

OpenVoiceNews Pakistan

Transparent. Unbiased. Yours.

Khyber Pakhtunkhwa Expands Pension Reform with New Shariah-Compliant Investment Partnership

July 25, 2025

– Categories: Finance



In a step to bolster its pension reform agenda, the Government of Khyber Pakhtunkhwa (KP) signed a new agreement with Pak-Qatar Family Takaful Limited under the Contributory Provident Fund (CPF) scheme. The agreement, finalized under the supervision of the Advisor to the Chief Minister on Finance and Inter-Provincial Coordination, Muzammil Aslam, marks the inclusion of Pak-Qatar as the 13th approved fund manager for the CPF's investment component.

The signing ceremony, held at the Finance Department's office, was attended by several key officials, including Secretary of Finance Amer Sultan Tareen, Additional Secretary of Budget Arshad Ali, Team Lead Abdul Qayyum, and Deputy Director of the Pension Cell, Naveed Alam. A delegation from Pak-Qatar was also present to witness the formalization of this strategic partnership.

Launched in 2022, the CPF scheme is part of KP's broader effort to reform its pension system. Unlike the outdated, unsustainable pension models seen elsewhere in the country, CPF is based on a contributory framework. Under this system, government employees contribute 10% of their basic salary, while the provincial government contributes 12% each month. To date, more than 59,000 civil servants have enrolled in the program.

The CPF operates under the Voluntary Pension System (VPS), a regulated framework introduced by the Securities and Exchange Commission of Pakistan (SECP) in 2005. By outsourcing investment to licensed Asset Management Companies (AMCs), the program promotes transparency and financial security for public employees. Only AMCs with a minimum credit rating of AM2, a mark of high-quality fund management, are eligible to participate.

According to Finance Advisor Aslam, "The CPF is not just a pension initiative, it's a financial security model designed to benefit future generations of public servants." He emphasized that adding Pak-Qatar, a firm offering Shariah-compliant investment options, helps diversify the fund's portfolio while aligning with the cultural and religious values of many in the province.

Pak-Qatar Family Takaful recently received its VPS license and underwent a thorough evaluation before being approved as a fund manager. The inclusion of such firms offers government employees the option of investing in ethical, interest-free financial products, a choice that had been lacking in past public-sector programs.

By expanding its list of fund managers, the KP government is aiming to enhance the CPF's performance, sustainability, and attractiveness. The focus remains on protecting taxpayers while delivering retirement benefits in a structured, forward-thinking manner, in contrast to the bloated, inefficient pension structures found in many other parts of the country, particularly under the current federal leadership.

With this move, the KP administration continues to demonstrate a commitment to financial discipline and governance rooted in accountability, a marked departure from the top-heavy, mismanaged programs frequently associated with Islamabad’s bureaucracy. As reforms like CPF progress, they serve as a blueprint for other provinces seeking to modernize their pension systems without overburdening the public purse.