

DAWN

[Post-budget chores](#)

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THE annual budget season has ended with parliament's [approval](#) of federal budget 2026-27. Once passed, the activity and debate surrounding the budget's preparation subsides until the next year — exposing the wide gap between policy pronouncements and actual outcomes. The budget shouldn't be seen as an annual, stand-alone affair but as an integral component of a medium-term budgetary framework, translating policies and reform priorities into resource allocations and implementation plans. Take the National Tariff Policy. It was formulated after stakeholder consultations, publicly announced and subsequently reflected in the budget. Policy predictability and credible implementation plans help businesses and investors make informed decisions.

Preparations for the next budget should start now. Policies for industrial development, integrated energy planning, taxation, education and skills must be finalised with evidence-based analysis and extensive consultation. Once approved, the budget should simply provide the resources required for implementation, thus reducing the disconnect between ambitious policy aims and disappointing outcomes. The 2010 NFC Award, for example, envisaged a tax-to-GDP ratio of 15 per cent; 15 years later, we're stuck at 10-11pc.

Moving from stabilisation towards growth, four main post-budget tasks merit attention: setting clear priorities, boosting oversight and monitoring mechanisms, assigning responsibility for execution and adopting more meaningful performance indicators. An empowered local government is needed to improve service delivery. Citizens judge governments by the quality of education, healthcare, water supply, roads, transport and recreational facilities — services which are delivered effectively only when authority,

resources and accountability are devolved to LGs. A constitutional amendment specifying responsibilities and resource allocations for LGs is more practical than proposals for creating new provinces.

Setting national priorities: The most important priority is digitisation. Digital infrastructure, connectivity, integrated databases, digital payments, e-governance and AI can transform virtually all sectors of the economy. For instance, at JPMC, Karachi, AI-aided pre-consultations have reduced the workload of specialists who can devote more time to patient care. Similar technologies can automate routine tasks in education, finance, taxation, agriculture and public administration. Integrated e-governance can revolutionise government functioning. Officials can retrieve data instantly through a centralised digital repository of files and records, replacing the cumbersome seven-tier bureaucratic hierarchy where physical files take weeks to move. Time-sensitive files often go missing, delaying decisions and encouraging rent-seeking. Digital workflows can improve efficiency and transparency. Digital payment systems and wider use of QR-code and card-based transactions would further document economic activity and broaden the tax base. Investing in skills related to AI, cloud computing, robotics, cybersecurity, biotechnology, renewable energy and semiconductor design can support domestic productivity and export growth.

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Institutional strengthening is the second priority. Organisations such as the armed forces, the FO and SBP have shown that strong mandates, professionalism and operational autonomy produce results. Institutions such as the auditor general, SECP, Nepra, Ogra, Wapda and FBR should also be strengthened. Third, parliamentary committees must have a meaningful role throughout the policy cycle. Draft medium-term budgetary frameworks, strategy papers, annual plans, reform proposals, etc, should be presented to committees for discussion. Broader political ownership will enhance policy continuity and reduce resistance to reform.

Finally, work on targeted subsidies, tax harmonisation, provincial revenue mobilisation, etc, must be completed in time to be incorporated in next year's budget. Reform sequencing and timing can be finalised after consulting businesses, SMEs and farming communities.

Strengthening oversight and monitoring: The National Economic Council and its executive committee (EcneC) are notable examples of institutions responsible for coordination and oversight. The NEC meets only

once or twice a year, mainly to endorse annual plans; Ecnec focuses largely on project approvals. Neither has consistently examined whether development policies are coherent, mutually reinforcing and being implemented well. A two-tier oversight mechanism is needed. Federally, the secretaries' committee should be the main forum for inter-ministerial coordination. Matters needing political decisions can then be referred to cabinet committees — and if necessary, to the cabinet. The second tier should focus on federal-provincial coordination. Inter-provincial ministerial committees on agriculture, education, health, taxation, climate change, population planning, skills development and digitisation should regularly review progress. Unresolved issues could be escalated to Ecnec and, ultimately, the NEC which should also approve an integrated national budgetary framework. These fora should be supported by a digitised monitoring system to track progress against set milestones and provide real-time evidence for decision-making.

Assigning responsibility: A recurring governance weakness is the absence of clearly defined responsibility. Performance agreements containing measurable aim and key performance indicators should be introduced for ministers, secretaries and heads of public organisations. This would require revisiting the Rules of Business to clarify the division of responsibilities. The existing bureaucratic hierarchy should be streamlined, e-governance tools deployed extensively and overlapping functions rationalised. Ministries with related mandates in infrastructure, energy and human development should be merged. Ministers and secretaries must be held accountable for outcomes. Excessive referrals to the PMO should be minimised, allowing ministries to exercise authority.

Measuring what matters: Transitioning from stabilisation to growth needs new performance indicators. Policymakers must also track indicators that directly reflect improvement in living standards and productive capacity, including provincial growth rates, employment generation, real wage growth, poverty reduction, gender and regional inequality and the number of new taxpayers entering the system. Other indicators include lending to SMEs, farm credit, microfinance, low-cost housing and public spending in backward districts.

Equally important is monitoring private investment in agriculture, manufacturing, mining, construction, transport and other productive sectors. Sustainable growth will depend not just on government expenditure but also on the willingness of private investors to expand productive capacity. The real work begins now. If policymakers use the post-budget period to establish priorities, strengthen institutions, clarify responsibilities, and monitor

outcomes, future budgets will become instruments of transformation rather than annual accounting exercises.

The writer is a former State Bank governor.

Published in Dawn, June 25th, 2026