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POVERTY IN PAKISTAN: CHALLENGES AND PATHWAYS FORWARD

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Executive Summary

Pakistan stands at a pivotal moment as it confronts intertwined crises of poverty, political instability, economic fragility, and climate vulnerability. Despite progress in certain sectors, the nation's structural inequities and governance challenges continue to undermine inclusive growth and resilience. Poverty remains a central concern, with over a quarter of the population living below the national poverty line and stark disparities between urban prosperity and rural deprivation.

Recurrent climate disasters, most recently the 2025 floods that displaced millions and devastated key agricultural regions, have compounded these inequalities, eroding livelihoods and deepening social vulnerability. While government programs such as BISP and Ehsaas provide critical support, their reach and impact remain constrained by systemic inefficiencies, underscoring the need for more transparent, adaptive, and community-driven social protection.

Politically, Pakistan's landscape is defined by fragmentation and uncertainty. The paralysis in Khyber Pakhtunkhwa's provincial governance, ongoing legal contests involving national leadership, and shifting alliances in Azad Jammu and Kashmir reveal widening cracks in institutional coherence. Amidst this turbulence, the federal government's IMF-mandated fiscal reforms including the restructuring of the Federal Board of Revenue signal, both external dependency and a tentative step toward fiscal modernization. Yet these measures risk concentrating authority in Islamabad while alienating provincial stakeholders, threatening to deepen administrative disconnection at a time when cooperation is essential.

Economically, Pakistan faces an acute test of endurance. The combined shocks of climate-induced destruction, inflationary pressures, and a widening current account deficit expose a fragile growth model sustained by external borrowing and emergency interventions. While policies like the new National Wheat Policy offer temporary relief to farmers, they also illustrate the tension between social welfare and fiscal prudence.

Experts warn that without structural reforms to boost productivity, diversify exports, and integrate climate adaptation into economic planning, recovery efforts will remain cyclical and reactive. The challenge now is to align fiscal discipline with social and environmental priorities to rebuild credibility and investor confidence.

On the diplomatic front, Pakistan continues a delicate balancing act between regional security imperatives and economic diplomacy. The recent ceasefire with Afghanistan, brokered by Qatar and Turkey, underscores Islamabad's reliance on external mediation to manage volatile borders, even as it seeks deeper economic ties with China and Saudi Arabia. Efforts to join the BRICS-backed New Development Bank highlight the government's strategic pivot toward diversified alliances, though persistent tensions with India and domestic security concerns threaten to offset these diplomatic gains.

Climate and environmental challenges represent both the most urgent threat and the most promising avenue for reform. Public support for climate action has surged, yet bureaucratic hurdles and weak institutional coordination hinder progress. With Lahore recently ranked the world's most polluted city, Pakistan's environmental crisis has become both a national emergency and a global concern. Accessing international climate finance, ensuring transparency in expenditure, and investing in sustainable urban and rural infrastructure will be critical to reversing this trajectory.

Security operations in Khyber Pakhtunkhwa and along the Afghan border have demonstrated tactical strength but limited strategic progress. The persistence of militant networks, recurring infiltration attempts, and political exploitation of security narratives reveal the need for a broader vision that combines governance reform, economic opportunity, and local empowerment. Regional military escalation, particularly India's recent joint exercises near the border, further compounds insecurity, diverting attention and resources from essential reconstruction and resilience efforts.



Poverty in Pakistan

CHALLENGES AND PATHWAYS FORWARD

October 17 marks the International Day for the Eradication of Poverty, a day recognized globally to highlight the urgent need to address poverty and promote inclusive development. In Pakistan, poverty remains a pressing challenge, affecting millions across urban and rural communities. Despite economic growth in recent decades, structural inequalities, inflation, and recurring natural disasters have contributed to rising vulnerability among marginalized populations.

As of 2023-24, the national poverty rate in Pakistan stood at approximately **25.3%**, marking the highest level in eight years. Poverty rates are highly uneven across the country, with urban centers like Islamabad reporting less than 5% of the population in poverty, while rural regions such as Tharparkar in Sindh face rates exceeding **75%**. Such disparities highlight the urgent need for targeted interventions and equitable access to basic services.

Economic instability, rising inflation, and widespread job losses in the informal sector continue to erode household incomes, while recurrent climate disasters deepen existing vulnerabilities. The 2025 floods, which devastated large parts of Punjab, Sindh, Khyber Pakhtunkhwa, and Balochistan, displaced millions of people and caused extensive damage to homes, crops, and infrastructure. Occurring just three years after the 2022 catastrophe, these floods highlight the growing frequency and intensity of climate-related disasters in Pakistan, underscoring the urgent need for stronger adaptation measures and resilient social protection systems. Limited access to quality education, healthcare, and social protection further entrenches the cycle of poverty, especially among women, children, and rural communities.

In response, the Pakistani government has implemented programs such as the Benazir Income Support Programme (BISP) and the Ehsaas Programme, providing cash transfers, scholarships, and health assistance to marginalized populations. Microfinance initiatives and rural infrastructure projects aim to promote economic inclusion and improve access to basic services. These interventions, while impactful, require continuous expansion, transparency, and community engagement to reach those most in need.

Looking ahead, reducing poverty in Pakistan will require a multi-pronged approach. Inclusive economic growth, investment in education and healthcare, strengthened social safety nets, and climate resilience strategies are critical. Empowering communities through information and awareness ensures that vulnerable populations can access available resources and advocate for their rights.

Observing Poverty Day is a reminder that poverty eradication is both a moral and developmental imperative. By addressing root causes and implementing comprehensive policies, Pakistan can move toward a more equitable and sustainable future, where all citizens have the opportunity to thrive.

Political Updates

Pakistan's political landscape remains in flux, with developments unfolding simultaneously across the federation, Khyber-Pakhtunkhwa (K-P), and Azad Jammu and Kashmir (AJK). From courtroom battles in Islamabad to delayed cabinet formation in Peshawar and escalating unrest in Muzaffarabad, the week has laid bare the widening gaps between governance, party control, and public discontent.

In Islamabad, the High Court issued notices to top federal and provincial officials after removing objections to a petition filed by newly appointed [K-P Chief Minister](#) Sohail Afridi. The CM is seeking permission to meet Pakistan Tehreek-e-Insaf (PTI) founder Imran Khan, who remains incarcerated at Adiala Jail. Justice Arbab Muhammad Tahir ordered the interior secretary, Punjab home secretary, inspector general of police, and Adiala Jail superintendent to respond by October 23. Afridi's lawyer argued that the provincial cabinet has yet to be formed and that the chief minister wishes to consult Imran before finalizing appointments.

This legal effort underscores the growing administrative paralysis in K-P, where Afridi has yet to announce his cabinet 12 days after taking oath. Provincial governance has effectively ground to a halt, with bureaucrats managing key affairs in the absence of ministers. Party insiders claim Afridi refuses to form a cabinet without a direct meeting with the PTI founder, despite central leadership suggesting a [short-term setup](#) to ensure continuity. Opposition members, meanwhile, have criticized what they call "governance by waiting," arguing that provincial institutions are being held hostage to party hierarchy.



Source: Tribune

While K-P grapples with political inertia, the federal government has quietly enacted significant structural reforms under International Monetary Fund (IMF) conditions. The Finance Ministry has officially stripped the Federal Board of Revenue (FBR) of its policymaking powers, confining it solely to tax collection. A [new Tax Policy Office](#) has been established within the ministry, led by Dr Najeeb Ahmed Memon, with specialized directors appointed for business, international, and personal taxation. The move aims to align Pakistan's fiscal governance with IMF benchmarks, though critics warn it further centralizes control in Islamabad and weakens institutional autonomy.

Meanwhile, AJK has emerged as another political flashpoint. President Asif Ali Zardari and Prime Minister Shehbaz Sharif have initiated talks on possible coalition arrangements following the Pakistan Peoples Party's (PPP) decision to move a [no-confidence motion](#) against the sitting AJK prime minister.

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Economic Outlook

Pakistan's economy stands at a critical juncture as overlapping crises expose the fragility of its growth model. Flood losses worth [Rs822 billion](#), a widening current account deficit, and IMF-driven fiscal reforms have collectively revealed how short-term fixes and reactive policymaking continue to undercut long-term resilience.

The government's official estimates on the 2025 floods show staggering losses across 70 districts, with agriculture and rural infrastructure the worst hit. Over 6.5 million people have been affected, and more than 1,000 lives have been lost. Punjab's farmlands, the backbone of Pakistan's food system, suffered severe damage, particularly in the 27 districts along the Sutlej, Chenab, and Ravi rivers. Yet, the government's immediate response has been limited to compensation payments and a Damage and Needs Assessment (DNA) framework that risks repeating past mistakes such as delayed implementation, weak coordination, and over-reliance on donor financing.



Source: The News

The floods have also reignited debate over Pakistan's failure to integrate climate adaptation into economic planning. As highlighted by the Sustainable Development Policy Institute (SDPI), the IMF's [\\$200 million Resilience and Sustainability Facility](#) could serve as a strategic anchor for climate resilience if expenditure is transparent and outcome based. Experts argue that funds must directly support flood defenses, early warning systems, and drought-resistant agriculture, rather than disappear into bureaucratic inefficiency or politically motivated projects. Without this shift, climate financing risks becoming another stopgap measure instead of a foundation for sustainable growth



Source: Tribune

At the same time, the government's newly approved National Wheat Policy 2025-26 offers relief for farmers by setting a procurement price of **Rs. 3,500 per maund**. While framed as a lifeline for rural livelihoods, the move also reflects the high fiscal burden of maintaining strategic reserves amid inflationary pressure. Critics warn that without structural reform in agricultural markets and irrigation systems; such price interventions may deepen fiscal imbalances rather than strengthen productivity.

Adding to the strain, the State Bank's data for the first quarter of FY26 paints a worrying external picture. Rising imports, particularly of energy and machinery, outpaced moderate export growth, widening the goods trade gap to \$7.5 billion. Even with record IT exports up 25 percent year-on-year and strong remittance inflows, the balance of payments remains precarious.

The path forward requires more than emergency aid or incremental reform. It demands a coherent national strategy that links climate adaptation, fiscal discipline, and export competitiveness. Redirecting untargeted subsidies toward resilience infrastructure, expanding taxation on high-end sectors, and ensuring provincial participation in climate financing could begin to restore policy credibility. For now, however, Pakistan's economic recovery remains reactive, not reformative. Each new policy, from wheat procurement to flood rehabilitation, treats the symptom rather than the cause.

Diplomatic Landscape

Pakistan's diplomatic landscape is once again defined by a precarious balancing act between conflict management, regional diplomacy, and economic dependence on its strategic partners. The recent **ceasefire agreement** between Pakistan and Afghanistan, brokered in **Doha** and set for follow-up in Istanbul, reflects both the fragility and the urgency of Islamabad's regional policy. After weeks of intense border clashes that killed dozens and halted all bilateral and transit trade, Pakistan's message to Kabul has been blunt - peace will only hold if the Taliban can restrain the **Tehreek-e-Taliban Pakistan (TTP)** and dismantle militant networks operating across the border.

Yet, the Taliban's denials and accusations of Pakistani airstrikes reveal a deep mistrust that diplomacy alone may struggle to bridge. While Defence Minister Khawaja Asif speaks of "meaningful ceasefire" and mutual commitments to eliminate terrorism, his own admission that Pakistan will strike "wherever they are" suggests that the truce is less an end to hostilities and more a temporary pause dictated by exhaustion and external mediation.



Source: Reuters

Qatar and Turkey's role as guarantors shows that Islamabad increasingly relies on regional middle powers to stabilize its western frontier, even as it attempts to project control. This diplomatic juggling extends beyond security matters. Pakistan's outreach to China for support in joining the [BRICS-backed](#) New Development Bank highlights how its foreign policy now pivots on economic survival as much as security. Finance Minister Muhammad Aurangzeb's plea in Washington for Chinese backing and his simultaneous engagement with U.S. officials encapsulate the government's dual pursuit of financial lifelines from competing global blocs.

Meanwhile, Saudi Arabia's launch of an [AI Hub](#) in Islamabad underscores Pakistan's attempt to rebrand itself as a digital and investment-friendly economy, though such initiatives often contrast sharply with the insecurity along its borders. The contradictions are glaring, Pakistan promotes artificial intelligence partnerships while its trade routes with Afghanistan remain paralyzed and thousands of trucks sit stranded, costing [billions](#) in lost revenue. Diplomatically, Islamabad appears active yet reactive, seeking reconciliation with Kabul one week and air striking targets the next, praising Chinese investments while appealing to the IMF for validation.

Beneath the flurry of diplomatic engagements lies a persistent dilemma: Pakistan's foreign policy remains tethered to crisis management rather than long-term vision. The ceasefire with Afghanistan, the courting of China, and the digital overtures to Saudi Arabia all reveal a country negotiating not just with its neighbours, but with its own conflicting imperatives of sovereignty, security, and survival.

Climate Change-related Updates

As Pakistan battles mounting environmental challenges, fresh data and warnings from both domestic and international fronts paint a troubling picture of the country's climate resilience. While a recent World Bank survey suggests a surge in public support for climate action, the gap between ambition and implementation remains wide, constrained by red tape, poor governance, and worsening air quality.

According to the World Bank's Pakistan Country Opinion Survey, national support for climate initiatives has grown sharply from just 5 percent in 2021 to **34 percent in 2025**, making climate change one of the top priorities for Pakistanis. Water and sanitation issues also saw a rise in perceived importance, climbing from 9 to 35 percent. Yet, the survey revealed declining confidence in the World Bank's role in governance and education sectors, with many respondents urging deeper engagement at provincial and grassroots levels.

Meanwhile, Pakistan's plea for international climate finance remains mired in bureaucracy. Speaking at the [FAO's Rome Water Dialogue](#), Prime Minister's Adviser Dr. Syed Tauqir Hussain Shah warned that "frontline countries like Pakistan are being strangled by process, not by a lack of funds." He said Pakistan needs \$7–14 billion annually for adaptation but faces complex requirements that delay disbursements for years. Dr. Shah criticised global climate funds for offering mostly loans rather than grants, burdening already debt-strapped economies. He called for a shift from "an architecture of complexity and debt to one of speed and trust," proposing innovative financing tools like green bonds and insurance mechanisms to unlock investment for small farmers and water infrastructure.



Source: Brecorder



Source: Dunya News

Back home, air quality has hit record lows. Lahore was declared the most polluted city in the world last week, with an **Air Quality Index of 304**, a level considered hazardous to human health. Faisalabad and Delhi followed closely behind as smog season intensified due to crop burning, vehicular emissions, and industrial pollution. Environmental authorities have launched crackdowns on polluters, but experts warn that without systemic reforms and stricter enforcement, the crisis will only deepen in the coming weeks.

Together, these developments highlight Pakistan's paradox: rising climate awareness and international rhetoric paired with weak structural capacity and crippling pollution. Unless the global finance system becomes more responsive and domestic institutions more accountable, Pakistan's climate battle risks becoming a race against time.

Security and Governance

Recent rounds of operations across Khyber Pakhtunkhwa and along the Afghanistan border have delivered immediate tactical results, but they also expose deeper strategic failures that Islamabad must confront. Over the past fortnight, security forces have reported **dozens of militants** killed in North and **South Waziristan**, Kurram, and Bannu, and have foiled two large infiltration attempts that cost **five soldiers** their lives. The human toll on both sides and the repeated need for emergency engagements suggest that success on the battlefield has not translated into lasting security.



Source: Asia Pacific

The military's narrative frames these actions as proof of a relentless counterterror campaign and points fingers at external sponsorship. The ISPR's repeated reference to "Indian-backed" or "**Indian-sponsored**" **khawarij** is politically expedient. It simplifies a complex local insurgency and risks turning an operational problem into a geopolitical blame game. Whether foreign patrons play a role or not, Pakistan's immediate problem remains porous borders, weak local governance, and militant networks that regenerate after each offensive. Operationally, the security forces showed capability. Intelligence-based raids and coordinated responses repelled infiltration bids and seized weapons caches. Yet five soldiers paid for those gains with their lives. That cost underlines a persistent mismatch: tactical successes are costly and intermittent, while the root causes that produce recruits and safe havens remain unaddressed.

Long-term stability requires investment in governance, development, and local policing alongside military pressure. Diplomacy is fraying at the edges. Islamabad's skepticism of Kabul's intent, voiced during talks in Turkiye and Istanbul, is understandable after infiltration attempts coincided with negotiations. Still, public distrust reduces diplomatic space.



Source: Express Tribune

Diplomacy is fraying at the edges. Islamabad's skepticism of Kabul's intent, voiced during talks in Turkiye and Istanbul, is understandable after infiltration attempts coincided with negotiations. Still, public distrust reduces diplomatic space. If Pakistan intends to rely on negotiations to secure its frontier, it must pair those talks with verifiable, joint border management mechanisms and transparent incident-response protocols. Otherwise, ceasefires and agreements will be temporary pauses, not pathways to durable peace.

There is also a domestic political dimension. Strong rhetoric from senior leaders and glowing tributes to the armed forces deflect attention from accountability. Civilians expect clarity on how counterterror operations fit into a national reconstruction plan. How will sanitization be sustained? How will displaced communities be protected? Who answers for collateral damage and for ensuring that military gains do not simply disperse militants into other provinces?

India's decision to hold large-scale joint military exercises near the Pakistani border reflects a worrying trend of military escalation in South Asia. The timing, coming months after missile incidents in May, raises concerns that the drills are meant to send a political message rather than strengthen regional security. Such actions by a nuclear-armed state in an already tense environment risk triggering misunderstandings and fueling instability. While India frames the exercises as a matter of preparedness, their scale and proximity suggest a calculated show of force. Pakistan's heightened alert response further adds to the tension, leaving little space for diplomacy when both nations urgently need dialogue and cooperation to address shared economic and humanitarian challenges.

Finally, the security burden carries economic consequences. Recurrent instability deters investment, strains provincial budgets, and diverts resources from development priorities such as flood recovery and food security. Pakistan cannot indefinitely choose between security and development. It must pursue both simultaneously.

The immediate message from the frontline is mixed. Pakistan's forces remain capable and committed. The larger test is strategic: can policymakers convert battlefield gains into institutional reforms, cross-border cooperation, and socioeconomic measures that remove the fertile ground for militancy? Without that shift, every tactical victory risks becoming the prologue to the next violent episode.

Reading Recommendations

- Constitution for All: Rethinking Gender Inclusive Governance in Pakistan ([Click Here](#))
- Rethinking Reforms Process in Balochistan: Innovation and Leadership at BCSA ([Click Here](#))
- Sports as a Tool for Preventing Violent Extremism in Pakistan ([Click Here](#))
- Groundwater Recharge: Reviving the Hidden Lifeline ([Click Here](#))
- Selling Misinformation ([Click Here](#))
- Data-Driven Cities: Lessons from World for Pakistan ([Click Here](#))
- The FY 2025–26 Budget and Its Impact on Pakistan’s IT & ITeS Sector ([Click Here](#))
- Planting for Survival: Pakistan’s Path Out of the Heat ([Click Here](#))
- Transparency Through Open Data: Key to Reforming Governance in Pakistan ([Click Here](#))
- From Reports to Reality: Why Pakistan Ranks Last in Global Gender Gap Index ([Click Here](#))
- From Policy to People: Rethinking Governance with Design Thinking ([Click Here](#))
- Floods, Heatwaves, and Hope: Reimagining Agriculture in a Warming Pakistan ([Click Here](#))
- The Fight for Transparent Access to Information in Pakistan ([Click Here](#))
- Life without Autonomy: Understanding Our Culture of Dependency ([Click Here](#))
- Prioritizing Citizens Beyond the Ballot ([Click Here](#))
- Solving the corruption challenge: The key may lie with the citizens. ([Click Here](#))
- Citizens’ Inclusion and Accountability is the Key to Improved Governance and Efficient Public Sector Institutions ([Click Here](#))
- Digital Community Policing ([Click Here](#))
- Privatization of Schools in Punjab ([Click Here](#))
- Water Governance Challenges in Pakistan ([Click Here](#))
- Consumer Protection in Pakistan ([Click Here](#))