

GOVERNMENT OF PAKISTAN

Ministry of Finance

# Domestic Green Sukuk

Allocation & Impact Report

**FY 2025 – 26**

**Debt Management Office**

May 2026

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## 1. OVERVIEW

### 1.1 Green Sukuk

A Sukuk is an Islamic financial certificate, similar to a bond in conventional finance, that complies with Shariah (Islamic law) principles. The Government of Pakistan Ijara Sukuk Rules, 2008 provide the regulatory framework for sukuk issuance, enabling flexible asset selection under a Shariah-compliant structure.

Pakistan has developed the Sustainable Investment Sukuk Framework for Domestic Government Securities (the Framework), under which it plans to issue a series of Sustainable Investment Sukuk, including Green Sukuk, Social Sukuk, and Sustainability Sukuk. These instruments aim to finance environmentally friendly, social, and sustainable projects aligned with National Adaptation Plan, National Climate Change Policy, Nationally Determined Contributions, and National Climate Finance Strategy of the Government of Pakistan.

### 1.2 Inaugural Issuance

A key milestone in Pakistan’s sustainable finance journey was the issuance of the inaugural PKR 32 billion Sovereign Domestic Green Sukuk, a 3-year listed Variable Rental Rate (VRR) GOP Ijarah Green Sukuk under the Sustainable Investment Sukuk Framework.

## 2. ELIGIBLE GREEN PROJECTS

The Green Sukuk proceeds are directed toward three strategically selected infrastructure projects spanning multiple provinces of Pakistan, demonstrating regional inclusivity and national impact.

### Project 1 — Construction of Garuk Storage Dam, District Kharan

<b>Province</b>	Balochistan
<b>Ministry</b>	Ministry of Water
<b>Executing Agency</b>	Irrigation Department, Balochistan
<b>Description</b>	Multi-purpose dam project to enhance water storage capacity, support irrigation in arid Balochistan, improve water availability, and promote climate adaptation through drought resilience. Supports water security and climate resilience in the region.
<b>Physical Progress</b>	81.68% complete. Plugging of the dam underway; scheduled for completion (except conveyance system) in FY 2025-26.

### Project 2 — Construction of Naigaj Dam Project

<b>Province</b>	Sindh
<b>Ministry</b>	Ministry of Water
<b>Executing Agency</b>	WAPDA

<b>Description</b>	Integrated water and renewable energy infrastructure supporting 4.2 MW hydropower, sustainable water supply, flood mitigation, and improved water quality in Manchar Lake, while contributing to biodiversity protection through ecosystem restoration.
<b>Physical Progress</b>	48.30% complete. Disbursement for FY 2025-26 currently pending.

### Project 3 — 26MW Shagarthang Hydropower Project (HPP), Skardu

<b>Province</b>	Gilgit-Baltistan
<b>Ministry</b>	Ministry of Water & Power GB / Federal Ministry of Energy
<b>Executing Agency</b>	Water and Power Department, Gilgit-Baltistan
<b>Description</b>	Run-of-river renewable energy project in Gilgit-Baltistan aiming to expand clean energy supply, reduce reliance on fossil fuels, and enhance energy access in remote mountainous regions. Approx. 300 jobs during implementation; 100 permanent positions.
<b>Physical Progress</b>	32.11% completed. Under active construction. Target completion: October 2027.

The table below summarises each project’s primary and secondary expenditure categorisations across water resource management, renewable energy, and biodiversity / climate adaptation.

Project	Water Resource Management	Renewable Energy	Biodiversity / Climate Adaptation
Garuk Storage Dam	Primary	Not Applicable	Climate Adaptation
Naigaj Dam Project	Primary	Secondary	Biodiversity & Adaptation
26MW Shagarthang HPP	Secondary	Primary	Not Applicable

### 3. ALLOCATION & UTILISATION OF PROCEEDS

This report presents the ex-post allocation and associated impacts of proceeds raised under the Domestic Green Sukuk for FY 2025–26 and FY 2024–25. Allocations are made against eligible government expenditures incurred in the current or preceding fiscal year.

The Sukuk does not necessarily finance the full project cost; rather, it supports eligible portions of expenditure within the overall federal funding requirement.

<b>PKR 32 Bn</b> Total Issuance Sukuk Size	<b>PKR 11,256 M</b> Cumulative Spend FY24-25 + FY25-26 (to date)	<b>~35%</b> Proceeds Allocated Of total issuance	<b>PKR 20,744 M</b> Remaining to be allocated
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### 3.1 Detailed Allocation Summary

All eligible expenditures were duly approved under the PSDP framework and implemented by the concerned line ministries and executing agencies in accordance with national public financial management rules. The respective executing ministries have provided and verified detailed activity-level information and budgetary documentation. The expenditure has been made as per the budget release strategy. Allocation and expenditure data have been duly verified by the respective Line Ministries Principal Accounting Officers and the Auditor General of Pakistan<sup>1</sup>.

Project	Federal Share FY25 (PKR M)	Budget 2025-26 (PKR M)	Actual Spend 2025-26 (PKR M)	Actual Spend 2024-25 (PKR M)	Expected Completion	Expected Remining Funding Requirement till completion (PKR M)
Garuk Storage Dam, Kharan	4,669	1,672	913	4,000	June 2027	~1,666 <sup>2</sup>
Naigaj Dam Project	46,980	500	0 (*)	3,039	June 2028 <sup>3</sup>	~22,000 <sup>4</sup>
26 MW Shagarthang HPP, Skardu	18,374	1,000	947 <sup>5</sup>	2,357	October 2027	~ 12,570
<b>TOTAL</b>	<b>70,023</b>	<b>3,172</b>	<b>1,860</b>	<b>9,396</b>	—	

Source: Ministry of Water and Ministry of Power; concerned Projects teams.

\* Disbursement is currently pending. A revised PC-1 is under preparation to reflect adjustments in timelines and updated cost estimates, following implementation delays. The original implementation period concluded in June 2025.

Actual expenditure amounting to Rs.182.777 million was incurred through bridge financing of Rs.175.884 million from WAPDA Water Wing and Rs.6.893 million from other receipts of the project during FY 2025-26 (up to 28.02.2026). The same are to be reimbursed from PSDP.

Among the three projects, Garuk Dam has the highest level of Sukuk-backed expenditure utilisation, while Naigaj Dam has the most significant pending disbursement issue, primarily due to the need for revised PC-1 approval. The remaining unallocated Sukuk proceeds (PKR 20,744 million) remain committed for allocation within 24 months of issuance and may continue supporting these projects as implementation progresses.

<sup>1</sup> The audit teams carried out the review and validation of contents regarding all three projects: Garuk Dam (Baluchistan), Naigaj Dam (Sindh), and 26 MW Shagarthang HPP (Gilgit Baltistan).

<sup>2</sup> The expected remaining funding considering the approved cost under 2nd Revised PC-1.

<sup>3</sup> The expected completion date of the Naigaj Dam Project is June 2028, considering the revised implementation timeline, approval process of the updated PC-1, availability of funds, and the requirement of two dry seasons for completion of the remaining works. Hence, the completion date may likely to change due to low physical progress.

<sup>4</sup> The PKR 22bn is an indicative figure based on the present project status and may be revised upon approval of the 3rd Revised PC-1, which will reflect updated cost estimates and implementation timelines

<sup>5</sup> Out of this incurred expenditure PKR 444.434 mn was savings from FY2024-25 which was transferred earlier to GB Consolidated Fund for the purpose of utilization in the next financial year by Finance department, GB upon request of PD, 26MW Shagarthang HPP.

## 3.2 Expenditure Breakdown by Project

### Garuk Storage Dam

Approximately 60% of spending is directed to core infrastructure, the main dam body, spillway, conveyance system, and water supply to Kharan City. The remaining 40% covers mobilisation advance, escalation, consultancy, security, project management, and contingencies.

### Naigaj Dam Project

Approximately 82.68% is allocated to civil works. The remaining 17.32% covers salaries, administrative costs, authority overheads, and consultancy services.

### 26MW Shagarthang Hydropower Project

Approximately 94.02% of spending went to main project works and ancillary buildings. The remaining 5.98% was used for pay, operating expenses, consultancy charges, and land compensation.

## 4. ALIGNMENT WITH UN SUSTAINABLE DEVELOPMENT GOALS

The Green Sukuk-funded projects are closely aligned with the United Nations Sustainable Development Goals, reflecting their combined environmental and social impact.

SDG	Goal Title	Project Contribution
<b>SDG 6</b>	<b>Clean Water &amp; Sanitation</b>	Garuk Dam enhances water availability for over 216,000 people in water-stressed areas of Balochistan, supporting sustainable water management across 5,059 hectares.
<b>SDG 7</b>	<b>Affordable &amp; Clean Energy</b>	Naigaj Dam (4.2 MW / 17.67 GWh annually) and Shagarthang HPP (26 MW / 160.39 GWh annually) expand clean electricity access, reducing reliance on fossil fuels.
<b>SDG 2</b>	<b>Zero Hunger</b>	Garuk project is aimed to directly benefit 216,437 people and irrigate 5,059 hectares, therefore, it inevitably contributes to SDG-2. Naigaj Dam supports food security and sustainable agriculture across 22,961 hectares of sustainable water management area in Sindh.
<b>SDG 13</b>	<b>Climate Action</b>	All three projects contribute to emissions avoidance and climate resilience. Shagarthang HPP alone avoids ~82,000 tCO <sub>2</sub> e per year.
<b>SDG 15</b>	<b>Life on Land</b>	Garuk Dam supports sustainable land and ecosystem management. Naigaj Dam includes biodiversity protection through controlled diversion to Manchar Lake and floodplain management.

Source: Ministry of Water and Ministry of Power; concerned Projects teams.

## 5. IMPACT INDICATORS BY PROJECT

### 5.1 Garuk Storage Dam

Impact Indicator	Target / Expected Value	Current Status
Storage Capacity	65.41 MCM	Achievement of the impact indicator will be assessed and confirmed upon project completion
Area Under Irrigation	5,059 Hectares	
Direct Beneficiaries	216,437 People	
Groundwater Recharge	9.14 MCM per year	
Climate Resilience Index	50–60 (Moderate Resilience Band)	

Source: 2<sup>nd</sup> revised PC-I of the project and Monthly Progress Report

Current status: 81.68% physical progress. Plugging of the dam is underway and scheduled for completion (with auxiliary works, except the conveyance system) during FY 2025-26. Full impact reporting will commence upon substantial completion.

### 5.2 Naigaj Dam Project

Impact Indicator	Target / Expected Value	Current Status
Installed Hydroelectric Capacity	4.2 MW	Achievement of the impact indicator will be assessed and confirmed upon project completion
Annual Clean Energy Generation	17.67 GWh	
Water Quality — Manchar Lake	Improvement Index (to be defined)	
Sustainable Water Management	22,962 Hectares	
Biodiversity Protection	Controlled diversion to reduce salinity; floodplain management for aquatic & riparian wildlife	

Source: 2<sup>nd</sup> revised PC-I & Monthly Progress Report for the month of Feb 2026.

Current status: 48.30% physical progress. Full impact metrics will be reported upon project completion (expected June 2028).

### 5.3 26MW Shagarthang Hydropower Project

Impact Indicator	Target / Expected Value	Current Status
Installed Renewable Energy Capacity	26 MW	Achievement of the impact indicator will be assessed and confirmed
Annual Electricity Generation	160.39 GWh	

Impact Indicator	Target / Expected Value	Current Status
Emissions Avoided	82,000 tCO <sub>2</sub> e per year	upon project completion
Households / Consumers Powered	~40,000	
Employment — Implementation	~300 people	~100 engaged to date; scaling up
Employment — Permanent	100 people (regular basis)	will be assessed and confirmed upon project completion

Current status: Active construction. ~100 people engaged in PMU Staff, consultant firm, and EPC Contractor roles. Full generation and impact metrics will activate upon project completion in October 2027.

## 6. IMPLEMENTATION PROGRESS AND FORWARD OUTLOOK

Pakistan's first Domestic Green Sukuk has successfully mobilised and initiated the deployment of sovereign capital toward climate-aligned infrastructure. Proceeds are being allocated to verified, PSDP-approved projects with clearly defined environmental and social objectives. The remaining balance will be fully allocated within the stipulated timeframe, with impact reporting to be progressively updated as projects advance toward completion and begin delivering measurable outcomes. In the event of delayed progress in any project, the Government retains the discretion to reallocate or replace the project during the sukuk tenor, if deemed appropriate, to ensure effective utilisation of funds and achievement of intended impacts.