/Naran, reinforcing KP's position as a leading eco-cultural tourism destination. Provincial Government is committed to provide due financial support in the next financial year.

Tourist Destination	Foreign Tourist	Domestic Tourist
Dir Upper	425	1,400,530
Malam Jabba	596	3,621,229
Galiyat	237	6,581,305
Chitral Upper	1632	38,145
Chitral Lower	1632	586,159
Kaghan/ Naran	897	5,171,773
Total	5,419	17,399,141

Table 4: Tourism Statistics

Source: Khyber Pakhtunkhwa Integrated Tourism Development Project

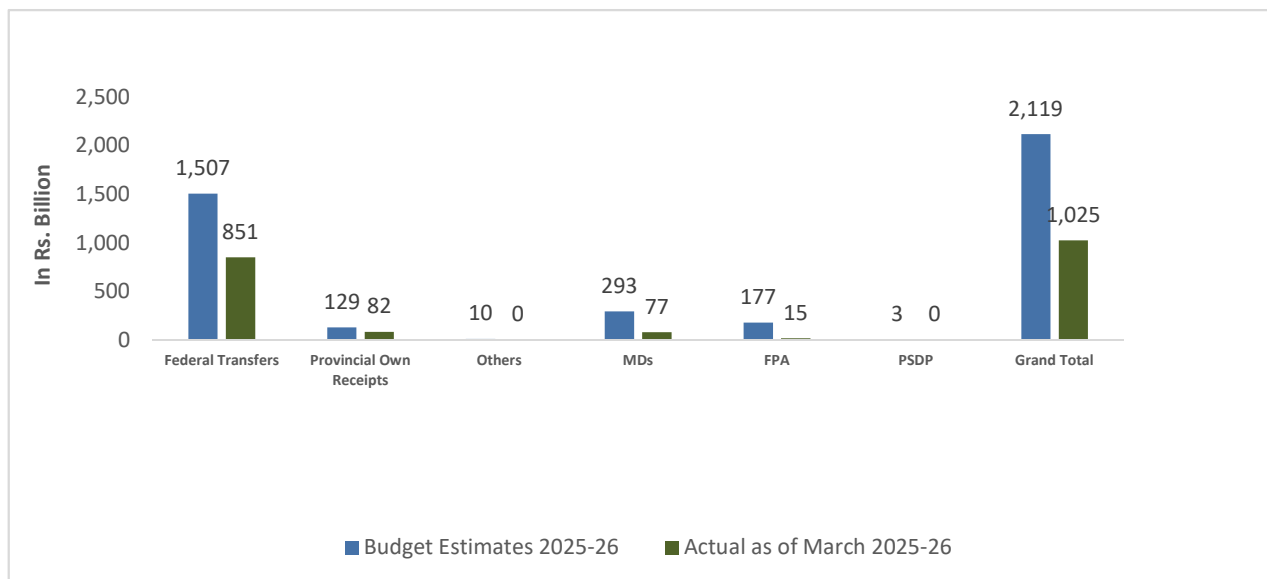
5. Budget Performance for FY 2025-26

The fiscal review of Khyber Pakhtunkhwa for the first seven months of FY26 shows significant shortfalls against budget estimates, particularly in three major areas: net hydel profits (including arrears), grants for merged districts, and foreign project assistance. The province has consistently asserted its constitutional right to receive net hydel profits from electricity generated by dams located within its territory, as well as its due share of federal revenues allocated for the merged districts. These expected receipts are incorporated into the provincial budget each year through formal revenue provisions. However, the federal government has repeatedly failed to release these amounts in full and on time. As a result, there is a substantial negative variance between the budgeted estimates and the actual receipts. This recurring gap has adversely affected the province's fiscal position and planning capacity.

Based on the provided table, the FY26 Budget Estimates have been rationalized to reflect actual fiscal performance. Total receipts reached Rs 1,025 billion, representing 48% of the annual target of Rs 2,119 billion; consequently, the projected growth for total receipts is adjusted to 9%. Federal transfers totaled Rs 851 billion (55%), leading to a revised estimate of Rs 1,287 billion and a projected growth rate of 11%. Provincial own receipts performed relatively better at Rs 82 billion (63%), with projected growth revised to 16%. Meanwhile, grants for merged districts (MDs) amounted to Rs 77 billion, which is 26% of the total budgeted receipts for the year. Additionally, Foreign Project Assistance (FPA) saw limited inflows of Rs 15 billion (8%), resulting in a revised growth forecast of -10%.

Head	Budget Estimates 2025-26	Actual as of March 2025-26	Revised Estimates 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29	%age Change BE 2025-26 against Projected 2026-27
Federal Transfers	1,507	851	1,287	1,671	1,830	2,002	11%
Provincial Own Receipts	129	82	121	150	165	178	16%
Others	10	0	0	0	0	0	-100%
MDs	293	77	292	321	328	359	10%
FPA	177	15	142	160	176	194	-10%
PSDP	3	0	3	3	4	4	0%
Grand Total	2,119	1,025	1,845	2,305	2,503	2,737	9%

Table 5: Estimates of receipts – budgeted vs Actual/Projected and Forecast



5.1 Total Budget Expenditure

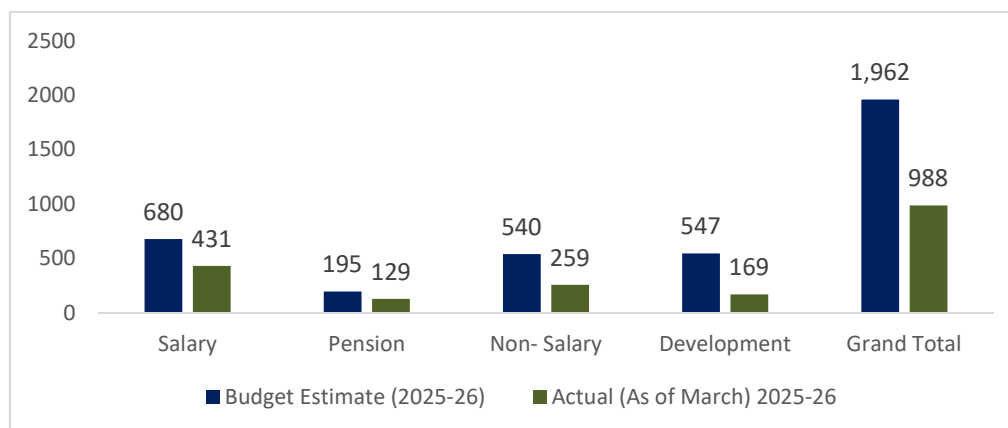
During the first nine months of the fiscal year, expenditure patterns show a continued focus on essential commitments despite broader fiscal rationalization. Current expenditures remain a significant portion of spending, with salaries reaching Rs 431 billion (63% of the budget estimate) and pensions totaling Rs 129 billion (66% of the budget estimate) as of March. Non-salary spending reached Rs 259 billion, representing 47% of its annual target. These trends have led to a revised estimate for the year, where salary growth is projected at 13% and pension growth at 17% compared to the previous year.

Development spending has faced challenges in meeting targets, with actual expenditures reaching only Rs 169 billion against a budget estimate of Rs 547 billion, reflecting a 30% achievement rate. This has resulted in a downward revision of the total expected development outlay to Rs 444 billion, though this still represents a 31% increase over the previous year's actual spending. Overall, the grand total of expenditures as of March stands at Rs 988 billion (50% of the budget), leading to a rationalized annual growth projection of 19% as the government balances fiscal restraint with protected obligations.

Based on the available actual's of 9 months, the current and development projected annual expenditures for settled and merged district ends up below:

Head	Budget (2024-25)	Actual (2024-25)	Budget Estimate (2025-26)	Actual (As of March) 2025-26	Revised Estimates (2025-26)	%age increase in 2025-26 against 2024-25
Salary	604	561	680	431	610	13%
Pension	167	165	195	129	195	17%
Non- Salary	467	464	540	259	437	16%
Development	416	273	547	169	444	31%
Grand Total	1,654	1,463	1,962	988	1,686	19%

Table 6: Total Expenditure 2023-24 - Budgeted vs Actual/Projected



6. Medium-term Fiscal Framework 2026-29 Khyber Pakhtunkhwa

6.1 Strategies for Fiscal Optimization and Revenue Enhancement

The provincial government's fiscal strategy focuses on robust revenue growth, efficient expenditure, and reduced reliance on borrowing, strengthening tax collection through base expansion, compliance enforcement, and digitalization, boosting non-tax revenue via fee revision, arrears recovery, and asset management, and mobilizing resources through high-return development projects, PPPs, and Islamic/Shariah-compliant financing. Sectoral priorities aim for transformative outcomes: Health will see expanded hospitals, improved medicines and equipment, and strengthened preventive programs; Education will enhance access, teacher training, digital learning, and enrollment, particularly for girls and underserved communities; Law & Order will be fortified through enhanced security and institutional capacity. Simultaneously, climate-resilient infrastructure, Clean Energy initiatives including renewable power, E-Buses, and electric rickshaws, and programs ensuring food security will drive sustainable growth, resilience, and long-term prosperity across the province.

6.2 Combined Khyber Pakhtunkhwa Budget

Total budgeted expenditure for FY 2025-26 is PKR 1,962 billion both for settled and merged districts, whereas budgeted expenditure for FY 2026-27 is forecasted at 2,305 billion, reflecting an increase of 17% over the previous year. The Medium-term projections for FY 2026-29 are elaborated in the table below.

Head	Budget Estimates 2025-26	Actual 2025-26	Forecast		
			2026-27	2027-28	2028-29
Current-Settled	1,255	722	1,545	1,668	1,824
Development-Settled	407	128	426	469	515
Current-Merged Districts	160	97	181	199	214
Development-Merged Districts	140	41	153	167	184
Grand Total	1,962	988	2,305	2,503	2,737

Table 7: Combined Khyber Pakhtunkhwa Budget

6.3 Budget Forecasts FY 2026-29 – Settled Areas

The total budget estimates for settled districts for FY 2025-26 is projected to PKR 1,662 billion, against PKR 1,389 billion budget estimates of 2024-25 reflecting an increase of 20%. The current budget estimated for 2025-26 for salary heads increased by 13%, Pension under current side is increased by 17% in comparison to the budget estimates of FY 2024-25 whereas non-salary has increased by 16%. Medium term projections for FY 2026-29 are elaborated in the table below:

Head	Budget Estimates	Actual	Forecast		
	2025-26	2025-26	2026-27	2027-28	2028-29
Current-Settled	1,255	722	1,545	1,668	1,824
Salary	576	366	662	728	801
Pension	190	125	228	251	276
Non-Salary	489	231	655	689	747
Development-Settled	407	128	426	469	515
Provincial	195	90	224	247	271
Tehsil/District	39	0	45	49	54
FPA	172	37	155	171	188
PSDP	1	1	2	2	2
Total Settled	1,662	850	1,971	2,137	2,339

Table 8: Projection 2026-29 (Settled)

6.4 Budget Forecasts FY 2026-29 Merged Areas

Expenditure of Merged Districts (MDs) are maintained separately by the government with two broader classifications i.e. Current Expenditure and Development Expenditure of MDs. Total budget forecast for MDs of FY 2025-26 projected at PKR 300 billion. On the current side, budgets for salary and pension increased by 10% from the previous year's budget estimates. Medium term projections for FY 2026-29 are elaborated in below mentioned table:

Head	Budget Estimates 2025-26	Actual 2025-26	Forecast		
			2026-27	2027-28	2028-29
Current-Merged Districts	160	96	181	199	214
Salary	104	65	119	131	144
Pension	5	4	6	7	8
Non-Salary	51	28	56	61	62
Development-Merged Districts	140	41	153	167	184
MDs ADP	40	12	46	50	55
AIP	93	26	100	110	121
FPA	5	1	5	5	6
PSDP	2	2	2	2	2
Total	300	138	334	366	398

Table 9: Projections 2026-29 (MDs)

6.5 Receipt Forecasts for FY 2026-29

The projections for total receipts during FY 2026-29 based on actual receipts (9 months July 2025 to January 2026) so far shows materialization of PKR 2,119 billion. Receipt targets forecasted for FY 2025-26 is PKR 2,119 billion, an increase of 20% against the last years targets. Medium term projections of receipts for FY 2026-29 are elaborated in below mentioned table:

Table 10: Receipt forecast for FY 2026-29

S.No.	Head	Budget Estimates (2025-26)	Actuals 2025-26 (As of March)	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
Grand Total		2,119	1,025	2,305	2,503	2,737
A	Federal Transfers	1,507	851	1,671	1,830	2,002
i	Federal Tax Assignment	1,148	710	1,320	1,450	1,590
ii	1 % for War on Terror	138	85	159	172	185
iii	Straight Transfers	57	32	57	60	70
iv	Windfall Levy	58	0	28	30	30
v	Net Hydel Profit	35	0	36	40	43
vi	Arrears of NHP	71	24	71	78	84
B	Provincial Own Receipts	129	82	150	165	178
i	Tax Receipts	84	58	99	109	118
ii	Non-tax Receipts	45	24	51	56	60
C	Others	10	0	0	0	0
i	Capital Receipts	0	0	0	0	0
ii	Ways & Means Advance KP	10	0	0	0	0
D	MDs	293	77	321	328	359
i	Non Development Grant	80	60	86	95	104
ii	Additional Demand for Current Budget	63	0	14	17	19
iii	ADP	33	17	38	42	46
iv	District ADP	7	0	8	8	9
v	AIP	50	0	55	61	67
vi	Additional demand as per due share of MDs in NFC	0	0	45	25	30
vii	3% Share of Provinces	43	0	45	50	54
viii	TDPs	17	0	30	30	30
Total (A+B+C+D)		1,939	1,010	2,142	2,323	2,539
E	Foreign Projects Assistance	177	15	160	176	194
F	Dev. + Non Dev Grants (PSDP etc.)	3	0	3	4	4

For more information and feedback:

FINANCE DEPARTMENT

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