



PAKISTAN CLIMATE BUDGET 2026-2027

Revenues, Allocations and Climate Priorities



Analysis by Zainab Naeem

“ Climate is a macroeconomic risk. Yet, climate investments are declining while vulnerabilities are rising. ”
(Economic Survey 2025–26)

1. CLIMATE & GREEN-LINKED REVENUES (FY2026–27)

TOTAL CLIMATE / GREEN-LINKED REVENUES & LEVIES
Rs. 2.026 TRILLION

	Petroleum Levy (PIL on Petrol, Diesel, Furnace Oil)	1,676.0
	Climate Support Levy (on Petrol & Diesel)	50.0
	EV Adoption Levy	22.5
	Gas Development Surcharge (GDS)	70.8
	Oil & Gas Royalties (Environment Related)	140.5
	Other Climate / Green Revenues	66.2

Note: Figures are as per Budget in Brief FY2026–27

2. CLIMATE FISCAL ENVELOPE (FY2026–27) (Resources Available for Climate Action)

BROAD CLIMATE FISCAL ENVELOPE
Rs. 690 BILLION

Broad climate fiscal envelope represents ~0.22% of total federal budget (FY2026–27).

Climate-tagged Allocation (excl. subsidies)
Rs. 214 BILLION

Green-tagged Subsidies (Climate-responsive)
Rs. 476 BILLION

3. CLIMATE-TAGGED ALLOCATION (FY2026–27) (Excl. Subsidies)

	ADAPTATION Rs. 70.5 BILLION (-17.5% vs FY2025–26)	• Water • Agriculture • Resilience • DRR & Health
	MITIGATION Rs. 124.1 BILLION (-79.4% vs FY2025–26)	• Energy • Transport • Industry • Land Use
	SUPPORTING AREAS Rs. 19.5 BILLION (-30.7% vs FY2025–26)	• Policy & Governance • Capacity Building • R&D, Data & Systems

4. DISASTER FINANCE (FY2026–27) (Outside Climate-tagged Allocation)

	DISASTER ALLOCATION Rs. 116.2 BILLION (+132% vs FY2025–26) ↑	• Preparedness • Response • Recovery • Reconstruction
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5. ENVIRONMENT PROTECTION BUDGET (FY2026–27)

	Rs. 5.032 BILLION	FY2025–26 (Budget) → FY2026–27 (Budget) Rs. 5.952 BN → Rs. 5.032 BN	Down Rs. 0.920 BN (-15.5%)
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CLIMATE RISK REALITY (Economic Survey 2025–26)

	2025 became Pakistan's SECOND WARMEST YEAR in 65 years
	Climate disasters caused Rs 822 BILLION in losses in 2025
	More than 4 MILLION people affected / displaced
	Rising heat, water stress, floods, glacial risks & extreme weather events

6. KEY OBSERVATION: FISCAL EXTRACTION & INVESTMENT GAPS

	Climate-linked Revenues & Levies (FY2026–27) Rs. 2.026 TRILLION	÷		Climate-tagged Allocation (excl. subsidies) (FY2026–27) Rs. 214 BILLION	=	RATIO OF REVENUES TO ALLOCATION 9.5 : 1 Pakistan collects substantially more climate-linked revenue than it allocates directly to climate-tagged action.
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WHAT IT MEANS

- ✓ Climate Investment Gap
 - ✓ Adaptation Deficit
 - ✓ Mitigation Deficit
 - ✓ Prevention Deficit
 - ✓ Resilience Deficit
- ⚠ Revenue growth is not translating into climate resilience on the ground.