

POLICY REPORT RP-2026-02

The Unequal Future

Intergenerational Inequality, Opportunities and Social Mobility in Pakistan

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OCTOBER 2026

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Executive Summary

This report examines intergenerational inequality in Pakistan, focusing on young people, social mobility, and the changing conditions that affect their transition to adulthood. The evidence presents a mixed picture. Pakistan has seen improvements in education and living standards across generations, yet relative mobility remains limited. World Bank evidence suggests that family background still influences educational opportunity even as overall outcomes improve.

The report identifies several existing interconnected sources of unequal opportunity and examines emerging dimensions of intergenerational inequality. These factors have direct implications for sustainable development. Pakistan has incorporated the SDGs into its national development agenda, but it remains unclear whether development indicators are improving, whether the benefits of development are accessible across social groups, and whether future generations inherit greater capabilities and resilience.

The report recommends a life-course approach centered on early investment in social sectors and improved monitoring of inequality of opportunity. These priorities should be integrated into existing development and SDG frameworks. Pakistan's development challenge is to reduce the extent to which family background and inherited disadvantage determine future opportunities. Greater equality of opportunity and stronger intergenerational mobility are essential to building a more inclusive, resilient, and sustainable future.

RECOMMENDED CITATION

Rubab, K. (2026). *The Unequal Future: Intergenerational Inequality, Opportunities and Social Mobility in Pakistan*. PIVRA Policy Report RP-2026-02. Pakistan Institute for Vision Research and Action.

Why Intergenerational Inequality Matters

Intergenerational inequality refers to differences in life chances linked to a generation's socioeconomic position and reproduced across generations. It is distinct from inequality observed at a single point in time. Two individuals may have different incomes today, but the developmental significance of that difference increases when family background influences their access to education, health, employment, and other opportunities over the life course (OECD, 2025).

This makes intergenerational inequality both a distributional issue and a developmental one. A society can experience economic growth and higher average living standards while still offering very different opportunities to children, depending on where and into which family they are born. Pakistan illustrates this tension. The World Bank found evidence of substantial absolute upward mobility across generations: younger generations generally have higher educational attainment and better living standards than their predecessors (Redaelli, 2019). However, relative mobility remains limited. Among people born in the 1980s whose parents were in the bottom half of the education distribution, only 9.4% reached the top quarter of educational attainment, compared with a median of 15% across developing economies (Narayan et al., 2018).

The issue is whether Pakistanis are better off than previous generations in absolute terms and whether birth circumstances continue to strongly influence people's prospects. The Pakistan Human Capital Review similarly identifies persistent inequalities in human capital outcomes across richer and poorer households, men and women, rural and urban populations, and provinces (Ersado et al., 2023).

For Pakistan's large youth population, this question matters especially. Young people enter adulthood with varying levels of educational opportunities, family support, health, financial security, and access to information. These differences influence the choices they realistically make and the risks they are willing to take. Hence, intergenerational inequality concerns how one generation's advantages and disadvantages affect the next generation's opportunities.

How Inequality Travels Across Generations

Inequality is transmitted across generations through a combination of resources, institutions and circumstances. Families with stronger economic resources may provide better nutrition, schooling and health-care, and occupational or social networks can provide information and connections that are difficult to obtain independently.

Education is a major channel through which advantages and disadvantages are transmitted. Research using Pakistan Social and Living Standards Measurement Survey (PSLM) data finds a strong association between fathers' and sons' educational attainment. Although upward educational mobility exists, children of highly educated and affluent fathers are more likely to reach higher levels of education. At the same time, mobility is higher in urban than in rural areas (Muhammad & Jamil, 2020).

The transmission process also begins before formal schooling. Health, nutrition, and early childhood development influence cognitive development and later learning, so differences in household conditions accumulate well before young people make educational or occupational choices. The World Bank's Human Capital Review describes these investments as cumulative across the life cycle and identifies persistent differences in human capital by wealth, gender, location, and province (Ersado et al., 2023). More recently, access to digital resources has become another channel through which opportunities can diverge. Food insecurity offers another example of how disadvantages accumulate.

Inequality is cumulative rather than isolated. A child may face several disadvantages simultaneously, such as limited household resources, weaker educational support, poor nutrition, restricted mobility, or inadequate digital access. These effects reinforce one another, making socioeconomic background relevant not because it mechanically determines an individual's future, but because it influences the conditions under which choices are made.

Unequal Starting Points, Unequal Opportunities

Intergenerational inequality becomes particularly evident when we examine how opportunities are distributed across the social and economic environments in which young Pakistanis grow up. Differences in household resources, access to education and technology, and exposure to labor market opportunities shape individuals' choices long before adulthood. HIES 2024-25 shows that these opportunities are not evenly distributed across the population, particularly by location and socioeconomic circumstances (PBS, 2026).

The HIES 2024-25 reports a national literacy rate of 63% among people aged 10 and older, while 28% of children aged 5-16 remain out of school. These national figures mask substantial differences by gender, province, rural-urban location, and household circumstances, indicating that educational opportunities are not distributed uniformly among children and young people (PBS, 2026).

The same pattern is evident in access to digital resources. HIES 2024-25 reports that 70% of households nationally have internet access, compared with 82% of urban households and 61% of rural households. Access to a computer, laptop, or tablet is considerably lower, at 11% nationally, with a marked rural-urban difference of 7% and 16%, respectively. At the individual level, 57% of the population reported

using the internet. These disparities matter because access to digital technologies increasingly affects the ability to study, acquire skills, search for employment, and participate in broader economic opportunities (PBS, 2026).

Economic opportunity is similarly uneven. Pakistan's labor market employs millions, yet employment quality and security vary widely. More than 85% of jobs in Pakistan remain informal, and women and young people continue to face major barriers to labor-force participation. The World Bank's Poverty, Equity, and Resilience Assessment also links slow and uneven structural transformation to low-productivity employment and constrained opportunities for inclusive income growth (World Bank, 2025).

These conditions mean that the transition from childhood to adulthood does not begin from a common baseline. A young person from a financially secure household may have greater capacity to remain in education, acquire additional skills, relocate for employment, or spend more time searching for a suitable job. By contrast, a young person facing financial constraints may need to enter the workforce earlier, accept insecure employment, or leave education before acquiring the qualifications or skills required for better opportunities. These differences align with the World Bank's analysis of socioeconomic mobility in Pakistan, which emphasizes the link between parental circumstances and children's subsequent educational, employment, and living-standard outcomes (Redaelli, 2019).

The issue therefore extends beyond household income. What matters is whether resource differences translate into different sets of choices for young people. The same formal choice, whether to continue studying, acquire a skill, relocate, or wait for a better job, entails very different costs for individuals. Because access to resources and opportunities is systematically linked to family circumstances, unequal starting points translate into unequal sets of feasible choices and, ultimately, different trajectories into adulthood (Narayan et al., 2018).

From Opportunity to Mobility

Social mobility takes several forms. Upward mobility occurs when individuals attain a higher socioeconomic position than their parents, whereas downward mobility describes movement to a lower position. Absolute mobility asks whether people are better educated or materially better off than previous generations, while relative mobility asks how strongly their position depends on their parents' position. This distinction is important in Pakistan. Evidence from PSLM data reaches a similar conclusion. Muhammad and Jamil (2020) find strong intergenerational links in educational attainment. Their findings show that upward mobility does occur, but access to higher education is more prevalent among sons of highly educated and affluent fathers, with greater mobility in urban areas.

Research on occupational mobility in Pakistan shows substantial persistence in occupational status between fathers and sons. Using PSLM 2012-13 data, Muhammad and Jamil (2017) find that sons whose fathers held lower-status occupations were less likely to move into higher-status occupations than sons whose fathers already held high-status occupations. The study also finds that occupational persistence varies between urban and rural areas, with persistence stronger in higher-status occupations in urban areas and in lower-status occupations in rural areas (Muhammad & Jamil, 2017).

Research on formal and informal employment provides further evidence of intergenerational persistence. Using Pakistan's Household Integrated Income and Consumption Survey (HIICS) 2015-16, Kishwar (2021) finds that persistence is higher in informal employment and that sons of informally employed fathers are more likely to enter informal employment themselves. The study also finds stronger transmission of informal employment in rural areas (Kishwar, 2021).

These findings suggest that family background remains strongly associated with individual occupational and employment trajectories. This distinction matters because development concerns whether

some individuals succeed and whether talent and effort translate into opportunity without being unduly constrained by inherited circumstances.

The Unequal Transition to the Future

Intergenerational inequality is transmitted through family resources, institutions, and other factors. The conditions shaping young people's futures are changing rapidly, and new technological and environmental shifts either widen or diminish the influence of family background. For today's young Pakistanis, digitalization, artificial intelligence, shifting labor markets, and climate-related risks are becoming part of the environment in which inherited advantages and disadvantages are carried forward.

Digitalization weakens the importance of geographical and socioeconomic barriers by allowing young people to access online education, information, markets, freelancing and remote employment beyond their immediate locality. However, the benefits remain unevenly distributed. Better-resourced households provide reliable devices, connectivity, digital learning environments and opportunities to develop relevant skills, hence reproducing the influence of family background in a new form. Research on the emerging AI divide similarly identifies differences in education, digital access, skills, and occupational opportunities as factors shaping people's ability to benefit from artificial intelligence (Rubab, 2026b).

Climate change introduces a distinct transmission mechanism. Climate-related shocks damage household assets, disrupt livelihoods, interrupt schooling, reduce food security, and increase pressure to migrate or adapt. Their effects are not uniform, as households differ in the assets, savings, social protection and other resources available to absorb and recover from shocks. This matters for intergenerational inequality because a temporary shock can have longer-term consequences when it affects children's education, nutrition, health or household assets. Research on food insecurity in Pakistan shows how economic vulnerability, purchasing power, livelihood insecurity and exposure to shocks interact to shape access to food and human-capital formation (Rubab, 2026a). Climate change therefore reinforces existing disadvantage when households with fewer resources have less capacity to protect investments in the next generation.

Taken together, these changes make intergenerational inequality a dynamic process rather than a fixed inheritance of wealth or social position. The future of intergenerational mobility will therefore depend on inherited education, wealth and social position, as well as on whether young people have the capabilities and institutional support needed to adapt to technological and environmental change.

Development Implications: From Unequal Starting Points to Sustainable and Inclusive Futures

Intergenerational inequality raises a broader development question about whether economic and social progress can be considered sustainable if the opportunities it creates remain heavily dependent on family background, location, gender, and inherited resources. Average gains in income, education, or technology are insufficient to translate into broader social mobility if disadvantaged groups still cannot access or benefit from them.

For Pakistan, this suggests moving beyond a narrow focus on equality of outcomes towards greater equality of opportunity across the life course. A first policy direction is therefore to reduce the disadvantages that accumulate early in life. A second direction is to make education a more effective means of mobility. Education policy needs to align learning with skills, technology, and evolving labor market requirements so that educational attainment translates into meaningful economic opportunity.

Third, the intergenerational mobility agenda needs to integrate decent and productive employment. Pakistan's Decent Work Country Program 2023-27 identifies employment creation, social protection, respect for international labor standards, and occupational safety and health as key priorities, while emphasizing the development of safe and inclusive workplaces (ILO, 2024).

Fourth, the transition to a digital and climate-affected economy needs to be managed as an intergenerational development issue. Sustainable development therefore requires strengthening disadvantaged households' capacity to participate in technological change and to withstand environmental shocks.

Fifth, these directions also require stronger institutional coordination. Pakistan has established SDG coordination mechanisms at the federal and provincial levels, including SDG Support Units, to support the localization, monitoring and implementation of the 2030 Agenda across different levels of government (MoPDSI, 2022). The current SDGs Plus Program builds on these mechanisms by focusing on policy integration, institutional capacity, SDG-aligned development planning, data and monitoring systems, innovative financing, and the mainstreaming of gender and inclusion in development processes (UNDP, 2026). The challenge is linking existing institutional commitments to measurable, disaggregated outcomes for different social groups, regions and generations.

Sixth, development monitoring should look beyond national averages. Where possible, indicators should be examined by income, gender, age, rural-urban location, and region so that improvements in national performance do not mask persistent differences in opportunity. Intergenerational inequality thus offers a useful lens for sustainable development: it asks what Pakistan achieves today, who gains from those achievements, and what opportunities and risks it passes on to the next generation.

Intergenerational Inequality as a Sustainable Development Challenge

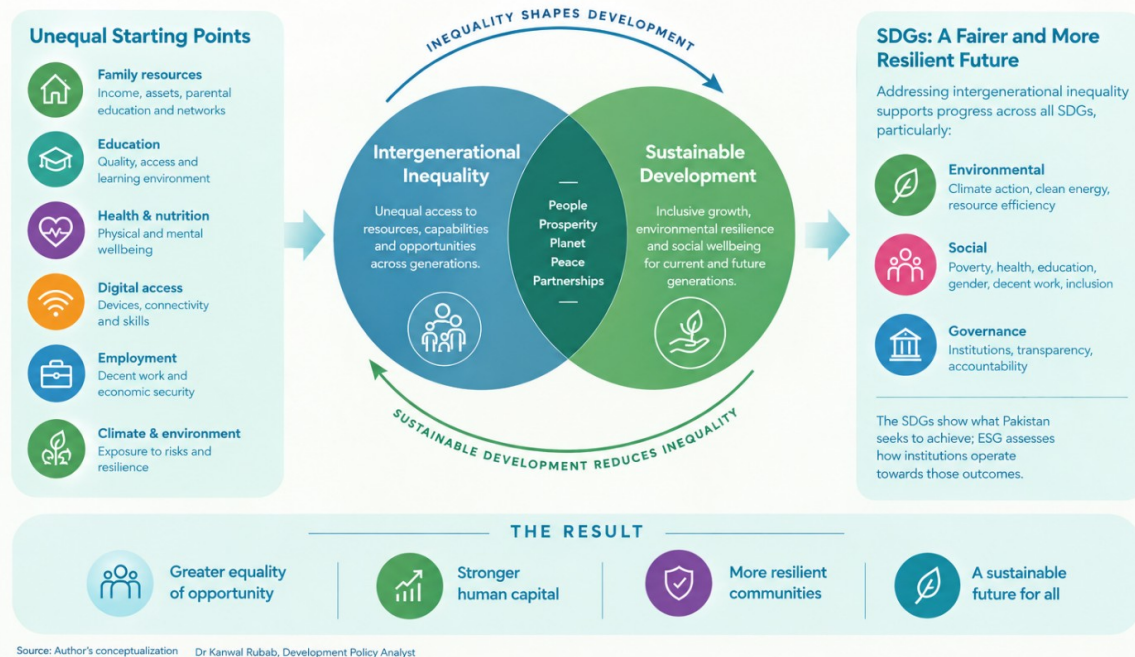


Figure 1. Intergenerational inequality as a sustainable development challenge. Source: author's conceptualization.

The figure brings together the report's central argument: reducing unequal starting points requires coordinated action across the life course.

Conclusion

The report establishes that intergenerational inequality is more than differences in income, education, or assets between parents and children. Reducing the influence of circumstances of birth means creating conditions in which family background, location, gender, and inherited disadvantage exert less control over people's futures. In Pakistan, progress across generations has not eliminated this influence. The persistence of differences in educational attainment, employment opportunities, digital capabilities, and resilience to shocks suggests that mobility is understood as whether the next generation is better off than the previous one. However, it should be assessed as whether young people have a sufficiently fair chance to convert their abilities and efforts into improved life chances.

Likewise, a development trajectory is fully inclusive if improvements in national outcomes do not co-exist with large disparities in opportunities among groups and across generations. For Pakistan, the long-term challenge is to ensure each generation inherits greater material resources and a wider, more equitable range of mobility options.

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