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Beyond Disaster Relief

Preventing Climate Shocks from Reversing Poverty Reduction in Pakistan

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Executive Summary

Climate shocks push vulnerable households into poverty through immediate losses and by undermining their capacity to recover. In Pakistan, floods and other climate-related hazards threaten homes, productive assets, employment, and food security. This report examines why some households recover while others remain economically vulnerable. It argues that recovery depends on shock severity, household assets, income sources, debt burdens, coping options, and access to public support. Emergency relief is essential, but assistance must also help households restore livelihoods and avoid coping strategies that deepen poverty.

The report makes three contributions. First, it develops a recovery-pathways framework that links climate shocks, household losses, coping strategies, and longer-term poverty outcomes. Second, it proposes a relief-to-recovery policy matrix to strengthen links among disaster management, social protection, and livelihood programs. Third, it presents a household recovery monitoring framework that uses practical indicators of income stability, debt, productive assets, and livelihood restoration.

The central recommendation is to assess disaster policy by the relief delivered and by whether affected households can rebuild secure livelihoods and better withstand future shocks.

RECOMMENDED CITATION

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Introduction

Climate-related disasters pose a development challenge for Pakistan that extends beyond immediate emergency response. Their consequences unfold in a country already grappling with persistent poverty, uneven access to public services, and economic insecurity. The National Disaster Management Authority's (NDMA) reporting on the 2025 monsoon season documents the ongoing scale of disaster impacts (NDMA, 2025). These events matter because of their immediate human and economic costs, and they undermine development gains that take years to achieve.

The broader poverty context is equally concerning. The World Bank (2025a) reports that Pakistan's national poverty rate, which had declined substantially over the preceding two decades, began to rise again in 2020 amid overlapping economic and social shocks. Climate disasters therefore compound existing development challenges rather than affecting households in isolation. Evidence from the 2022 floods further illustrates the potential scale of the consequences: Knippenberg et al. (2024) estimated that the disaster could increase the national poverty rate by 4.0–4.3 percentage points, pushing approximately nine million additional people below the national poverty line. Although this estimate applies to a specific disaster, the underlying mechanisms, including lost income, damaged assets, and rising food prices, remain relevant for understanding household vulnerability to subsequent shocks. The World Bank (2025b) also warns that the 2025 floods imposed significant economic losses and constrained Pakistan's growth prospects, reinforcing the need to protect vulnerable households while supporting recovery.

However, the scale of disaster damage alone does not explain what happens to households afterward. This report examines the factors that shape household recovery and the institutional links required to support it. It develops a recovery-pathways framework to explain differences in household poverty outcomes. It proposes a relief-to-recovery policy matrix to identify opportunities to strengthen coordination

across existing programs, along with a household recovery monitoring framework to distinguish assistance delivery from meaningful economic recovery. The report's central concern is whether Pakistan's disaster response can support survival after a shock and a more secure development trajectory for affected households.

How Climate Shocks Push Households into Poverty

Climate shocks trigger a chain of economic losses that accumulate over time, particularly when households lack the resources to recover. The first stage is the destruction or damage of assets households depend on to earn a living. In Pakistan's rural areas, these may include crops, livestock, agricultural equipment and land; in towns and cities, they may include shops, tools, stock and home-based businesses. Losing these assets reduces not only current resources but also the capacity to generate future income.

Research on the 2022 floods in Pakistan identifies three direct channels through which household welfare deteriorated, namely lost income and employment, asset damage, and rising food prices (Knippenberg et al., 2024). These effects reinforce one another. A farmer who loses a harvest may also lose the income needed to purchase inputs for the next season. A small trader whose premises or stock are damaged may face repair costs while customers and local markets remain disrupted. Recovery then depends on whether economic activity can resume and whether households have resources to bridge the period before earnings return.

Damage to transport routes, irrigation systems and local markets prolong these disruptions. Khan et al. (2024) identified crop losses, workability, landholding and household medical and living expenses as key factors shaping livelihood vulnerability in three flood-affected districts of Khyber Pakhtunkhwa. Their findings underline that exposure to flooding is only part of the problem; the economic consequences also depend on the resources available to sustain livelihoods and meet essential expenses.

When income falls, but household expenses continue, families must find ways to cover the gap. Borrowing, selling livestock or other productive assets, reducing food consumption, and interrupting children's schooling help meet immediate needs. However, these responses may weaken future earning capacity. Debt reduces income available for reinvestment, while selling productive assets makes it harder to resume work. Reduced food consumption and interrupted schooling also carry consequences beyond the immediate crisis. Coping strategies that protect a household today therefore narrow its options in the months that follow.

The figure illustrates how climate shocks generate immediate losses and reduce household economic capacity, while household resources and access to institutional support shape recovery pathways and the risk of persistent poverty. Evidence from Pakistan's floods shows that preventing this outcome requires policies that address both immediate losses and the economic constraints that impede recovery. This provides the rationale for linking disaster assistance with social protection and targeted livelihood restoration.

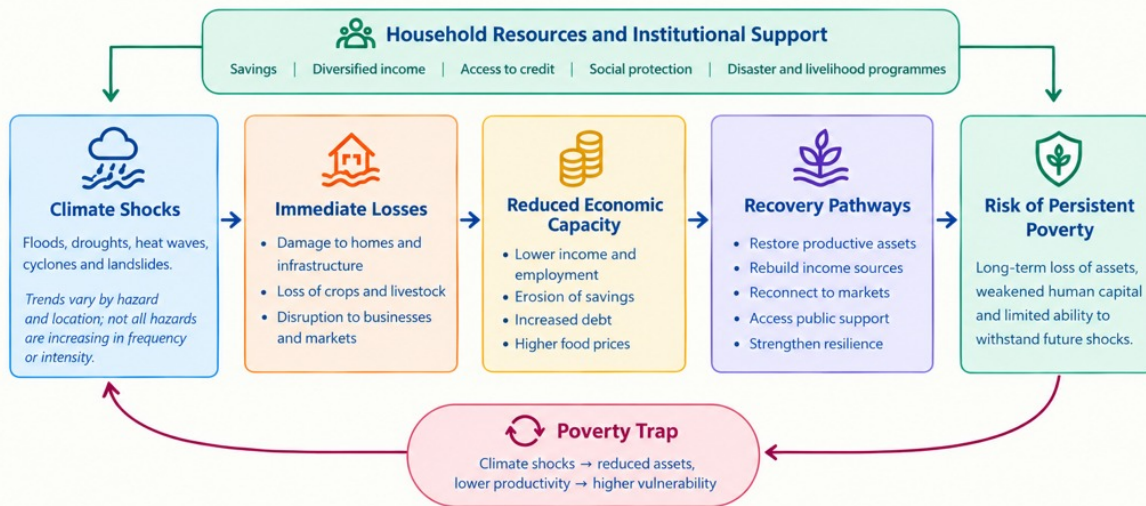


Figure 1: How Climate Shocks Push Households into Persistent Poverty in Pakistan. Source: Author's conceptualization, based on the evidence reviewed in this report.

Why Some Households Recover While Others Remain Vulnerable

Climate shocks do not produce the same economic outcomes for every household. In Pakistan, recovery depends partly on the resources households can draw on when their main income source is disrupted. Households with savings, diversified income sources, or access to affordable credit may be better able to meet immediate expenses while maintaining some productive activity. By contrast, small farmers dependent on a single crop, tenant cultivators, and daily-wage workers with few alternative earning opportunities can face sharper income losses when climate shocks interrupt their work. If they must borrow to meet basic needs or sell productive assets, their ability to resume economic activity may weaken further. This distinction matters because households with similar initial losses may follow different recovery paths. Those with financial reserves or alternative livelihoods may rebuild without sacrificing their remaining assets. Meanwhile, households dependent on a single climate-sensitive activity may struggle to recover before the next shock. Afzal et al. (2026) examined the interconnected factors shaping livelihood vulnerability in flood-prone Rajanpur, highlighting the importance of considering household resources and livelihood conditions together.

The timing, adequacy, and accessibility of assistance also shape recovery. Households receiving emergency support still struggle to rebuild homes, restore livelihoods, and access health care and education. Pakistan's flood-related housing reconstruction experience illustrates both the scale of these needs and the role of targeted support. In December 2024, the World Bank approved an additional US\$450 million for Sindh's Flood Emergency Housing Reconstruction Project, with particular attention to vulnerable groups, including female-headed households, older adults, and persons with disabilities (World Bank, 2024a). Such interventions are intended to support recovery, but housing assistance alone cannot address all sources of livelihood insecurity.

Recovery is also shaped by gender, disability, location, and access to services. Climate-related shocks disrupt women's livelihood activities and alter household labor demands, while women's responsibilities for livestock care and unpaid domestic work may constrain their time for income generation (Butt et al., 2020). Remote communities may face delays in receiving assistance and reaching markets when flooding

damages roads and other transport links, increasing the time and cost required for relief delivery and livelihood recovery (Disasters Emergency Committee, 2025). The World Bank documents persistent spatial disparities in Pakistan, with rural poverty more than twice as high as urban poverty and substantial differences in access to basic services (World Bank, 2025a). These structural disadvantages limit households' ability to benefit from recovery programs, even when assistance is available.

Recovery remains incomplete if another climate shock occurs before households have rebuilt their assets and savings. According to Afzal et al. (2026), livelihood vulnerability in flood-prone Rajanpur is dynamic. Emergency assistance delivered does not equal recovery achieved. Recovery is evident when households restore productive assets, regain stable income sources, and become less vulnerable to future shocks.

Households facing the greatest losses often have the fewest resources to recover on their own. Therefore, effective support must account for varying levels of vulnerability and, where necessary, extend beyond the emergency phase.

Pakistan's Policy Response

Pakistan has established disaster management, social protection, and reconstruction programs that provide a foundation for climate-responsive poverty reduction. The challenge is to ensure these mechanisms work together so that assistance does not end with emergency relief, even as households continue to face income losses and livelihood insecurity.

The NDMA and provincial disaster management authorities coordinate preparedness and emergency response, while reconstruction programs support restoring housing, infrastructure, and livelihoods. The 2022 Post-Disaster Needs Assessment recommended a recovery approach grounded in inclusion, climate resilience, and the principle of "building back better" (Government of Pakistan, 2022). Subsequent initiatives have included World Bank-supported programs to restore livelihoods and essential services in Balochistan (World Bank, 2023). These investments demonstrate a shift towards resilient reconstruction. However, rebuilding physical infrastructure does not automatically restore household income or resolve debt and asset losses that prolong poverty.

The Benazir Income Support Program (BISP) provides an important platform for reaching low-income households. The World Bank's Crisis-Resilient Social Protection (CRISP) program aims to strengthen Pakistan's capacity to respond to economic and climate-related shocks. In June 2024, the World Bank reported that Pakistan's social protection system reached 2.8 million families during the recent floods, underscoring the potential of existing delivery mechanisms to expand emergency assistance (World Bank, 2024b). Nevertheless, an effective shock response requires adequate benefits, timely payments, and mechanisms to reach vulnerable households not already enrolled in regular social assistance programs.

Recovery also depends on whether households can resume productive activity. The World Bank's financing for CRISP and for climate-smart livestock and aquaculture development underscores the importance of linking social assistance to resilient economic activity (World Bank, 2024b). However, these interventions require coordination across federal and provincial institutions, particularly where responsibilities for disaster response, agriculture, and social protection are divided.

Evidence also cautions against equating assistance with successful recovery. Akbar and Aldrich (2025), examining flood survivors in Pakistan, found that social support was associated with better subjective recovery. In contrast, their analysis found a negligible association between formal disaster assistance and reported recovery. Because the study focuses on survivors of the 2010 floods, its findings should not be taken as a direct evaluation of current programs. Nevertheless, it highlights the importance of examining how assistance reaches households and whether it addresses their actual recovery needs.

The key policy gap is therefore the need for stronger links among emergency assistance, social protection, and livelihood recovery.

Policy Recommendations

Pakistan needs to link disaster assistance to poverty-reduction programs so households can rebuild their livelihoods, even as they remain dependent on repeated emergency support. Four measures could help achieve this transition.

Introduce shock-responsive social protection

The government should establish clearer procedures for expanding social assistance when floods or other climate shocks reduce household incomes. BISP and the National Socio-Economic Registry could support this by providing updated household information, linking to disaster assessments, and offering temporary assistance to newly affected families. The World Bank recommends strengthening adaptive social protection to help vulnerable households cope with or recover from climate shocks (World Bank, 2022). Building on this approach, Pakistan should improve beneficiary data, increase benefit adequacy, and extend support to vulnerable households outside existing safety nets (World Bank, 2024b).

Link emergency assistance with livelihood restoration

Cash relief should be complemented by targeted support to restore productive assets and income-generating activities. Depending on local needs, this could include replacement livestock, agricultural inputs, small-business tools, and temporary employment in community rehabilitation. Research on Pakistan's National Poverty Graduation Program shows that productive asset transfers improve household welfare. However, climate shocks undermine these gains when assets are vulnerable, and follow-up support is insufficient (Nawaz et al., 2025). Recovery programs should therefore assess livelihood risks before providing assets.

Prioritize households at risk of prolonged poverty

Assistance should reflect the severity of household losses and the capacity to recover. Transparent vulnerability criteria should account for lost productive assets, income disruption, debt, disability, female-headed households, and access to alternative livelihoods. Provincial governments and local administrations should also provide accessible registration and appeals mechanisms to reduce exclusion errors. This approach would help direct limited public resources towards households least able to recover independently.

Monitor recovery beyond relief delivery

Disaster programs should track whether households regain income security and productive capacity after receiving assistance. Follow-up assessments could examine employment, household debt, livestock and other productive assets, food security, and children's school attendance. Recovery indicators should inform program adjustments, identify households needing ongoing assistance, and strengthen accountability for public spending.

Implementation should build on existing institutions. BISP, provincial disaster management authorities, and relevant agriculture and local government departments should define clear responsibilities for identifying affected households, referring them to appropriate support, and following up on livelihood recovery. This would help connect emergency assistance with existing social protection and livelihood pro-

grams while making coordination gaps easier to identify and address.

Implementation Framework

This proposed implementation framework builds on Pakistan’s existing disaster recovery and social protection arrangements, translating broad recovery objectives into practical stages and household-level indicators to monitor progress. The following table outlines indicators for each stage of the recovery process.

Stage	Main Action	Proposed Monitoring Indicator
Preparedness	Identify vulnerable households and livelihoods before disasters	Share of high-risk communities covered by updated vulnerability assessments
Emergency Response	Deliver assistance after verified losses	Time between verification of losses and receipt of assistance
Early Recovery	Restore productive assets and income-generating activity	Share of supported households that resume their principal livelihood
Sustained Recovery	Assess household economic conditions after assistance	Changes in household income, debt, and productive assets at follow-up

Source: Author’s conceptualization.

Disaggregate these indicators by gender, location, disability, and livelihood type to identify groups recovering more slowly. Set baselines and realistic targets through a pilot program, informed by available administrative data. Provincial disaster management authorities, BISP, and relevant sectoral departments should agree on data-sharing arrangements and conduct follow-up assessments at regular intervals. The World Bank’s Pakistan Data and Evidence Lab offers a relevant institutional model for strengthening monitoring and using evidence to improve program decisions (World Bank, 2025c).

Conclusion

The distinction between temporary hardship and prolonged impoverishment is central to understanding the development costs of climate shocks in Pakistan. Repeated shocks reverse poverty-reduction gains, deepen existing inequalities and weaken households’ ability to secure a more stable future. From a sustainable development perspective, disaster recovery must therefore be linked to social protection, livelihood restoration and long-term poverty reduction. This requires existing institutions to assess not only the assistance delivered after a disaster, but also whether affected households have restored their productive assets, regained reliable income sources, and reduced their exposure to future shocks. Pakistan’s progress towards sustainable development will depend on how effectively it responds to disasters and whether recovery prevents climate shocks from becoming a recurring source of poverty.

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