

7. Overview of the socio-economic situation including climate induced displacement

In the first half of fiscal year 2025-2026, Pakistan's public debt reached USD 290.6 billion [approximately EUR 253 billion].1961 The combination of debt repayments and defence spending limits the government's ability to invest in sectors such as education, healthcare, and social welfare.1962 The effects of floods plus the measures mandated by the International Monetary Fund (IMF), have placed additional pressure on social security services.1963

81 % of Pakistan's labour force is employed in the informal sector,1964 where most informal workers lack social protection.1965 According to the Pakistan Bureau of Statistics' 2024-25 Labour Force Survey (LFS),1966 the unemployment rate1967 has increased since the previous survey, rising from 6.3 % in 2020-21 to 6.9 % in 2024-25.1968 Child labour and bonded labour are widespread in Pakistan,1969 particularly in the brick kiln industry, agriculture, and domestic work.1970

Using the 'Cost of Basic Needs' approach,1971 the Pakistani government estimated in 2024-25 that 28.9 % of Pakistanis lived below the poverty line, which was set at 8 484 Pakistani Rupees [approximately 25.7 EUR] per adult per month. This was an increase of 7 % since 2018-19. Rural areas were more affected by poverty, with 36.2 %, while urban poverty has also risen to 17.4 %. The Pakistani Ministry of Planning, Development & Special Initiatives (MOPDSI) attributes poverty figures to low GDP growth, high inflation as well as severe climate shocks, such as the floods of 2022 and 2025, which caused destruction worth several billion US dollars.1972 By the end of September 2025, 1 039 people had been reported dead and around 4 million were temporarily displaced by the June-September 2025 floods, following rainfall that reached up to 50 % above usual monsoon levels and nearly doubled in some areas.1973 According to an International Organization for Migration (IOM) Baseline Assessment of Pakistan's floods, as of January 2026 there were 523 083 temporarily displaced persons (TDPs).1974

The country ranks 106th out of 123 countries in the Global Hunger Index and 40 % of children suffer from stunting.1975

Médecins Sans Frontières (MSF) reported that Pakistan's government health expenditures are alarmingly low.1976 The Pakistan Medical Association (PMA) states that access to healthcare 'remains limited or dysfunctional' in rural areas and presents 'alarming' numbers of preventable deaths of children under five and pregnant women. High prices make medicines unaffordable for the poor1977 and 80 vital, life-saving drugs such as insulin were short in supply in 2025.1978

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