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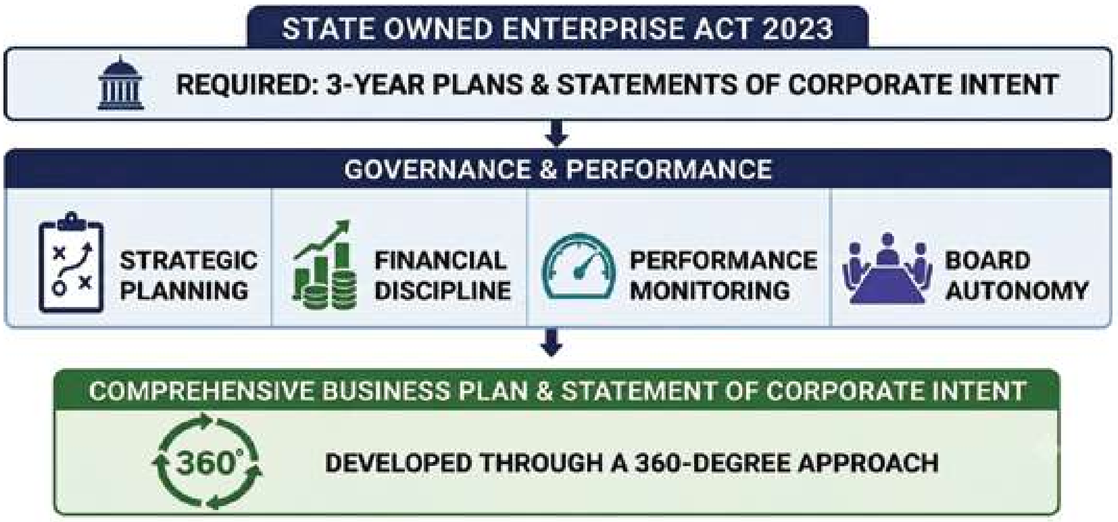
SECTOR BRIEF OF PUBLIC SECTOR ORGANIZATIONS (PSOS) IN PAKISTAN

Pakistan's public sector, including 190 SOEs, contributes about 10% to GDP with revenues of Rs. 12.4 trillion in FY2025. Yet losses of Rs. 832.6 billion outweighed profits of Rs. 709.9 billion, adding to accumulated losses above Rs. 6.5 trillion. Despite privatization efforts and governance reforms under the PFM Act 2019 and SOE Act 2023, challenges of accountability, sustainability, and efficiency persist. Strengthening governance, accounting, and performance management remains essential for transparency and sustainable development.

Historical Transition of Public Sector Organizations in Pakistan: Nationalization, Privatization and Governance Reforms

1947-49	• At independence, Pakistan inherited limited public-sector infrastructure, with railways, post, irrigation, and public works forming the backbone, alongside municipal bodies delivering basic services. • The State Bank of Pakistan (SBP) was established as the first major regulatory institution, overseeing monetary policy, banking supervision, foreign exchange, and currency issuance. • The National Bank of Pakistan (NBP) followed as the first state-owned commercial bank, supporting government operations, trade finance, and economic development.
1952-57	• PIDC launched Pakistan's SOE sector, establishing 60+ industrial projects in fertilizer, cement, textiles, paper, chemicals, and engineering to offset weak private investment. • PICIC became the first major DFI, providing long-term industrial financing unavailable through commercial banks.
1958-61	• WAPDA established as the first federal authority for dams, hydropower, irrigation, and water management. • CDA created to plan and develop Islamabad, introducing modern municipal development authorities. • Expansion of strategic SOEs with OGDC, IDBP, and PIA, strengthening Pakistan's state-owned and development finance sectors.
1964-67	• Public investment drove nearly half of national development spending, with major projects like Mangla and Tarbela Dams, irrigation systems, and highways. • Expansion of autonomous bodies such as Pakistan Council of Scientific and Industrial Research (PCSIR) and Pakistan Agricultural Research Council (PARC) established specialized research institutions beyond traditional ministries.
1972-74	• The government nationalized **31** major industrial groups, dramatically expanding state ownership and the SOE sector. • Government assumed greater control over educational institutions, public utilities, and industrial corporations under a state-led development model. • Around **14** commercial banks and the insurance sector were nationalized.

1975-79	• The state controlled over 70% of large-scale manufacturing sector, the entire commercial banking system, and major transport, industrial, and energy enterprises. • Under current regime, further nationalization was halted and policy shifted towards managing and consolidating existing public enterprises. • Formation of Pakistan National Shipping Corporation (PNSC) consolidated national shipping operations and strengthened strategic and reliable transport for state-owned enterprises (SOEs).
1981-93	• SOEs became major employers across railways, banking, utilities, telecommunications, and manufacturing sectors. • The Privatization Commission was established, launching Pakistan's formal privatization program. • Privatization and Liberalization Era, marked by the privatization of many SOEs and a shift in the government's role from ownership to regulation.
1996-2000	• Creation of Pakistan Telecommunication Authority (PTA) introduced a modern sector-specific regulatory authority following telecommunications liberalization. • Creation of the Securities and Exchange Commission of Pakistan (SECP) and National Electric Power Regulatory Authority (NEPRA) strengthened independent market regulation and corporate oversight. • The National Database and Registration Authority (NADRA) emerged as one of Pakistan's most successful autonomous bodies, developing one of the world's largest biometric identity management systems.
2002-10	• Establishment of the Higher Education Commission (HEC) and Oil and Gas Regulatory Authority (OGRA) strengthened both autonomous governance and sector regulation. • Significant growth in Municipal Development Authorities, Water and Sanitation Agencies (WASAs), and Urban Infrastructure organizations across major cities. • Aggregate annual losses of major SOEs exceeded Rs. 250 billion, shifting policy focus toward governance reforms, accountability, and operational efficiency.
2013-18	• Government initiated restructuring efforts for major loss-making entities including PIA, Pakistan Railways, Pakistan Steel Mills, and Electricity Distribution Companies (DISCOs). • More than 170 enterprises have been privatized through completed transactions since the launch of the privatization program in 1991. • Pakistan Regulatory Modernization Initiative (PRMI) aimed to improve regulatory quality and ease of doing business, alongside reforms in governance, transparency, professional management, board independence, and accountability.
2020-23	• Expansion of digital governance with e-government services and tech-enabled delivery across federal and provincial institutions. • Comprehensive SOE reform backed by ADB, covering 212 enterprises under the 2021 Governance and Operations Bill to strengthen discipline, oversight, and performance. • Establishment of EXIM Bank of Pakistan as a new-generation DFI to support export financing, trade promotion, and competitiveness. • **SOEs Act 2023** introduced landmark governance reforms, establishing modern ownership, oversight, reporting, and accountability frameworks for federal enterprises.



Public Sector Transformation and Outlook in Pakistan

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Under the SOE Act 2023, reforms mandate rolling business plans, corporate intent statements, and stronger board autonomy, aligning with the 13th Five-Year Plan (2024–2029) to drive export-led growth and private investment. Looking ahead, Pakistan aims to transition toward transparent, data-driven, performance-oriented governance. This includes phased adoption of Accrual-Based IPSAS, digitalization, evidence-based policymaking through the Pakistan Data and Evidence Lab, and enhanced monitoring and evaluation. Supported by the World Bank's $40 billion Country Partnership Framework (2026–2035), these reforms are expected to strengthen fiscal discipline, improve competitiveness, and build public trust while ensuring sustainable development.

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S.W.O.T Analysis
of Pakistan's Public Sector Organizations

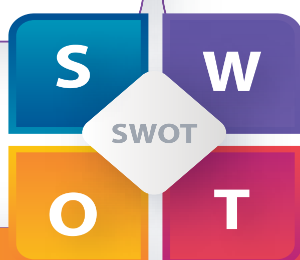
This is a general overview of Public Sector Organizations in Pakistan using the S.W.O.T framework. It shows key strengths, weaknesses, opportunities, and threats.

STRENGTHS

- Extensive institutional network comprising ministries, regulators, SOEs, autonomous bodies, and service providers.
- Strong constitutional and legal framework for public accountability, including oversight by the Auditor General and parliamentary institutions.
- Significant economic footprint with assets exceeding Rs. 38 trillion and revenues above Rs. 12 trillion.
- Substantial Progress in public financial management reforms through PIFRA and increasing alignment with international standards
- Growing emphasis on governance, monitoring, evaluation, and performance management.

WEAKNESSES

- Delays in transitioning from traditional compliance-based reporting to performance- and outcome-oriented financial reporting.
- Bureaucratic processes, lengthy approval mechanisms, and interdepartmental coordination challenges can delay implementation.
- Operational inefficiencies and financial losses within several SOEs continue to create fiscal pressures.
- Capacity constraints, skills gaps, and uneven adoption of modern management practices persist across institutions.
- Fragmented data systems and inconsistent public-sector information quality weaken decision-making, coordination, and accountability across institutions.



OPPORTUNITIES

- Data integration across ministries, regulators, and SOEs reduces fragmentation and improves coordination in public service delivery.
- Gradual adoption of Accrual-Based IPSAS can significantly improve transparency, accountability, and fiscal management.
- Strengthened Monitoring & Evaluation (M&E) systems allow early detection of inefficiencies and faster policy correction cycles.
- Digital government initiatives, data analytics, and AI-enabled governance can improve service delivery and decision-making.
- Pakistan Data and Evidence Lab can institutionalize evidence-based policymaking and outcome-focused governance.

THREATS

- Rising public expectations for service quality may outpace institutional capacity improvements.
- Cybersecurity, data governance, and technological risks associated with increasing digitalization.
- Resistance to change from entrenched bureaucratic structures may impede modernization efforts.
- Political transitions and policy discontinuity could slow implementation of long-term reforms.
- Macroeconomic volatility, fiscal constraints, and external economic shocks may limit ongoing reform momentum.