



**NATIONAL HIGHWAY AUTHORITY**  
**NHA Transformation Unit (Implementation)**

**TRANSFORMATION PLAN UNDER SOE ACT, 2023 AND BUSINESS PLAN (2025-28)**

**BACKGROUND**

In line with the directions of the Sub-Committee on Rightsizing of the Federal Government, the National Highway Authority (NHA) has been working towards transformation of the organization in order to make it a sustainable organization. In this backdrop, NHA has been working on multiple domains, including administrative, structural, operational as well as financial in order to improve its business model. This is also in line with the State-Owned Enterprises (Governance and Operations) Act, 2023, wherein which it is required of all State-Owned Enterprises to function as commercially viable organizations. The NHA, after being categorized as an 'Essential SOE' and proposed to be retained by the Sub-Committee on Rightsizing of the Federal Government, intends to transform its governance and operations in line with the best practices globally and achieve a landmark success in the future of infrastructure development in Pakistan.

**1. Administrative Restructuring:**

The administrative and operational restructuring is designed to transition the administrative and operational structure of the National Highway Authority (NHA) into a model for efficient, focused and public service-oriented organization. This will ultimately lead to the desired outcomes of financial sustainability, results-oriented performance, and improved public service delivery through administrative and operational overhauling.

• **Establishment of New Structures:**

- A dedicated **NHA Transformation Unit** has been created to lead strategic reforms, ensure financial sustainability, and oversee operational modernization.
- Services of M/S A.F. Ferguson have been acquired by NHA for the purpose of the Organizational Restructuring of NHA, wherein organizational redundancies, systemic vulnerabilities and performance degrading factors will be identified, and subsequently rectified through the process of administrative and organizational restructuring.

- **Workforce Optimization:**

- The restructuring process has been initiated by **abolishing 440 vacant posts**, representing a **20% reduction** in the sanctioned workforce.
- Future hiring will focus on **performance-based contractual appointments** to introduce specialized expertise and accountability.
- The Administration Wing has already engaged M/s A.F. Ferguson for the NHA Restructuring Plan including rightsizing etc. at an approved cost of Rs. 42.55 million (including GST), as approved by NHA Executive Board in its 475<sup>th</sup> Meeting held on 26<sup>th</sup> August, 2025.
- The Scope of the services/TORs of the firm are as follows:
  - Review and analyze the current organizational structure, functions and workflows of NHA.
  - Evaluate human resource policy and procedures, including the role of deputationists and internal capacity gaps.
  - Benchmark NHA against national and international best practices for similar organizations and analyze NHA's governance structure in light of the SOE Act 2023.
  - Assess and update the organogram of NHA, considering the mandate and operational needs of the organization under the provisions of the SOE Act, 2023.
  - Preparation and submission of an inception report by September 01, 2025 for onward submission to Honorable Islamabad High Court.
  - The Consultant firm agreed to complete all the tasks and deliverables as per TORs without compromising on the standard and quality of work.

## **2. Operational Restructuring:**

- The Sub-committee on Rightsizing of the Federal Government (Finalization of Recommendations of Waive IV) in a meeting held on September 03, 2025 has recommended to place all regulatory functions under the Ministry.
- The NHA has submitted the request to MoC on September 09, 2025 that after a thorough legal and operational review, the National Highway Authority exercises only one core regulatory function that is explicitly mandated by Law: Regulation and control of the Right of Way (RoW). This function is exclusively vested in the NHA

under Section 10(2)(ix) of the NHA Act 1991, which empowers the authority to determine a building line between which and the RoW, it shall not be lawful without the consent of the Authority to construct or maintain any structure or make any excavation.

- It is further apprised that these fundamental planning and regulatory power are essential for ensuring national road safety etc. and this regulation of the ROW is a crucial revenue stream to finance the maintenance and upkeep of the existing road network.
- The Committee has been requested to reconsider its recommendation and to allow the Authority to retain its statutory mandate over planning and ROW regulations to effectively discharge its responsibilities.

### **3. Financial & Organizational Transformation under ADB RBL Program:**

The core of the financial transformation is the move towards self-sustainability and the resolution of the massive legacy debt portfolio, which includes:

- **Debt Resolution (ADB RBL Program):**

The debt restructuring component of the National Highway Authority's (NHA) Financial Transformation is focused on the following key points:

- Negotiations between NHA, Asian Development Bank (ADB) and Ministry of Finance are underway for the ADB's SOEs Transformation Program for a cost of USD 400 million.
- In this program, which is in the final stages of negotiations and which has already been presented before the Central Development Working Party (CDWP) of the Federal Government aims, as a pilot case, to make NHA a financially and commercially viable organization under the ambit of the SOE Act, 2023.
- A significant step involves the write-off (reduction) and restructuring of approximately \$6 billion of non-commercial Cash Development Loan (CDL) debt associated with commercially non-viable projects.

- The estimated timeline for the achievement of this program for debt restructuring is five years and 100% reduction is targeted to occur between 2026 and 2030, in line with the proposed Debt Stock Restructuring Plan 2026-30.
- The Disbursement Linked Indicator requires the "Debt Stock Restructuring Plan 2026-30" to be agreed upon and approved by the Government of Pakistan (GOP).
- High-Level Context: This overall financial reform is supported by high-level government decisions and is in line with the requirements of the SOE Act, 2023 and the Economic Coordination Committee (ECC) decision of January 2021.

- **Financial Sustainability Targets:**

- The NHA Business Plan sets an ambitious goal to increase revenue from PKR 105 Billion to PKR 500 Billion by 2028-29.
- Achieving this target will enable the NHA to manage its debt servicing and development funding needs independently.
- A Revenue Framework Revision is planned, which includes categorizing amenities, reviewing No-Objection Certificate (NOC) fees, and innovating collection mechanisms.

- **Organizational Transformation:**

- **Program Outcome: Enhanced SOE Performance:** The overarching goal of the Program Results Framework is to enhance the efficiency, financial sustainability, and performance of the targeted State-Owned Enterprises (SOEs) by **2030**, with special focus on NHA as a pilot project, focusing on the following key points:
  - **NHA's Financial Target:** Increase the NHA's Operating Cost Recovery Ratio (OCRR) by at least 32 percentage points to achieve a target of 50%.
  - **NHA Service & Safety:** Achieve a 3-star or higher IRAP rating and implement improved climate-resilience on at least 30% of the NHA network.
  - **NHA Gender Policy:** Implement a Gender Equality and Inclusion Policy to increase women's representation across NHA's organizational levels.
  - **NHA NHC:** Appointments in the National Highway Council in line with requirements of SOE Act, 2023 by including **at least one female director**.

- **SHRM Plan & Staffing:** Recruit 80% of the required technical staff (with 10% women) as per the Strategic Human Resource Management (SHRM) plan through a transparent, merit-based process.
- **Digital Procurement & Billing:** Implement electronic systems covering: 100% of development contracts (e-procurement), 90% of development contracts (e-billing), and 80% of non-development contracts (e-procurement and e-billing).
- **Road Safety Upgrades:** Complete and maintain Star Rating Assessments and implement safety upgrades to improve 75% of identified high-risk segments to a 3-Star or better rating.
- **Asset Digitization & Revenue:** Digitize and map via GIS 95% of all NHA assets. Integrate 30% of digitized roadside commercial amenities into NHA's revenue stream.
- **Climate Resilience:** Complete climate vulnerability risk assessments for 100% of the NHA network. Implement targeted risk mitigation strategies on 50% of the identified road segments.

#### **4. PSO Framework:**

The Public Service Obligation (PSO) framework clarifies the distinction between commercial projects and social projects, aligning NHA's operational mandate with the governance principles of the SOE Act, 2023.

- **New Funding Mechanism under SOE Act:**

- Projects designated as Public Service Obligations (PSO) will be executed through grants provided by the Federal Government, as stipulated under the SOE Act, 2023.
- This mechanism is critical, as it ensures that non-commercial projects (PSOs) are funded by the public exchequer via grants, freeing NHA from incurring further debt (CDL) for projects that cannot service the loan.

- **Strategic Project Segmentation:**

- The NHA's portfolio will be clearly segmented:
  - Commercially viable projects will be executed using private sector capital through models like PPP/BOT (Build-Operate-Transfer) or EPC (Engineering, Procurement, and Construction).

- PSO Projects (commercially non-viable projects) will be funded through the grant system to meet social and strategic needs
- Strategic Roads etc. be accounted for separately from their allocated budget being fiscal responsibility of appropriate ministry, in line with recommendation of Sub-Committee on Right Sizing of Federal Government.

- **Provincial Connectivity:**

- Services to provinces may be rendered on a case-to-case basis as a new business line including construction of roads, establishment of service areas etc., but such cost should not be included in NHA's CDL

- **Network Optimization:**

- A key strategic objective is to streamline the project portfolio and de-federalize non-revenue generating roads. De-federalization moves PSO roads that are not part of the strategic national network to provincial/local jurisdictions, further optimizing NHA's financial structure.

**TIMELINES FOR SUBMISSION OF REPORTS UNDER RESTRUCTURING PROCESS:**

<b>Sr. No.</b>	<b>Work Stream</b>	<b>Timeline</b>	<b>Status</b>
1	Inception Report	September, 2025	Submitted in time
2	Governance Framework	November, 2025	Submitted in time
3	Organization Design & Job Profiling	December, 2025 & January, 2025	To be submitted
4	HR Policy & Procedure Manual	January, 2025	To be submitted
5	Change Implementation/ Remediation Plan	February, 2025	To be submitted

**TRANSFORMATION TIME-LINE FOR SOEs:**

<b>Sr. No.</b>	<b>Goal Transformation Item</b>	<b>Starting Year</b>	<b>Completion Year</b>
1	<b>Overall Outcome:</b> Enhanced NHA Efficiency, Financial Sustainability, and Performance	2026	<b>2030</b>
2	Increase NHA Operating Cost Recovery Ratio (OCRR) by at least 32 percentage points (to reach 50%)	2026	<b>2030</b>
3	NHA Service Delivery Enhanced (30% of network at 3-star iRAP and climate-resilient)	2026	<b>2030</b>
4	Appointment of new Gender Equality and Inclusion Policy	2026	<b>2030</b>
5	Annual production and adoption of Business Plans and Statement of Incorporate Intent	2025	<b>2030</b>
6	NHA Financial Statements are publicly available and IFRS compliant	2026	<b>Already IFRS Complaint</b>
7	NHA National Highway Council (NHC) is appointed as per SOE Act, including at least one-woman Director	NHC has already been constituted	<b>Appointment of one female Director is awaited</b>
8	Recruitment of 80% of technical staff per NHA's SHRM plan (10% women)	2026	<b>2030</b>
9	Digital Procurement and Billing (100% development e-procurement, 90% e-billing, 80% non-development)	2026	<b>2030</b>
10	Road Safety Upgrades (75% of high-risk segments improved to 3-Star or better)	2026	<b>2030</b>

<b>Sr. No.</b>	<b>Goal Transformation Item</b>	<b>Starting Year</b>	<b>Completion Year</b>
11	Asset Digitization & Revenue (95% of NHA assets digitized; 30% of commercial amenities integrated into revenue stream)	2026	<b>2030</b>
12	Climate Resilience (100% vulnerability assessment; 50% road segments with mitigation strategies)	2026	<b>2030</b>
13	Debt Restructuring and 100% Reduction (Non-commercial CDL debt stock reduced, optimal capital structure for NHA achieved)	2026	<b>2030</b>

**TIMELINES FOR SUBMISSION OF REPORTS FOR ADMINISTRATIVE RESTRUCTURING:**

Sr. No.	Goal Transformation Item	Starting Year	Completion Year
1	<b>Phase 0: Inception Report</b> (Submission of Report)	2025 (September)	2025 (September)
2	<b>Recommended Governance Framework</b> As-is understanding of the Governance Framework & Benchmarking it against industry practices  Draft & Recommend Governance Framework in line with the SOE Act 2023	2025 (September)	2025 (October)
3	<b>Organization Design &amp; Job Profiling</b> As-Is Understanding of the current Org. Structure and Positions by conducting Role Clarification Questionnaire  Develop comprehensive design principles for NHA  Design Preliminary Organization Design recommendations report:  High-Level Recommendations till level 2  Design Recommended 'To-be' organization ++Design Structure to the nth level	2025 (September)	2025 (December)
4	<b>Job Profiling:</b> Develop Job Profiles of the To-be Structure	2025 (November)	2025 (December)
5	<b>Recommended HR Manual</b> Review and Analysis of current policies against market best practices. Gap Analysis Report.  Draft & Recommend HR Policy Manual	2025 (September)	2025 (December)
6	<b>Implementation &amp; Remediation Plan</b> Report detailing out implementation steps, milestones, communication strategy and governance.	2025 (December)	2026 (February)