Policy Implementation Gaps and Institutional Fault- Lines in the Context of Income Inequality and Economic Disparities Among Classes in Pakistan

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Abstract:

This paper explores the multifaceted nature of income inequality and economic disparities in Pakistan, arguing that a narrow focus on poverty alleviation overlooks broader structural imbalances. Inequality encompasses disparities in education, health, assets, and access to opportunities, affecting not just the poor but the entire socioeconomic fabric. Drawing on empirical evidence, the study reveals that wealth inequality in Pakistan is significantly more pronounced than income inequality, with the top 10% holding over 60% of total wealth. It emphasizes that equitable development requires integrated policy reforms targeting structural barriers, tax reforms, labor laws, and education access. The paper proposes a rights-based, inclusive governance framework aligned with the Sustainable Development Goals (SDGs), advocating for decentralization, transparency, and participatory policymaking. Simulations indicate that wealth redistribution is more effective than income redistribution in reducing poverty. The study concludes that tackling inequality is essential not just for economic justice but also for achieving sustainable, inclusive national development in Pakistan.

Key words:

Income Inequality, Economic Disparity, Wealth Distribution, Inclusive Development, Social Protection Policies

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Introduction

Modern societies are facing two common but grave challenges in the form of inequality and economic disparities. Inequality pertains to the variations in living standards across an entire population. In contrast, economic disparities pertain to variations in provision of education, health, income, infrastructure, technology etc. In the event of severe income inequalities and economic disparities societies fall prey to poverty. Poverty specifically addresses individuals whose living standards fall below a designated threshold level, such as a poverty line. This threshold can be established in absolute terms, based on an externally determined norm like calorie requirements, or in relative terms, such as a fraction of the overall average standard of living. On analogy of determining dimensions of poverty (Jamal, 2006), dimensions of inequality include education, health and nutrition, security, power, social inclusion, income or consumption, and assets (McKay, 2002). Although distinct, these dimensions are often interrelated, even if the correlation is not perfect. For instance, patterns of educational inequality may reflect gender disparities, while asset inequalities may result from or contribute to inequality in political power (Jamal, 2006; McKay, 2002; Stiglitz, 2013). Another critical aspect of this issue is the necessity to consider inequality in terms of both opportunities and outcomes (Stiglitz, 2013). There is no single number that can depict all aspects of society's inequality, but matters have become worse in the domain of income inequality (Stiglitz, 2013). Countries with "high level of income and asset inequality achieve lower economic growth rate on average" (Jamal, 2009, p. 2). Increasing inequality tends to reduce aggregate demand within the economy, thereby heightening the likelihood of a recession, as Stiglitz (2010) aptly highlights.

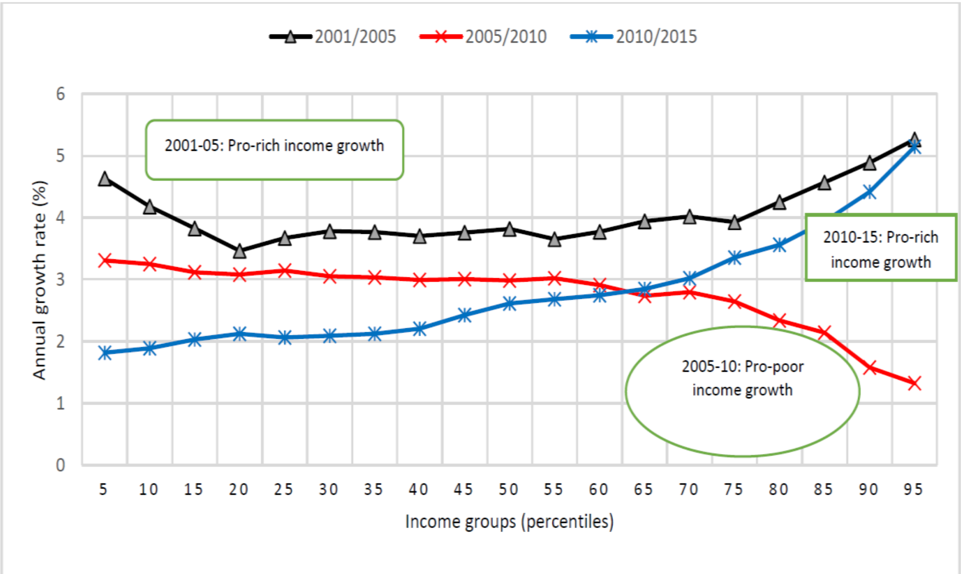
Income inequality and economic disparity continue to pose significant challenges within Pakistan's socioeconomic framework. Although inequality has a profound effect on the economy, life chances, and poverty, a government policy that exclusively targets poverty reduction falls short of achieving true development and fails to reveal the full scope of income and wealth disparity in Pakistan. Focusing solely on poverty reduction overlooks the broader implications of inequality on Pakistan's socioeconomic landscape. While poverty alleviation is crucial, it addresses only one aspect of the complex issue of economic disparity. Inequality affects not only those living below the poverty line but also impacts the middle class and overall economic growth.

By neglecting to address the wider spectrum of income and wealth distribution, policymakers risk perpetuating a system that concentrates resources among a small segment of the population, limiting social mobility and economic opportunities for the majority.

A comprehensive approach to development in Pakistan must consider the multifaceted nature of inequality.

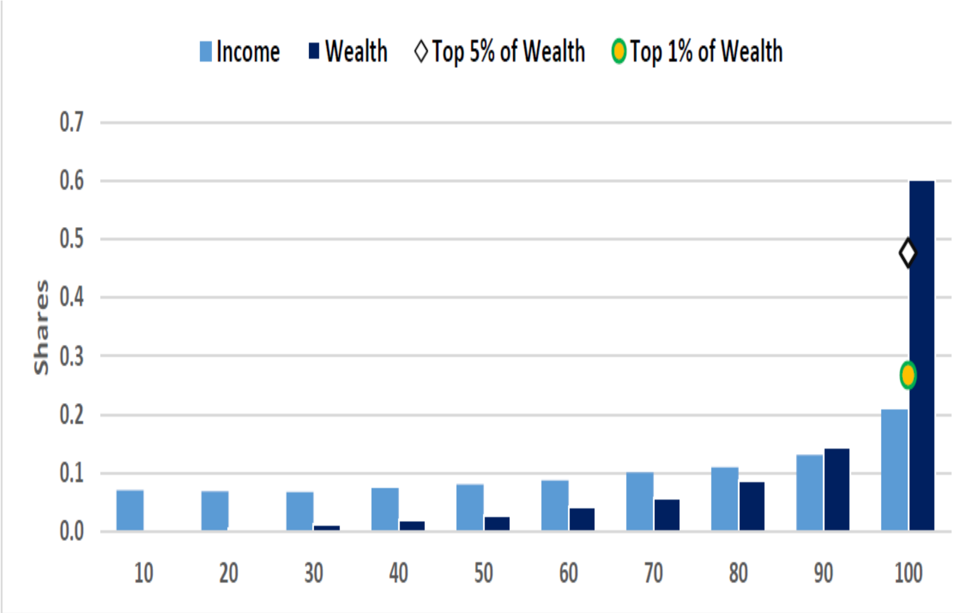
This includes examining factors such as access to education, healthcare, and employment opportunities across different income groups. Additionally, addressing wealth concentration, tax policies, and structural barriers that perpetuate inequality is essential for fostering sustainable economic growth and social progress. By broadening the focus beyond poverty reduction to encompass the entire socioeconomic spectrum, policymakers can work towards creating a more equitable society that benefits all citizens and promotes long-term national development (Shaikh & Anis, 2020). Burki et al. (2020) have demonstrated that income growth in Pakistan predominantly benefits the affluent, with wealth inequality being twice as pronounced as income inequality (**Figure 1**). The wealthiest 10 percent of households possess 60 percent of the total household wealth, whereas the least wealthy 60 percent hold merely one-tenth of it (Burki et al., 2020) (**Figure 2 -3**). A simulation analysis by Burki et.al indicates that achieving a more equitable distribution of wealth is significantly more effective in alleviating poverty than pursuing a more equitable distribution of income.

Figure 1 Growth incidence curves for Pakistan



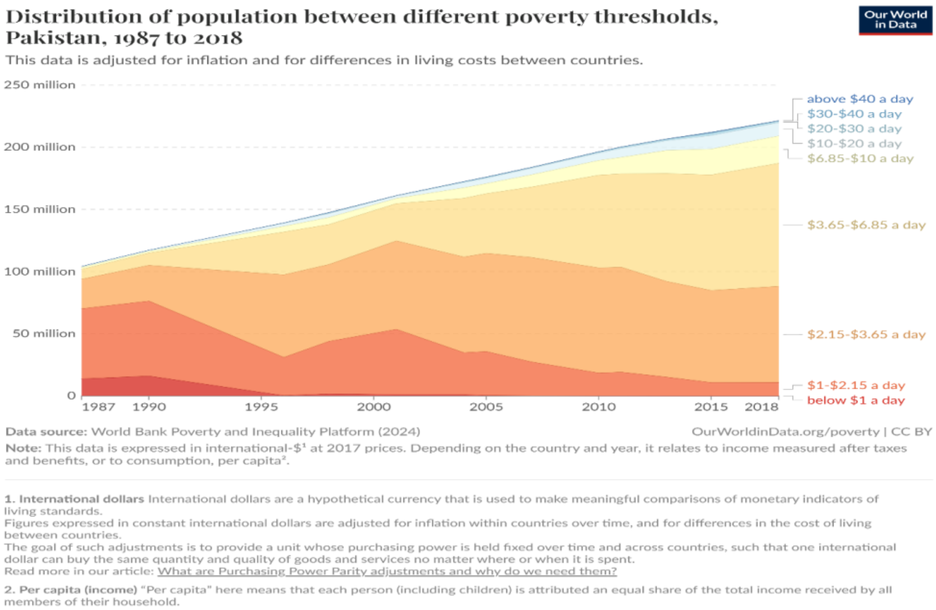
Source: Burki et.al , 2020

Figure 2 Share of households in wealth and income across deciles in Pakistan



Source Burki et.al 2020 based on PSLM-HIES 2013-14

Figure 3



Statement of Problem

Pakistan's economy shows a high level of income inequality and disparity among classes. These issues, though highlighted by each successive government, have been tackled in such a manner that very little progress has been made in the reduction of those inequities. Rather income inequality and economic disparity has widened over the years because the benefits due to moderate economic growth have disproportionately accrued to upper-income groups rather than the middle or lower class. Income inequality and economic disparities in Pakistan represent critical barriers to sustainable development and social cohesion. Moreover, income inequality in many sectors compounds economic disparities among the general population. There exist gaps in the implementation of policies and fault-lines among institutions that undermine efforts to address these disparities. Without comprehensive reforms, Pakistan risks deepening economic divides, threatening social stability and long-term growth. Therefore, in order to formulate sustainable policy outcomes for citizens, a study is required of the factors and institutions that are responsible for reducing income inequality and economic disparity.

Scope of Study

This study will comprehensively investigate policy implementation gaps and institutional fault-lines contributing to income inequality and economic disparities in Pakistan, with a focus on achieving equitable and sustainable development. The study will examine structural drivers of inequality and review relevant policies, programs, legal frameworks, budgets, and governance mechanisms, assessing their coherence, efficiency, and effectiveness in reducing disparities. This study will apply the UNDP's eight governance dimensions—participation, rule of law, transparency, responsiveness, consensus orientation, equity and inclusiveness, effectiveness and efficiency, and accountability—to identify institutional weaknesses and bottlenecks. The study will produce a situational analysis, stakeholder mapping, institutional assessments, evidence-based policy recommendations, and a logical framework with timelines, and monitoring mechanisms to guide reforms.

Exclusions: The study will not address macroeconomic policies unrelated to inequality (e.g., monetary policy) or non-economic factors (e.g., cultural norms) unless directly linked to income disparities. It will rely on existing data and will not conduct primary field surveys.

The policy paper aims to critically evaluate health services and epidemics in the context of the recent floods (2022) in KP. The study duration is from November 28 to December 12, 2022.

Information and meetings with the Health Department will be held to gauge the planning, preparedness, and performance of health service delivery and epidemic management during the flood.

The study will identify gaps and suggest a way forward for better provision of public health services as per the International Health Regulations, 2005.

Research Methodology

The research methodology adopts a mixed-methods approach to systematically investigate policy implementation gaps and institutional fault-lines contributing to income inequality and economic disparities in Pakistan. It integrates qualitative and quantitative methods to ensure a comprehensive, evidence-based analysis. This study conducted semi-structured interviews with key stakeholders (e.g., Ministry of Finance, Planning and Development Division, Provincial departments, academia) to map roles and identify coordination gaps. This study conducted content analysis of policy documents and stakeholder inputs to identify themes. This study has combined quantitative data analysis with qualitative assessments to triangulate findings and explore systemic gaps and diagnoses root causes of income inequality and economic disparity. This methodology ensures a rigorous, evidence-based approach to identifying and addressing policy implementation gaps and institutional fault-lines, fostering equitable economic outcomes across Pakistan.

Limitations: Primary data collection (e.g., field surveys) is excluded due to scope constraints; reliance on existing data may limit granularity at lower tier of government.

Ethical Considerations: This study has ensured data accuracy and source credibility while maintaining neutrality in stakeholder consultations to avoid bias. This study also acknowledges limitations of secondary data reliance.

Theories of Inequality and Economic Disparity in Pakistan

Income inequality and economic disparities in Pakistan, stem from complex structural, social, and institutional factors. To understand these dynamics, this section outlines key theories of inequality—Classical Economic Theory, Marxist Theory, Human Capital Theory, Institutional Theory and Functional inequality —and applies them to Pakistan’s context. Each theory provides a lens to analyse the drivers of inequality, from market dynamics and class structures to education access and governance failures, informing policy recommendations to achieve equitable development.

Classical Economic Theory

Overview: Classical economists like Adam Smith and David Ricardo argue that inequality arises naturally from market dynamics, where differences in productivity, skills, and resource ownership lead to unequal income distribution. Smith's "invisible hand" suggests markets allocate resources efficiently, but disparities emerge when individuals or groups have unequal access to capital, land, or opportunities. Ricardo's theory of comparative advantage highlights how specialization can widen income gaps if benefits accrue disproportionately to certain groups.

Application to Pakistan: In Pakistan, market-driven disparities are evident in the concentration of wealth among urban elites and large landowners, with the top 10% capturing 42% of national income (GoP, 2024). The informal sector, employing over 70% of the workforce, lacks access to capital and formal markets, perpetuating low wages and vulnerability. Agricultural subsidies ($3 billion annually) disproportionately benefit large landowners, leaving small farmers (20% of subsidy benefits) marginalized (GoP, 2024). This aligns with Ricardo's view, as specialization in rent-seeking sectors like real estate over innovation-driven industries concentrates wealth.

Marxist Theory

Overview: Karl Marx posits that inequality is rooted in class struggles, where the bourgeoisie (capital owners) exploit the proletariat (workers) through control of production means. Capital accumulation concentrates wealth, while labor is undervalued, leading to systemic disparities. Inequality persists unless structural reforms redistribute power and resources.

Application to Pakistan: Marxist theory explains Pakistan's inequality through elite capture and class-based exploitation. The wealthiest 10% hold 60% of household wealth, while the bottom 60% share just 10% (Burki et al., 2020). Elite capture of subsidies and tax exemptions ($1 billion annually) diverts resources from the poor, with 40% of BISP funds lost to leakages (BISP, 2025). The informal sector, comprising 70% of workers, faces exploitation due to weak labor protections perpetuating low wages and precarious employment. Rural land ownership, concentrated among feudal elites, restricts access for small farmers. Marxist theory highlights the need for land reforms and stronger labor laws, but political patronage and weak enforcement entrench class disparities, hindering in reduction of inequalities.

Human Capital Theory

Overview: Developed by Gary Becker, Human Capital Theory argues that inequality results from differences in education, skills, and training, which determine earning potential. Investments in education and vocational training reduce disparities by enhancing workforce productivity and mobility.

Application to Pakistan: Pakistan's education disparities are a key driver of inequality, with a literacy rate of 60% and 26 million children out of school, primarily in rural areas and among girls (PIE, 2024). The quality gap between elite private schools and underfunded public schools (1 teacher per 40 students) restricts upward mobility for low-income groups (Muqeem-ul-Islam, 2021, p. 237). Female graduates face four times higher unemployment than males, reflecting gender barriers in skill utilization (Muqeem-ul-Islam, 2021, p. 17). Programs like **Benazir Taleemi Wazaif** target 3 million children but fall short of the 5 million goal due to data limitations and rural neglect. The **National Vocational and Technical Training Commission (NAVTTC)** trains <1% of youth annually, limiting market-relevant skills in a tech-driven economy.

Human Capital Theory underscores the need for increased education spending (to 4–6% of GDP) and vocational programs, aligning with **Article 37(e)**'s mandate for basic necessities and SDG 4 (Quality Education).

Institutional Theory

Overview: Institutional Theory posits that inequality is perpetuated by weak institutions, governance failures, and unequal access to legal, political, and economic systems. Effective institutions—through transparency, accountability, and inclusivity—reduce disparities by ensuring equitable resource distribution.

Application to Pakistan: Institutional failures, including corruption (CPI score 27/100), centralized governance, and weak rule of law, drive Pakistan's inequality (International, 2025). The low Tax-GDP ratio (8-9%) due to tax evasion limits funding for social programs, with debt servicing consuming more than 40% of the budget (GoP, 2024)). Centralized policies favor urban areas, leaving rural regions (63% of population) with 0.5 doctors per 1,000 people and 30% of villages without secondary schools (Bank, 2025). Weak oversight by NAB and bureaucratic inefficiencies cause more than 60% of BISP beneficiaries to face payment delays (BISP, 2025). The **Public Finance Management Act, 2019**, aims to enhance transparency, but slow implementation reflects institutional inertia. Institutional Theory highlights the need for decentralized governance, digitized tax systems, and strengthened accountability to fulfill **Article 25**'s equal protection mandate and advance SDG 16 (Peace, Justice, and Strong Institutions).

Mahbub ul Haq's Functional Inequality

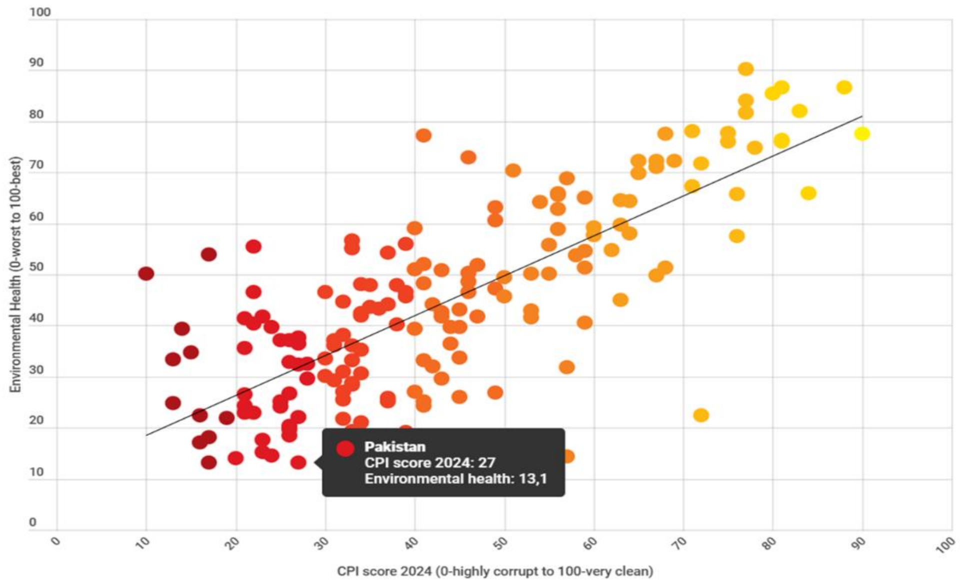
Overview: Mahbub ul Haq posits that moderate income inequality can be functional for economic growth if it incentivizes productivity, innovation, and entrepreneurship, provided wealth is reinvested into human development and supported by strong institutions. Unlike dysfunctional inequality, which entrenches poverty, functional inequality enables social mobility and equitable resource distribution through education, health, and social protection.

Haq emphasizes that inequality is only beneficial if it fosters dynamic opportunities and prevents wealth concentration, requiring robust governance to ensure redistribution and inclusivity (Haq, 1976).

Application to Pakistan: Haq's functional inequality highlights Pakistan's dysfunctional system, where wealth concentration stifles growth and mobility. The top 10% hold 42% of income and 60% of wealth, while the bottom 60% share just 10% (Burki et al., 2020). Elite capture of $3 billion in subsidies and $1 billion in tax exemptions diverts resources from the poor (Husain, 2019), with 40% of **Benazir Income Support Programme (BISP)** funds lost to leakages (BISP, 2024).

The informal sector (70% of workers) faces low wages due to weak labor protections under the **Industrial and Commercial Employment Ordinance, 1968**, and limited capital access (15% of bank loans to SMEs) (GoP, 2024).
Low social spending (2% GDP on education, 0.4% on health) and restricted mobility (female literacy 48%, 26M children out of school) reflect insufficient reinvestment. Haq's theory underscores the need for progressive taxation, increased social investment, and institutional reforms to foster functional inequality, but corruption (CPI 27/100) (**Figure 5**) and elite resistance, entrench disparities, hindering SDG 10 (International, 2025).

Figure 5 Corruption Perception Index Pakistan



Source Transparency International, 2025

Analysis

Situational Analysis

Addressing income inequality and economic disparity in Pakistan requires a multifaceted approach. Economic growth is identified as a reliable tool to decrease poverty levels (Kanat et al., 2023). Higher education development shows promise in controlling income inequality overall (Huber & Hillebrandt, 2019; Ilie et al., 2021). While economic development decreases gender inequality in Pakistan, it paradoxically boosts poverty levels (Kanat et al., 2024). This suggests that the benefits of growth are not evenly distributed across society.
The integration of empirical findings from the situational analysis with relevant theoretical frameworks provides a comprehensive understanding of Pakistan's socio-economic landscape.

This approach allows for a nuanced examination of how the country's current conditions align with established theoretical constructs, offering insights into the complex interplay between economic factors, social dynamics, and policy implementation. By contextualizing the empirical data within these theoretical frameworks, the analysis gains depth and relevance, enabling a more robust interpretation of the challenges and opportunities facing Pakistan's development trajectory. This analysis considers existing legal frameworks (**Table 1 and Annex-A**), social cost of income inequality and economic disparity, and mapping of stakeholders that contribute towards the achievement of specific Sustainable Development Goals, namely SDGs 1 (No Poverty), 5 (Gender Equality), 10 (Reduced Inequalities), and 16 (Peace, Justice, and Strong Institutions) (Figure 6). This multifaceted approach ensures that the proposed policies are not only grounded in empirical evidence and theoretical understanding but also aligned with national and international development objectives.

Figure 6 Sustainable Development Goals

Table 1 Legal Framework

Category	Framework/Law	Key Provisions/Objectives	Relevance to Income Inequality
Constitutional Provisions	**Constitution of Pakistan (1973)**	- **Article 38**: Ensures well-being, prevents wealth concentration, promotes equitable resource distribution. - **Article 25**: Guarantees equality before the law and equal protection for economic/social rights. - **Article 37(e)**: Mandates provision of basic necessities (food, clothing, housing, education, medical relief).	Provides a constitutional mandate to reduce income disparities and ensure equitable access to resources and opportunities.
National Strategy	**National Social Protection Strategy (2007)**	- Increases access to economic opportunities for the poor. - Prevents income shocks from pushing households into poverty. - Provides basic needs for the chronic poor and those unable to work. - Aligns with PRSP and Pakistan Vision 2030.	Guides social protection programs like BISP, targeting poverty alleviation and economic equity.
Specific Legislation	**Benazir Income Support Programme Act, 2010**	- Establishes BISP as an autonomous social safety net authority. - Provides financial assistance to economically distressed persons, focusing on women-headed households. - Uses National Socio-Economic Registry (NSER) for targeting. - Includes programs like Benazir Kafaalat (cash transfers), Taleemi Wazaif (education stipends), Nashonuma (nutrition support).	Directly addresses income inequality by providing targeted financial support and social protection to the poorest households.
Other Relevant Laws	**Labor Laws** - Industrial and Commercial Employment Ordinance, 1968 - Factories Act, 1934	- Provide minimum wages and social security benefits for formal sector workers. - Limited applicability to informal sector (70% of workforce).	Aims to protect formal sector workers but leaves informal workers vulnerable, exacerbating income disparities.
	Social Security Laws	- Offer health insurance, disability benefits, and	Supports formal sector workers but

	- Workers' Welfare Fund Ordinance, 1971 - Employees' Social Security Ordinance, 1965	pensions for industrial workers. - Coverage limited to formal sector.	excludes informal workers, limiting impact on broader inequality.
	Taxation Laws - Income Tax Ordinance, 2001	- Governs fiscal policies for income redistribution. - Criticized for regressive taxation (reliance on indirect taxes).	Regressive tax system burdens lower-income groups, hindering equitable wealth distribution.
	Public Finance Management - Public Finance Management Act, 2019	- Enhances fiscal transparency and accountability for funding social protection programs.	Ensures efficient funding for social programs, critical for addressing income inequality.
International Commitments	**Universal Declaration of Human Rights (UDHR)**	- Article 25: Right to an adequate standard of living (food, clothing, housing, medical care).	Reinforces Pakistan's obligation to ensure basic living standards, reducing economic disparities.
	International Covenant on Economic, Social and Cultural Rights (ICESCR)	- Ratified in 2008, ensures right to social security and adequate living standards.	Commits Pakistan to social protection measures that address poverty and inequality.
	Sustainable Development Goals (SDGs)	- SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities) guide social protection policies.	Aligns national policies with global goals to reduce poverty and promote equitable growth.

Comprehensive Analysis of Social Costs and Service Delivery in Pakistan

Income inequality and economic disparity among classes in Pakistan impose significant social costs, particularly in the realm of service delivery. These costs manifest as reduced access to and quality of public services, leading to adverse outcomes in health, education, and overall human development.

Overview of Social Costs

Income inequality in Pakistan creates a range of social costs that affect societal well-being. Research suggests that unequal income distribution leads to:

- **Reduced Human Development**: A studies by Faisal (2022) and (Hussain, 2023) indicates that income inequality has a negative and statistically significant effect on human development.

- This implies that higher inequality hinders progress in education, health, and living standards.
- **Health Disparities**: Poorer health outcomes, such as lower life expectancy and higher infant mortality rates, are likely exacerbated by limited access to quality healthcare among lower-income groups. The reliance on underfunded public health facilities contributes to these disparities.
- **Educational Inequities**: Inequality restricts access to quality education, particularly for the poor, leading to lower literacy rates and reduced opportunities for upward mobility. This perpetuates the cycle of poverty and inequality.
- **Social Cohesion and Crime**: Economic disparity can erode social cohesion, potentially increasing crime rates, as noted in studies linking economic misery and ethnic diversity to higher crime rates in Pakistan.

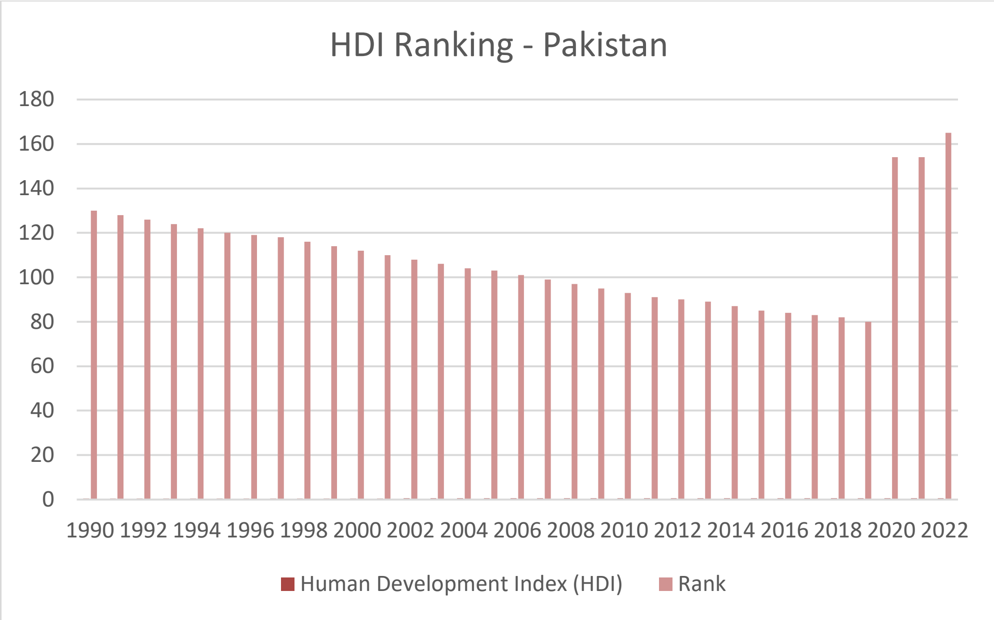
The UNDP Human Development Report 2023-2024 places Pakistan in the 'low' human development category, with an HDI value of 0.540 and a global ranking of 164 out of 193 countries (UNDP, 2024) (Table 2 and Figure 7). The adjusted HDI, accounting for inequality, is 0.360, indicating a 33% decline from the standard HDI, highlighting the significant impact of income inequality on human development (UNDP, 2024).

Table 2 Human Development Index – Pakistan (2022)

Indicator	Value
Life expectancy at birth (years)	66.4
Expected years of schooling	7.9
Mean years of schooling	4.4
Gross national income (GNI) per capita (USD)	5,374
GNI per capita rank minus HDI rank	-27
HDI rank (2021)	165
HDI Rank (2022)	164

Source UNDP (2024, p. 276)

Figure 1 HDI Ranking of Pakistan (1990-2022)



Source UNDP Human Development Index Reports (various editions)

Impact on Service Delivery

Service delivery, encompassing public services like healthcare, education, infrastructure, and social welfare, is significantly affected by income inequality. Key findings include:

- **Healthcare Access**: Wealthier individuals often opt for private healthcare, leaving public facilities to serve lower-income groups. These facilities are frequently under-resourced, leading to poorer health outcomes. The Research Gate study highlights that public service provision, including health services, positively impacts human development, suggesting that improvements in delivery could mitigate inequality's effects.
- **Education Disparities**: Public education systems struggle to provide quality education to all, with lower-income communities facing overcrowded schools and inadequate resources (Pirzada et al., 2024). The positive association between public service provision and human development underscores the potential for enhanced educational services to counteract inequality (Kanat et al., 2024).
- **Infrastructure and Basic Services**: Programs like Khushhal Pakistan aim to improve infrastructure, such as water supply and sanitation, but their effectiveness is hampered by governance issues. The public expenditures on basic infrastructure can benefit the poor, but inefficiencies limit impact (GoP, 2024).
- **Governance Challenges**: Poor governance, including corruption and ineffective policy implementation, exacerbates service delivery issues. Governance reforms, such as devolution and civil service improvements, are crucial for enhancing service delivery (GoP, 2024).

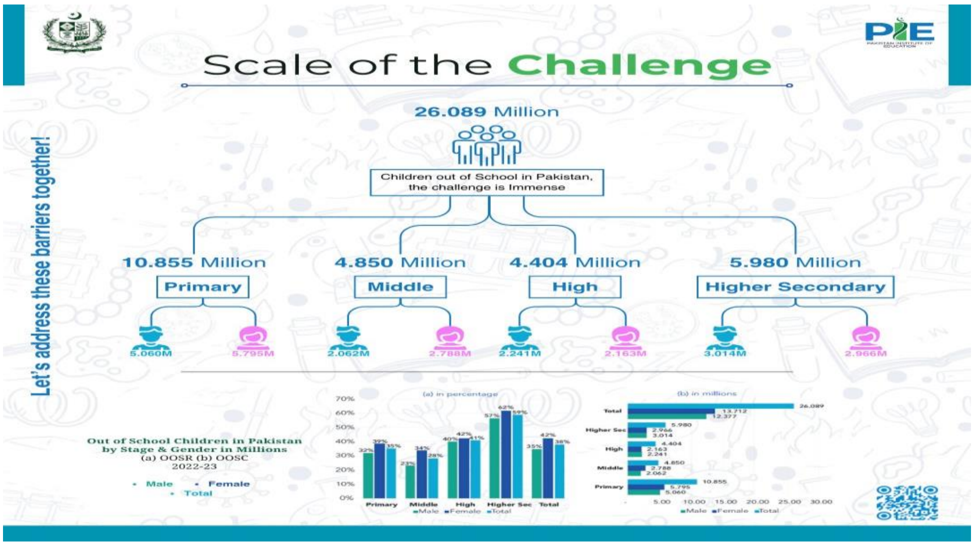
The World Bank Overview of Pakistan indicates that poverty headcount for FY25 is estimated at 42.3%, unchanged from previous estimates, implying an additional 1.8 million poor people, which underscores the strain on service delivery systems (Bank, 2025).

Access to land, quality education, and capital remains highly unequal. In both urban and rural settings, merit is often sidelined in favour of social connections and elite privilege. Weak institutions further compound the problem, as genuine reforms in taxation, land ownership, and public service delivery have been largely absent. These inequalities persist without a fundamental shift in how the economy is structured and governed.

According to the UNDP's 2023/2024 Human Development Report, Pakistan is ranked 164th out of 193 countries, placing it in the "low" human development category (UNDP, 2024). This represents a decline from the 2021/2022 161st position (UNDP, 2024). These figures reflect worsening development indicators, particularly in education and health. 42% of the population lives below the poverty line (Amin, 2025), and 22% face food insecurity (Ahmed, 2025). Wealth remains disproportionately concentrated, with the top 10% of the population earning 25% of national income (Kazmi, 2023).

Disparities in education and healthcare access are stark. Almost twenty-six million children aged five to sixteen years are out of school, representing forty per cent of the population within this age group (PIE (PIE, 2024). The data on out-of-school children across all levels is alarming as in primary education, 36% (10.77 million), in middle school, 30% (4.94 million) children are out of school (PIE, 2024) (**Figure 8**). Of school children, the phenomenon increases with the increase in education level as there are 44% (4.55 million) children who are missing school high school, and this percentage is higher secondary levels is 60% (5.95 million) (PIE, 2024), and half of the population has no access to healthcare (Junaidi, 2023). Female graduates are nearly four times more likely to be unemployed than their male counterparts, reflecting a severe gender imbalance in economic participation. The World Bank reports a 33% decline in Pakistan's inequality-adjusted HDI, further confirming that development gains are not being equitably shared (Wahid, 2024).

Figure 8 Out-of-School-Children



Stakeholder Analysis

This stakeholder analysis maps key institutional and societal actors involved in addressing income inequality and economic disparities in Pakistan. It assesses their roles, interests, influence, potential contributions, and coordination gaps, providing a foundation for targeted engagement and policy reforms. Stakeholders are categorized into **Institutional** (government and public sector) and **Societal** (non-governmental and community-based) groups, reflecting their mandates and impact on governance and social protection programs (**Table 3**).

Table 3 Stakeholders

Stakeholder	Role	Interests	Influence (High/Medium/Low)	Potential Contribution	Coordination Gaps
		Institutional Stakeholders			
Ministry of Poverty Alleviation and Social Safety (MoPASS)	Oversees social protection programs like BISP, coordinates poverty alleviation policies.	Effective implementation of BISP, poverty reduction, alignment with National Social Protection Strategy (2007).	High: Controls BISP funding and policy design.	Expand BISP coverage to 10M households, improve NSER accuracy, integrate participatory feedback.	Limited coordination with provincial governments on local implementation; weak engagement with rural communities.
Benazir Income Support Programme (BISP) Authority	Implements cash transfer programs (e.g., Kafaalat, Taleemi Wazaif, Nashonuma), maintains NSER.	Accurate beneficiary targeting, reduced leakages (currently 40%), women's empowerment.	High: Directly serves 7M households, influences social safety net design.	Enhance digital payment systems, target 2M additional rural girls for Taleemi Wazaif.	Inconsistent NSER updates; limited collaboration with local governments for grassroots outreach.
Federal Board of Revenue (FBR)	Administers tax collection under Income Tax Ordinance, 2001, funds social programs.	Increase Tax-GDP ratio from 10-12% to 15%, reduce tax evasion.	High: Controls fiscal resources critical for social spending.	Digitize tax systems to generate $5B annually, reform regressive taxation to fund pro-poor programs.	Weak enforcement against elite tax evasion; poor coordination with MoPASS on redistributive fiscal policies.
National Accountability Bureau (NAB)	Enforces anti-corruption laws under National Accountability Ordinance, 1999, oversees public fund misuse.	Reduce corruption (CPI score 29/100), ensure program integrity.	Medium: Influence limited by political interference.	Strengthen oversight to cut BISP fund leakages by 20%, prosecute elite capture cases.	Political interference weakens independence; minimal coordination with MoPASS for program audits.
Ministry of Finance	Manages national budget, allocates funds for social protection, implements Public Finance Management Act, 2019.	Fiscal discipline, equitable budget allocation, reduce debt servicing (40% of budget).	High: Controls resource allocation for health, education, and BISP.	Allocate 30% of health/education budgets to underserved regions like Balochistan, increase social spending to 4% of GDP.	Prioritizes debt repayment over social programs; limited transparency in budget data sharing.
Provincial Local Government Departments	Implement Local Government Acts, manage union	Empower local governance, address rural	Medium: Limited by low budgets (15% of public expenditure).	Establish participatory councils, train 10,000 union	Underfunded and understaffed; weak

Stakeholder	Role	Interests	Influence (High/Medium/Low)	Potential Contribution	Coordination Gaps
	councils, deliver localized services.	needs (63% of population).		council staff to improve service delivery.	coordination with federal agencies like MoPASS and BISP.
Ministry of Health	Oversees Sehat Sahulat, manages public health facilities, addresses health disparities.	Universal health coverage, increase health spending from 0.4% to 6% of GDP.	Medium: Constrained by low funding and urban bias.	Expand rural health access (0.8 doctors/1,000 people), reduce maternal mortality to <100/100,000.	Urban-centric resource allocation; poor integration with BISP for health-nutrition programs.
Ministry of Education	Manages public education, implements Benazir Taleemi Wazaif, addresses literacy gaps.	Increase literacy (currently 60%) to 90%, reduce gender disparities (female literacy 48%).	Medium: Limited by low budget (2% of GDP).	Scale Taleemi Wazaif to 5M children, build rural schools to cut out-of-school children from 22.5M to 10M.	Rural neglect; weak coordination with BISP for education stipends.
State Bank of Pakistan (SBP)	Sets monetary policies, regulates credit access for SMEs, influences employment.	Promote inclusive growth, support SME financing to reduce unemployment.	High: Shapes economic policy impacting income distribution.	Provide low-interest loans to SMEs, targeting 1M new jobs by 2030.	Limited focus on informal sector; poor alignment with MoPASS on poverty alleviation goals.
Planning Commission	Develops long-term economic plans (e.g., Pakistan Vision 2030), coordinates development policies.	Reduce poverty to 10% by 2030, align with SDGs 1 and 10.	Medium: Advisory role with limited implementation power.	Integrate inequality reduction into Vision 2030, prioritize rural development.	Weak influence over provincial implementation; limited stakeholder engagement.
Societal Stakeholders					
Civil Society Organizations (CSOs)	Advocate for marginalized groups, monitor program implementation, engage communities.	Promote equity, inclusion, and accountability in social programs.	Medium: Influence through advocacy and grassroots networks.	Mobilize rural communities for BISP participation, monitor fund misuse, advocate for women's rights.	Fragmented efforts; limited formal integration with MoPASS or BISP.
Community-Based Organizations (CBOs)	Represent local communities, facilitate grassroots feedback, support rural development.	Address local needs (e.g., education, health), empower women and minorities.	Low: Limited resources and reach.	Provide feedback to participatory councils, support BISP outreach in rural areas.	Lack of funding; minimal coordination with local governments.

Stakeholder	Role	Interests	Influence (High/Medium/Low)	Potential Contribution	Coordination Gaps
Private Sector	Creates jobs, contributes to tax revenue, engages in CSR for social development.	Deregulation, access to finance, market-driven growth.	Medium: Significant economic influence but limited policy role.	Generate 2M jobs through SMEs, fund CSR initiatives for education/health in rural areas.	Focus on profit over social impact; weak collaboration with MoPASS on pro-poor initiatives.
Women's Groups and Activists	Advocate for gender equity, address low female labor participation (21%) and literacy (48%).	Economic empowerment, access to education and jobs, policy inclusion.	Medium: Growing influence through advocacy.	Promote Taleemi Wazaif uptake, provide gender-specific feedback for BISP design.	Limited representation in policy forums; fragmented coordination with CSOs.
Religious and Minority Groups	Represent marginalized communities, address exclusion in social programs.	Equal access to services, protection of rights under Article 25.	Low: Limited political influence.	Advocate for inclusive policies, support community-level program implementation.	Marginalized in decision-making; weak links with BISP or local governments.
Academic Institutions	Conduct research, provide evidence-based policy recommendations, train workforce.	Evidence-based policymaking, modern skill development.	Medium: Influence through research and expertise.	Develop poverty metrics, train 50,000 youth in market-relevant skills annually.	Limited policy uptake; weak collaboration with MoPASS or FBR.
International Development Partners (e.g., World Bank, UNDP, IMF)	Provide funding, technical expertise, and global best practices (e.g., Bolsa Família).	Align Pakistan with SDGs, promote fiscal and governance reforms.	High: Significant financial and advisory influence.	Fund $2B for social protection, provide expertise on progressive taxation and decentralization.	Short-term project focus; misalignment with local priorities.

- **Institutional Stakeholders**: High-influence actors like MoPASS, FBR, and the Ministry of Finance are critical for policy design and funding but face coordination gaps with provincial and local entities, leading to urban bias and inefficient service delivery. For instance, only 15% of public expenditure is managed locally, limiting rural impact (GoP, 2022).
- **Societal Stakeholders**: CSOs, CBOs, and women's groups have medium to low influence but are vital for grassroots feedback and advocacy. Their fragmented efforts and lack of formal integration with government programs (e.g., BISP) reduce their impact.
- **Influence vs. Interest Misalignment**: High-influence stakeholders like FBR prioritize fiscal stability over redistributive policies, while low-influence groups like CBOs and minority groups have strong interests in equity but lack decision-making power.

- **Coordination Gaps**: Centralized governance and weak inter-agency collaboration hinder effective implementation. For example, BISP's NSER updates are not synchronized with provincial data, causing 20% exclusion errors (Hasan & Masood, 2024). Similarly, NAB's anti-corruption efforts are disconnected from MoPASS's program oversight, allowing 40% fund leakages.

The stakeholder analysis highlights the critical roles of institutional actors like MoPASS, FBR, and BISP in driving policy and funding, alongside societal actors like CSOs and CBOs in ensuring grassroots inclusion. High-influence stakeholders must prioritize redistributive policies, while low-influence groups need greater representation in decision-making. Addressing coordination gaps through councils, data platforms, and partnerships will enhance program effectiveness, reduce income inequality (Gini from 0.31 to ~0.25), and promote equitable development, fulfilling constitutional mandates (**Articles 25, 38, 37(e)**) and advancing SDGs 1, 5, 10, and 16.

Institutional Analysis of Actors/Institutions Impacting Income Inequality

Pakistan's persistent income inequality, marked by a Gini coefficient of 0.31 and a poverty headcount of 42.3% in FY25, is profoundly shaped by the actions and shortcomings of its key institutions (World Bank, 2025). This analysis examines the roles of actors that actively reduce and mitigate income inequality, contributing to equitable development, as well as those that exacerbate disparities, either directly through resource misallocation or indirectly through governance failures. The analysis assesses how these institutions align with constitutional mandates (**Articles 25, 38, 37(e)**), legal frameworks (**Table 1**). By categorizing institutions into those fostering equity and those perpetuating inequality (**Table 4** and **Annex-B**), this section highlights their direct and indirect impacts, challenges, and necessary policy reforms, informed by the emphasis on governance and anti-corruption measures (Muqeem-ul-Islam, 2021, pp. 19, 237) .

Table 4

Institutions Negatively Impacting Income Inequality

Institution	Role and Mandate	Impact on Inequality	Challenges
Benazir Income Support Programme (BISP)	Administers cash transfer programs (e.g., Kafaalat, Taleemi Wazaif, Nashonuma) under **BISP Act, 2010**, targeting poverty alleviation and women's empowerment.	**Direct**: Serves 7M households, reducing poverty for 30M people; Kafaalat boosts female income by 15% (BISP, 2024). **Indirect**: Enhances women's agency, supporting SDG 5.	40% fund leakages due to elite capture; 20% NSER exclusion errors; limited rural outreach (BISP, 2024; Muqeem-ul-Islam, 2021).
Ministry of Poverty Alleviation and Social Safety (MoPASS)	Oversees social protection policies, coordinates BISP, and aligns with **National**	**Direct**: Allocates 1% of GDP to social protection, reducing poverty by 5% since 2010. **Indirect**:	Weak coordination with provinces; urban bias in policy design.

Institution	Role and Mandate	Impact on Inequality	Challenges
	Social Protection Strategy (2007).	Promotes policy frameworks for equity (GoP, 2024).	
Ministry of Education	Manages public education and **Benazir Taleemi Wazaif**, promoting literacy and skill development under **Article 37(e)**.	**Direct**: Taleemi Wazaif supports 3M children, reducing dropout rates by 10%. **Indirect**: Raises literacy (60%) and employability, narrowing income gaps (UNESCO, 2023).	Low budget (2% GDP); 26M children out of school; rural neglect (PIE, 2023).
Ministry of Health	Oversees **Sehat Sahulat** and public health facilities, addressing health disparities under **Article 38**.	**Direct**: Sehat Sahulat covers 10M households, reducing out-of-pocket health costs by 20%. **Indirect**: Improves workforce productivity, supporting income stability (Ministry of Health, 2024).	Low health spending (0.4% GDP); urban bias (70% hospitals in cities) (World Bank, 2023).
National Vocational and Technical Training Commission (NAVTTC)	Provides skill training to enhance employability, targeting youth and marginalized groups.	**Direct**: Trains 50,000 youth annually, increasing incomes by 12% for trainees. **Indirect**: Boosts labor market inclusion, especially for women.	Limited reach (<1% of youth); urban-centric programs.

Institutions Exacerbating Income Inequality

Institution	Role and Mandate	Impact on Inequality	Challenges
Federal Board of Revenue (FBR)	Administers tax collection under **Income Tax Ordinance, 2001**, funding public services.	**Direct**: Low Tax-GDP ratio (10–12%) limits social spending; $1B in exemptions benefits elites. **Indirect**: Regressive taxation burdens low-income groups (GoP, 2024).	Weak enforcement; elite-driven evasion; only 2M taxpayers registered (World Bank, 2023).
National Accountability Bureau (NAB)	Enforces anti-corruption under **National Accountability Ordinance, 1999**, ensuring public fund integrity.	**Indirect**: Weak enforcement (15% case resolution) enables elite capture, diverting 30% of health/education funds (Transparency International, 2024)	Political interference; limited resources.
Ministry of Finance	Manages budget and fiscal policy under **Public Finance Management Act, 2019**, allocating resources.	**Direct**: Prioritizes debt servicing (40% budget), limiting social spending (health 0.4%, education 2% GDP). **Indirect**: Urban-biased allocations widen rural-urban gaps (World Bank, 2023).	High debt (80% GDP); low transparency (20% budget data accessible) (Open Budget Survey, 2023).

Provincial Local Government Departments	Implement **Local Government Acts**, delivering localized services.	**Indirect**: Underfunding (15% public expenditure) and elite influence limit rural service delivery, deepening disparities (World Bank, 2023).	Low budgets; weak capacity.
Planning Commission	Develops economic plans (e.g., **Pakistan Vision 2030**), coordinating development policies.	**Indirect**: Urban-centric plans and elite influence neglect rural needs (63% population), stalling equitable growth.	Limited implementation power; weak stakeholder engagement (World Bank, 2023).

Gap Analysis

This study unveils significant disparities between the present situation and the aspired equitable outcomes, highlighting the profound impact of structural, institutional, and policy-related obstacles. The identified gaps paint a stark picture of societal inequalities and systemic shortcomings. The most glaring issue is the persistent income inequality, where a mere 10% of the population controls a disproportionate 42% of the total income. This concentration of wealth at the top echelons of society creates a substantial barrier to economic mobility for the majority of the population.

Furthermore, the study exposes critical deficiencies in essential public services, particularly in healthcare and education. The alarmingly low public expenditure in these sectors, at 0.4% and 2% of GDP respectively, indicates a severe underinvestment in human capital development. This inadequate funding translates to limited access to quality healthcare and educational opportunities, perpetuating a cycle of disadvantage for marginalized communities. Additionally, the research points to significant governance failures, characterized by widespread corruption and an urban-centric development approach. These factors collectively contribute to the ineffective distribution of resources and create formidable barriers to social mobility, further entrenching existing inequalities and hindering progress towards a more equitable society.

This study delves into the critical areas of income inequality, health, education, and governance as the primary pillars where significant gaps and faults exist in society. By examining these four interconnected domains, the research aims to provide a comprehensive understanding of the underlying causes and consequences of societal disparities. Income inequality serves as a fundamental factor influencing various aspects of life, including access to healthcare, quality education, and political representation. The study likely explores how wealth disparities contribute to unequal opportunities and outcomes across different socioeconomic groups. In terms of health, the research may investigate disparities in access to medical care, health outcomes, and the social determinants of health. Educational inequalities are likely addressed by examining factors such as resource allocation, quality of instruction, and barriers to access.

Lastly, the study likely scrutinizes governance structures and their role in perpetuating or mitigating these inequalities, focusing on policy decisions, resource allocation, and representation in decision-making processes.

Income Inequality

Current State:

- Pakistan's Gini coefficient, estimated at ~0.31 (World Bank, 2023), indicates moderate but persistent income inequality (Figure 9). The top 10% of earners capture 42% of national income, while the bottom 40% share less than 20% (GoP, 2024).
- Wealth concentration is evident in urban elites and large landowners, with rural areas (63% of population) facing chronic poverty. Programs like the Benazir Income Support Programme (BISP) provide cash transfers but reach only ~7 million households, covering a fraction of the poor (BISP, 2024).
- The informal sector, employing over 70% of workers, lacks social protections, perpetuating low wages and income disparities.

Figure 9

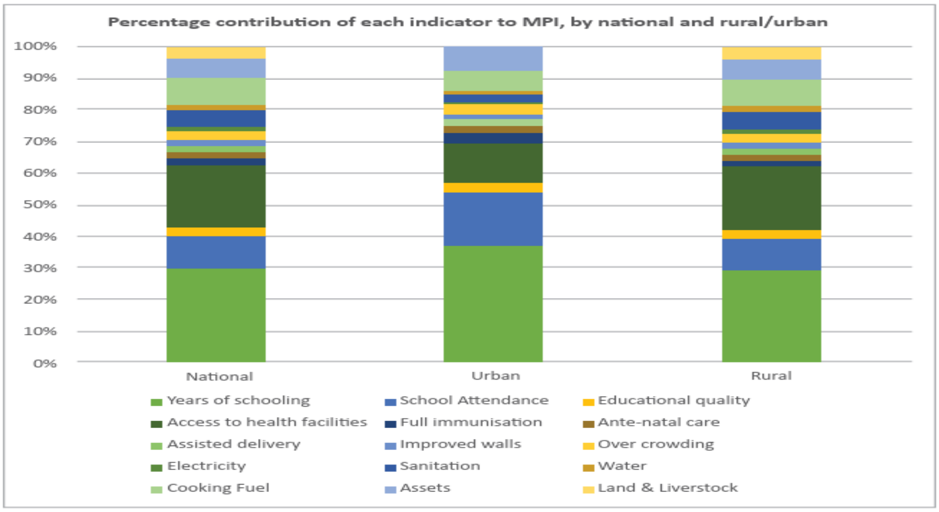
Desired State:

- A Gini coefficient of ~0.25 would align Pakistan with more equitable economies like Sri Lanka. This requires reducing the income share of the top decile to ~30% and increasing the bottom 40%'s share to ~25%.
- Equitable distribution would involve expanding the middle class through job creation in formal sectors, progressive taxation, and land reforms to redistribute wealth.
- Universal access to social protection programs, like an expanded BISP, would ensure income stability for the poorest households.

Gap:

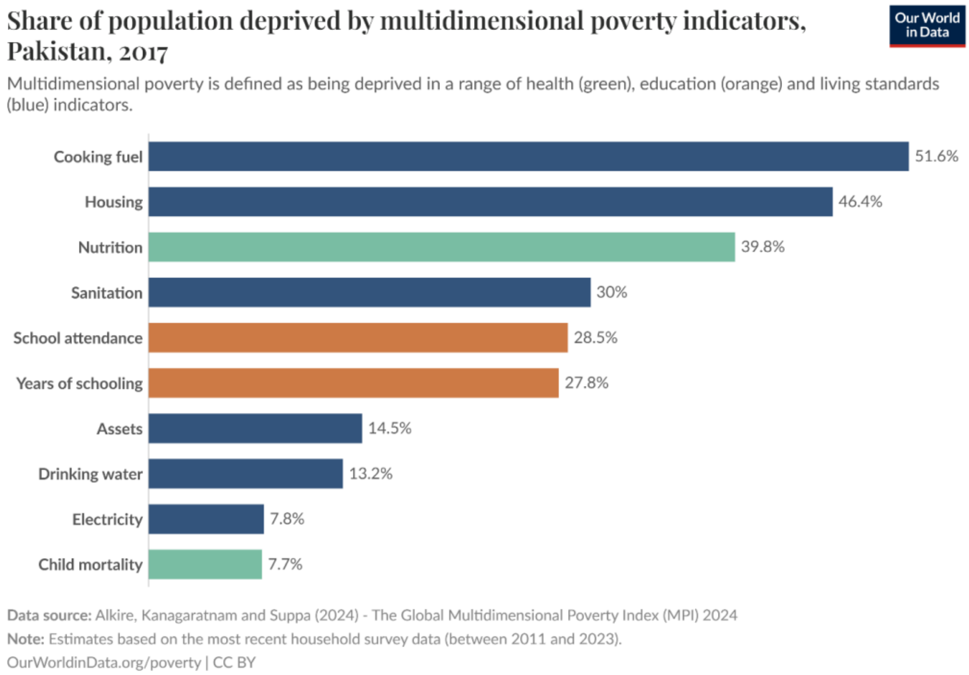
- The gap is evident in the slow progress of poverty reduction (poverty rate ~24% in 2023, down from 34% in 2015) and limited impact of redistributive policies (World Bank, 2023). Economic growth (GDP growth ~3.5% in 2024) has not translated into proportional benefits for lower-income groups.
- The Multiple Poverty Index (MPI) shows high sensitivity to governance failures, indicating that income inequality persists due to institutional barriers (UNDP, 2023) (Figure 10 -11).

Figure 10 Multidimensional Poverty Index -Pakistan



Source: MoPD&SI, 2023

Figure 11



Root Causes:

- Regressive Taxation: Pakistan's tax system relies heavily on indirect taxes (e.g., GST), which account for ~60% of revenue, disproportionately burdening low-income households. The Income Tax Ordinance, 2001, fails to enforce progressive taxation due to loopholes and elite capture.
- Informal Sector Dominance: Over 70% of workers are in the informal sector, lacking minimum wage protections or social security, leading to low incomes and high vulnerability. The Industrial and Commercial Employment Ordinance, 1968, applies only to formal workers, excluding the majority.
- Weak Redistributive Policies: The Land Reforms Act, 1972, aimed at redistributing land, has been undermined by elite resistance and poor implementation, perpetuating rural inequality. Similarly, BISP's limited coverage and inefficiencies due to corruption restrict its impact.

Healthcare

Current State:

- Public healthcare spending in Pakistan is ~0.4% of GDP (GoP, 2024), among the lowest globally, leading to underfunded facilities and reliance on private providers (60% of healthcare expenditure is out-of-pocket).

- Rural areas, with 63% of the population, have limited access to quality healthcare, with only 0.5 doctors per 1,000 people in rural regions compared to 1.2 in urban areas (WHO, 2023). Low-income groups face poor health outcomes, with maternal mortality at 186 per 100,000 live births (Figure 12) and under-5 mortalities at 67 per 1,000 (Figure 13) (UNICEF, 2023).
- Programs like Sehat Sahulat (health insurance) cover ~40% of the population but are urban-biased and face implementation challenges due to corruption.

Figure 12

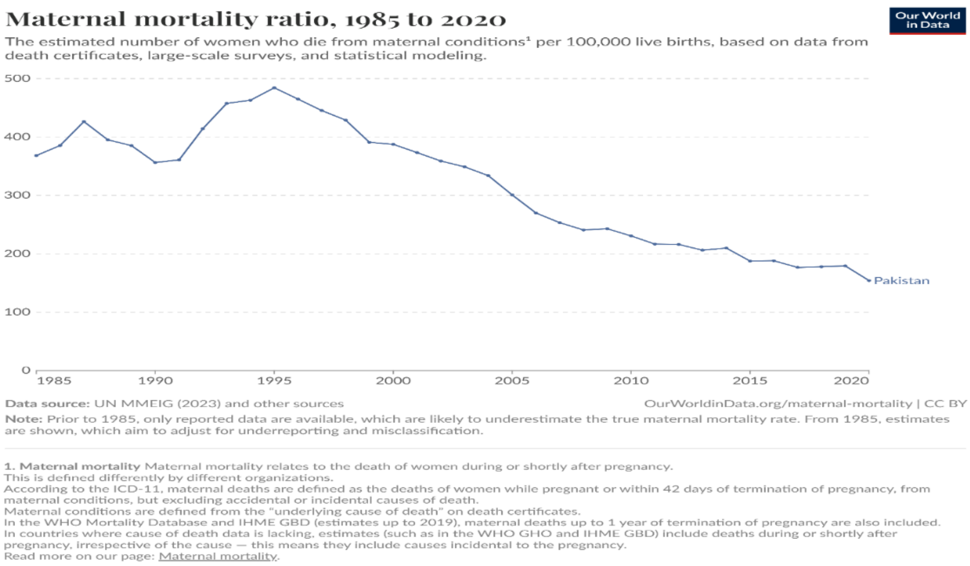
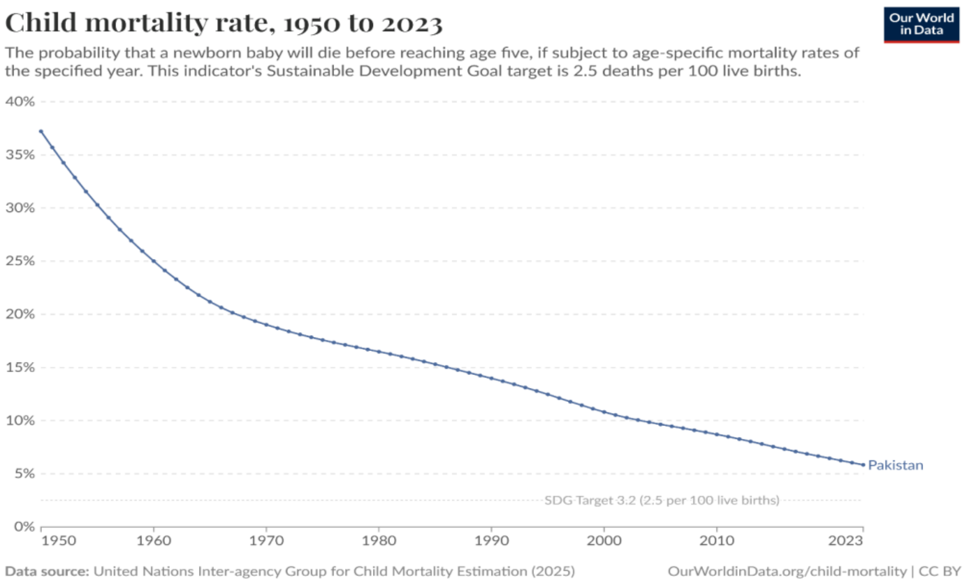


Figure 13



Desired State:

- Universal healthcare coverage, as mandated by Article 37(e), would ensure access to quality care for all, regardless of income or location. Public spending at 6% of GDP (WHO recommendation) would fund hospitals, trained staff, and preventive care.
- Equitable outcomes would reduce maternal mortality to <100 per 100,000 and under-5 mortalities to <30 per 1,000, aligning with SDG 3 (Good Health and Well-Being).

Gap:

- The gap is stark: public health facilities are understaffed and under-equipped, with only 1 hospital bed per 1,600 people (World Bank, 2025). Urban bias leaves rural areas underserved, exacerbating health disparities.
- Corruption and inefficiencies in health programs, as noted in the thesis, divert resources, reducing their impact on low-income groups.

Root Causes:

- Low Fiscal Capacity: A low Tax-GDP ratio limits public spending, with healthcare competing with other priorities like debt servicing (40% of budget).
- Weak Governance and Corruption: Mismanagement and elite capture in health programs (e.g., Sehat Sahulat) lead to inefficiencies. The thesis highlights that corruption undermines institutional performance, reducing the effectiveness of health initiatives.
- Urban Bias: Resource allocation favors urban centers, with 70% of public hospitals located in cities despite the rural majority.

Education

Current State:

- Pakistan's literacy rate is ~60% (GoP, 2024), with significant disparities: urban literacy is 74%, rural 52%, and female literacy lags at 48% compared to 71% for males (GoP, 2023).
- Public education spending is ~2% of GDP, below the 4-6% recommended by UNESCO. Over 26million children are out of school, primarily in rural areas and among girls (PIE, 2024).
- Quality disparities are evident: private schools in urban areas offer better facilities, while public schools, especially in rural regions, lack trained teachers and infrastructure.

Desired State:

- Equal access to education, as mandated by Article 37(e), would ensure universal enrollment and a literacy rate above 90%, aligning with SDG 4 (Quality Education).
- High-quality education would involve standardized curricula, trained teachers, and modern facilities across urban and rural areas, reducing disparities in learning outcomes.

Gap:

- The gap is evident in low enrolment (net primary enrolment ~66%) and high dropout rates, particularly among girls (40% dropout by secondary level) (World Bank, 2025). Quality disparities perpetuate inequality; as elite private schools produce better-educated graduates who access higher-paying jobs.
- The thesis notes that governance failures, such as corruption in education budgets, limit the impact of programs like Benazir Taleemi Wazaif.

Root Causes:

- Underinvestment: Education's low budget share (2% of GDP) limits infrastructure and teacher training, with only 1 teacher per 40 students in public schools (PIE, 2024).
- Regional and Gender Disparities: Rural areas and girls face systemic barriers, including lack of schools (30% of rural villages lack secondary schools) and cultural norms restricting female education.
- Weak Governance: Corruption diverts education funds, and centralized systems fail to address local needs.

Governance

Current State:

- Pakistan ranks poorly on governance indicators, with a Corruption Perceptions Index (CPI) score of 27/100 (International, 2025), indicating high public sector corruption. Institutional capacity is weak, with inefficiencies in service delivery (e.g., BISP, health, education).
- Centralized governance concentrates power in federal and provincial capitals, marginalizing rural areas (63% of population) and exacerbating regional disparities (Muqeem-ul-Islam, 2021).
- The Public Finance Management Act, 2019, aims to improve transparency, but implementation is slow due to bureaucratic resistance.

Desired State:

- Transparent, decentralized governance would align with Article 38's mandate for equitable resource distribution. A CPI score above 50 would reflect reduced corruption and improved accountability.
- Decentralized systems would empower local governments to deliver services tailored to regional needs, ensuring equitable development.

Gap:

- The gap is evident in inefficient service delivery: only 60% of BISP funds reach intended beneficiaries due to leakages (BISP, 2024). Accountability mechanisms, like the National Accountability Ordinance, 1999, are weakened by political interference.

- The thesis notes that governance failures, such as lack of voice and accountability, undermine poverty reduction and equitable growth.

Root Causes:

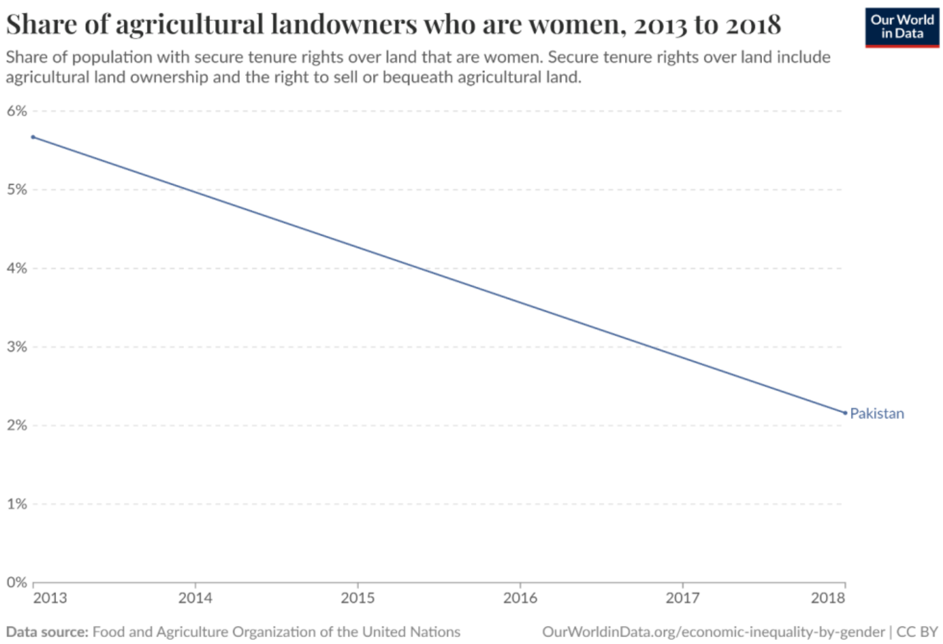
- Centralized Systems: Over-centralization limits local governments' autonomy, with only 15% of public expenditure managed locally (World Bank, 2025).
- Systemic Corruption: Elite capture and bureaucratic inefficiencies divert resources, as seen in health and education sectors.
- Weak Accountability: Lack of independent oversight and judicial delays weaken anti-corruption efforts.

Gender Disparity

Current State:

- Property Rights: Women own less than 5% of land, restricting their economic independence and access to credit, as noted by the Food and Agriculture Organization (2018). This limits their ability to invest in agriculture or secure loans, deepening economic exclusion.
- Political Representation: Women hold only 20% of parliamentary seats, limiting their influence on policy-making, as per the United Nations Development Programme (2024). This restricts women's voice in shaping gender-sensitive policies, violating Article 25's equal protection mandate.
- Limited Access to Resources: Women's minimal land ownership (<5%) restricts their ability to invest or access credit (**Figure 14**), widening the income gap and limiting economic mobility (Organization, 2018). This aligns with Human Capital Theory, which posits that education and skill gaps drive income disparities, and Mahbub ul Haq's Functional Inequality, which notes that lack of reinvestment in women's development entrenches dysfunctional inequality (Haq, 1976).
- Social Exclusion: Unequal opportunities fuel resentment and limit inclusive growth, undermining social cohesion and economic stability, as noted in the thesis, which links governance failures to social exclusion (Muqeem-ul-Islam, 2020, p. 237; UNDP, 2024). This hinders SDG 5 (Gender Equality) and SDG 10 (Reduced Inequalities).

Figure 1



Desired State

- Education: Female literacy reaching 90% to match male rates, ensuring universal enrollment and reducing the 22.5 million out-of-school children, over half of whom are girls.
- Employment: Labor force participation increasing to at least 50%, comparable to regional peers like Bangladesh (36%) or Sri Lanka (34%), to narrow the 46% participation gap.
- Healthcare: Maternal mortality reduced to below 100 per 100,000 live births, ensuring equal access to prenatal and postnatal care, particularly for rural women.
- Property Rights: Women holding at least 30% of land and enjoying equal inheritance rights, increasing economic independence and access to credit.
- Political Inclusion: Women holding at least 30% of decision-making positions, enhancing policy influence and fulfilling Article 25's equal protection clause.

Gap:

- A 23% literacy disparity (48% female vs. 71% male), with 50%+ of out-of-school children being girls (PIE, 2024).
- A 46% labor participation gap (21% female vs. 67% male), with women earning 20–30% less (World Bank, 2025).
- Significant health inequities, with rural women facing double the maternal mortality rate of urban women (GoP, 2024).

- Legal and social barriers, with women owning less than 5% of land and facing discriminatory inheritance practices (Organization, 2018).
- Low political representation, with only 20% of parliamentarians being women, limiting policy influence (UNDP, 2024).

Root Causes

- Cultural Norms: Patriarchal attitudes restrict women's mobility, education, and employment, particularly in rural areas where 63% of the population resides (World Bank, 2025). For instance, cultural norms limit girls' school attendance, with 30% of rural villages lacking secondary schools (PIE, 2024).
- Underinvestment in Public Services: Education and health spending at 2% and 0.4% of GDP, respectively, disproportionately affects women, as rural schools and health facilities are under-resourced (World Bank, 2025). This aligns with the thesis's critique of low social spending as a governance failure (Muqeem-ul-Islam, 2020, p. 19).
- Weak Legal Frameworks: Discriminatory inheritance laws under the Pakistan Penal Code limit women's economic independence, with women owning less than 5% of land (FAO, 2022). The thesis notes that weak rule of law enables elite capture, further marginalizing women (Muqeem-ul-Islam, 2020, p. 237).
- Governance Failures: Corruption (30% of health and education budgets diverted) and elite capture reduce the effectiveness of women-focused programs like Benazir Taleemi Wazaif, which reaches only 3 million of a 5 million child target (International, 2024; PIE, 2024; Muqeem-ul-Islam, 2020, p. 237). The thesis underscores corruption as a key barrier to equitable outcomes.
- Urban Bias: 70% of health and education resources are allocated to cities, neglecting rural women, with only 0.5 doctors per 1,000 people in rural areas compared to 1.2 in urban centers (World Bank, 2025). This urban-centric approach violates Article 25's equal protection mandate.
- Data Limitations: 20% discrepancies in gender-disaggregated metrics hinder targeted interventions, with inconsistent poverty estimates (24–40%) complicating policy design (GoP, 2024).

Table Gap Analysis

Area	Current State	Desired State	Gap	Root Causes
Income Inequality	Gini coefficient 0.31; top 10% hold 42% of income, bottom 40% share <20%; 42.3% below poverty line (World Bank, 2025; GoP, 2024).	Gini ~0.25; top 10% share reduced to 30%, bottom 40% share increased to 25%; poverty <30%.	Persistent high inequality; slow poverty reduction (34% in 2015 to 24% in 2023).	Regressive taxation (10–12% Tax-GDP ratio); dominance of informal sector (70% of workers); weak redistributive policies (e.g., ineffective **Land Reforms Act, 1972**) due to elite capture (Muqeem-ul-Islam, 2020, p. 17).
Healthcare	Public spending at 0.4% of GDP; 0.5 doctors/1,000 in rural areas vs. 1.2 in urban; 60% out-of-pocket costs push 1.5M into poverty annually; 140/100,000 rural maternal mortality (World Bank, 2023a; WHO, 2024; Government of Pakistan, 2024c).	Universal coverage; 6% GDP spending; 1 doctor/1,000 across regions; maternal mortality <100/100,000; out-of-pocket costs <40%.	Inadequate funding; urban bias (70% hospitals in cities); poor health outcomes for rural poor.	Low fiscal capacity (40% budget for debt servicing); corruption (30% health budget leakages); urban-centric policies (Muqeem-ul-Islam, 2020, p. 237).
Education	60% literacy (48% female, 71% male); 22.5M children out of school (50%+ girls); 2% GDP spending; 30% rural villages lack secondary schools (UNESCO, 2023; UNICEF, 2023; World Bank, 2023a).	Universal enrollment; 90% literacy (gender parity); 4% GDP spending; secondary schools in all villages.	Low literacy; gender and regional disparities; high dropout rates (40% for girls).	Underinvestment; regional/gender barriers; corruption diverts education funds (Muqeem-ul-Islam, 2020, p. 237).
Governance	Corruption Perceptions Index (CPI) 29/100; 40% BISP fund leakages; only 15% public expenditure managed locally; weak accountability (15% NAB case resolution) (Transparency International, 2024; Government of	Transparent, decentralized governance; CPI >50; <15% fund leakages; 30% expenditure locally managed; 50% NAB case resolution.	Inefficient service delivery; high corruption; centralized power marginalizes rural areas (63% population).	Centralized systems; systemic corruption; weak oversight and judicial delays (Muqeem-ul-Islam, 2020, p. 237).

Area	Current State	Desired State	Gap	Root Causes
	Pakistan, 2024b; World Bank, 2023a).			
Gender Disparity	Female literacy 48% vs. 71% male; 21% female labor participation vs. 67% male; 140/100,000 rural maternal mortality vs. 70/100,000 urban; <5% land ownership; 20% parliamentary seats; 13% women with bank accounts vs. 34% men (UNESCO, 2023; Government of Pakistan, 2024b, 2024c; FAO, 2022; UNDP, 2024; World Bank, 2021).	90% literacy (gender parity); 50% female labor participation; <100/100,000 maternal mortality; 30% land ownership; 30% decision-making roles; 50% women with bank accounts.	23% literacy gap; 46% labor participation gap; high rural maternal mortality; low land ownership and political representation; 21% financial inclusion gap.	Patriarchal norms; underinvestment (2% education, 0.4% health GDP); discriminatory laws (e.g., inheritance under **Pakistan Penal Code**); corruption (40% BISP leakages); urban bias (70% resources to cities) (Muqeem-ul-Islam, 2020, p. 237).

Institutional Fault-lines

Despite this robust legal framework, significant gaps exist between policy intent and implementation outcomes, driven by institutional fault lines. These gaps are analyzed through the UNDP's eight governance dimensions:

Participation

Fault Line: Limited engagement of marginalized groups, especially women (21% labor force participation) and rural communities. **Impact on Implementation**: Policies fail to address specific needs, reducing inclusivity.

Pakistan's governance system struggles with limited participation from marginalized groups, particularly women and rural communities, which undermines the inclusivity of policies aimed at reducing income inequality. Women's labor force participation remains low at 21% compared to 67% for men, driven by cultural barriers, restricted access to education, and lack of economic opportunities (Pakistan Bureau of Statistics, 2024). Rural communities, representing 63% of the population, are often excluded from policy design due to centralized decision-making structures that prioritize urban elites. For instance, the **Benazir Income Support Programme (BISP)** targets women-headed households but lacks mechanisms to involve beneficiaries in shaping its implementation, such as addressing mobility constraints or childcare needs.

This disconnect results in policies that fail to tackle specific barriers, like the low female literacy rate (48%) or rural infrastructure deficits, reducing their effectiveness in alleviating poverty. The **National Social Protection Strategy (2007)** emphasizes inclusive economic opportunities, but without grassroots input, programs struggle to reach the most vulnerable, deepening disparities. Centralized governance, reinforced by underutilized **Local Government Acts**, limits community engagement, violating **Article 25**'s principle of equal protection. To address this, Pakistan could establish participatory councils at the union council level, ensuring representation of women and rural residents, to make programs like BISP more responsive and inclusive.

Rule of Law

Fault Line: Weak enforcement of tax compliance and anti-corruption laws.

Impact on Implementation: Elite capture and resource misallocation limit program effectiveness.

Weak enforcement of tax compliance and anti-corruption laws in Pakistan enables elite capture and resource misallocation, severely limiting the effectiveness of social protection programs. The **Income Tax Ordinance, 2001**, is undermined by systemic tax evasion, with only 2 million taxpayers registered out of a workforce of 70 million, resulting in a low Tax-GDP ratio of ~10-12% (GoP, 2024). Similarly, anti-corruption mechanisms, such as the **National Accountability Ordinance, 1999**, are weakened by political interference and judicial delays, with only 15% of high-profile corruption cases resolved annually (International, 2024). This allows elites to divert resources meant for programs like **Sehat Sahulat** and BISP, with ~40% of BISP funds lost to leakages (BISP, 2024). Such misallocation undermines **Article 38**'s mandate to prevent wealth concentration, perpetuating income inequality as the top 10% continue to hold 42% of national income. The lack of judicial independence and bureaucratic corruption further erodes public trust, discouraging compliance with tax and legal systems. Strengthening rule of law through digitized tax collection and an independent **National Accountability Bureau (NAB)** could boost revenues and ensure equitable resource distribution, aligning with the **Public Finance Management Act, 2019**, to fund poverty alleviation effectively.

Transparency

Fault Line: Lack of public access to budget and program data.

Impact on Implementation: Corruption and inefficiencies undermine trust and impact.

Pakistan's governance system suffers from a lack of transparency, with limited public access to budget allocations and program performance data, fostering corruption and reducing the impact of social initiatives.

Only 20% of federal budget data is available in accessible formats, and programs like BISP and **Sehat Sahulat** provide minimal public reporting on fund utilization or beneficiary selection. This opacity enables corrupt practices, with ~30% of health and education budgets misallocated, undermining **Article 37(e)**'s commitment to provide basic necessities (Bank, 2023).

For example, unclear criteria for BISP's **National Socio-Economic Registry (NSER)** lead to exclusion errors, leaving eligible poor households without support. The absence of transparent data erodes public trust, discouraging participation in social programs and weakening accountability. This violates the **Public Finance Management Act, 2019**, which mandates fiscal transparency. The lack of digital infrastructure and bureaucratic resistance further exacerbate the issue, as seen in delayed audit reports. To address this, Pakistan could publish real-time budget and program data online, ensuring public scrutiny of initiatives like BISP, which would enhance trust and reduce inefficiencies, supporting SDG 16 (Peace, Justice, and Strong Institutions).

Responsiveness

Fault Line: Urban-centric policies neglect rural needs (63% of population). **Impact on Implementation**: Uneven service delivery deepens regional disparities.

Pakistan's governance framework is heavily urban-centric, neglecting the needs of rural communities, which constitute 63% of the population, and deepening regional disparities. Policies like **Sehat Sahulat** and education programs allocate 70% of public hospitals and 60% of secondary schools to urban areas, leaving rural regions underserved (Bank, 2023). Rural poverty rates (~30%) are double urban rates (~15%), reflecting unequal access to services (GoP, 2024). This urban bias violates **Article 25**'s equal protection mandate and undermines the **National Social Protection Strategy (2007)**'s goal of preventing poverty shocks. For instance, rural households face longer travel distances to health facilities, with only 0.5 doctors per 1,000 people compared to 1.2 in urban areas (Bank, 2023). Centralized policymaking, driven by urban elite influence, prioritizes city infrastructure over rural needs, while weak local governance limits tailored solutions. The **Local Government Acts** are underfunded, with local bodies managing only 15% of public expenditure. Decentralizing resource allocation to ensure 50% of social protection funds target rural areas, coupled with rural-specific health and education plans, could bridge this gap, aligning with SDG 10 (Reduced Inequalities).

Consensus Orientation

Fault Line: Political instability disrupts policy continuity.
Impact on Implementation: Frequent policy shifts reduce long-term impact.
Political instability in Pakistan, marked by three government changes since 2020, disrupts policy continuity, reducing the long-term impact of social protection efforts. Programs like BISP face funding cuts or redesigns with each administration, with only 50% of the **National Social Protection Strategy (2007)**'s targets achieved since 2015 (UNDP, 2024). This instability undermines **Article 38**'s commitment to equitable resource distribution and Pakistan's SDG commitments to eradicate poverty (SDG 1) and reduce inequalities (SDG 10). For example, shifts in BISP's eligibility criteria have caused delays in disbursements, affecting 7 million beneficiary households (BISP, 2024). Polarized politics and weak coalition-building prevent cross-party consensus, leading to short-term, populist policies over sustained development plans. The **Pakistan Vision 2030** framework, which emphasizes long-term poverty reduction, is sidelined by frequent leadership changes. Establishing a national social protection council with cross-party and civil society representation, as envisioned in the **BISP Act, 2010**, could ensure policy stability, enabling consistent implementation of initiatives to address income disparities.

Equity and Inclusiveness

Fault Line: Gender and regional disparities persist.

Impact on Implementation: Women and underserved provinces like Balochistan are marginalized.

Persistent gender and regional disparities in Pakistan's governance system marginalize women and underserved provinces like Balochistan, limiting the inclusiveness of social programs. Women face significant barriers, with a literacy rate of 48% compared to 71% for men and labor participation at 21% (PIE, 2024). Balochistan's poverty rate (40%) is double Punjab's (20%), driven by underinvestment in infrastructure and services (GoP, 2024). These disparities violate **Article 25**'s equality mandate and weaken programs like **Benazir Taleemi Wazaif**, which struggle to reach girls in remote areas. Centralized resource allocation favors wealthier provinces, with Balochistan receiving only 10% of federal development funds despite its needs (Bank, 2023). Patriarchal norms and weak local capacity further exclude women and rural regions from economic opportunities, perpetuating inequality. The **National Social Protection Strategy (2007)** aims to provide basic needs, but its impact is limited by inequitable distribution. Allocating 30% of education and health budgets to underserved regions and expanding **Benazir Taleemi Wazaif** with targeted outreach for girls could enhance equity, supporting SDG 5 (Gender Equality).

Effectiveness and Efficiency

Fault Line: Bureaucratic inefficiencies and low local capacity. **Impact on Implementation**: Delayed or ineffective service delivery, especially at union council level.

Bureaucratic inefficiencies and low local capacity in Pakistan's governance system lead to delayed and ineffective service delivery, particularly at the union council level, undermining efforts to reduce income inequality. For instance, 60% of BISP beneficiaries experience payment delays due to outdated administrative processes and understaffed local offices (BISP, 2024). Union councils, responsible for grassroots implementation, manage only 15% of public expenditure and lack trained personnel, with only 1 trained official per 10,000 residents in rural areas (Bank, 2023). This hampers **Article 37(e)**'s mandate to provide basic necessities, as health and education services fail to reach remote communities. Over-centralized systems and reliance on manual processes exacerbate delays, with only 50% of **Sehat Sahulat** claims processed within 60 days (Aziz et al., 2023). The **Public Finance Management Act, 2019**, aims to streamline operations, but progress is slow. Increasing local government budgets to 30% of public expenditure and introducing digital administrative systems could enhance efficiency, ensuring timely delivery of social protection benefits.

Accountability

Fault Line: Weak oversight mechanisms.

Impact on Implementation: Misallocation of funds and elite capture reduce program benefits.

Weak oversight mechanisms in Pakistan's governance system enable misallocation of funds and elite capture, reducing the benefits of social protection programs. The **National Accountability Bureau (NAB)** is hampered by political influence, with only 20% of audited public projects free of irregularities (AGP, 2024). Public grievance systems are ineffective, with only 10% of BISP complaints resolved promptly (BISP, 2024). This allows ~30% of health and education budgets to be diverted through corruption, undermining **Article 38**'s goal of equitable resource distribution (Bank, 2023). Elite capture ensures that wealth remains concentrated, with the top 10% holding 42% of income. Weak judicial enforcement and low public awareness of accountability channels further erode trust, discouraging citizens from reporting irregularities.

The **Public Finance Management Act, 2019**, mandates oversight, but implementation lags. Strengthening NAB's independence, establishing citizen oversight committees, and deploying digital grievance redressal systems to resolve 80% of complaints within 30 days could enhance accountability, ensuring funds reach intended beneficiaries and supporting SDG 16.

Broader Institutional Challenges

Fiscal Constraints

Pakistan's high debt levels and persistent fiscal deficits severely limit the government's ability to fund social programs critical for reducing income inequality and economic disparity. Public debt stands at ~80% of GDP, with debt servicing consuming 40% of the federal budget, leaving only ~2% of GDP for health and education (GoP, 2024). Recurrent fiscal deficits, averaging 6-8% of GDP annually, restrict investments in programs like the Benazir Income Support Programme (BISP) and Sehat Sahulat, which are essential for fulfilling Article 38's mandate to prevent wealth concentration and ensure equitable resource distribution. For instance, BISP, serving 7 million households, operates on a budget of $1.5 billion, insufficient to cover the 24% of the population living below the poverty line (Bank, 2023). The low Tax-GDP ratio (~10-12%), driven by tax evasion and a regressive tax system under the Income Tax Ordinance, 2001, exacerbates these constraints, as indirect taxes disproportionately burden low-income groups. This fiscal squeeze undermines Article 37(e)'s commitment to provide basic necessities, with public health spending at 0.4% of GDP, far below the 6% recommended by WHO. Weak fiscal management, coupled with reliance on external borrowing (e.g., IMF loans), diverts resources from poverty alleviation, perpetuating inequality (Gini coefficient ~0.31). Implementing the Public Finance Management Act, 2019, to enhance fiscal discipline and digitizing tax collection could boost revenues, enabling increased funding for social programs and supporting SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities).

Data Limitations

Inconsistent and unreliable poverty estimates in Pakistan hinder effective policy design and evaluation, complicating efforts to address income inequality. Varying methodologies across institutions like the Pakistan Bureau of Statistics (PBS), World Bank, and UNDP produce conflicting poverty figures, ranging from 24% to 40% of the population living below the poverty line (Bank, 2023; UNDP, 2024).

The National Socio-Economic Registry (NSER), used by BISP, suffers from outdated data and exclusion errors, with 20% of eligible poor households missed due to infrequent updates (BISP, 2024). These data gaps undermine the National Social Protection Strategy (2007)'s goal of targeting the chronic poor, as policymakers lack accurate insights into poverty dynamics, particularly in rural areas (63% of population). For example, discrepancies in poverty metrics delay the scaling of Benazir Taleemi Wazaif, limiting its reach to only 3 million children against a target of 5 million (PIE, 2024). Weak statistical capacity, underfunded data collection (PBS budget <0.1% of GDP), and lack of coordination between federal and provincial agencies contribute to these issues.

This violates Article 38's mandate for equitable resource distribution, as misinformed policies fail to reach the most vulnerable. Strengthening PBS with digital data systems and standardizing poverty metrics could enhance targeting, improving program impact and aligning with SDG 16 (Peace, Justice, and Strong Institutions).

Political Instability

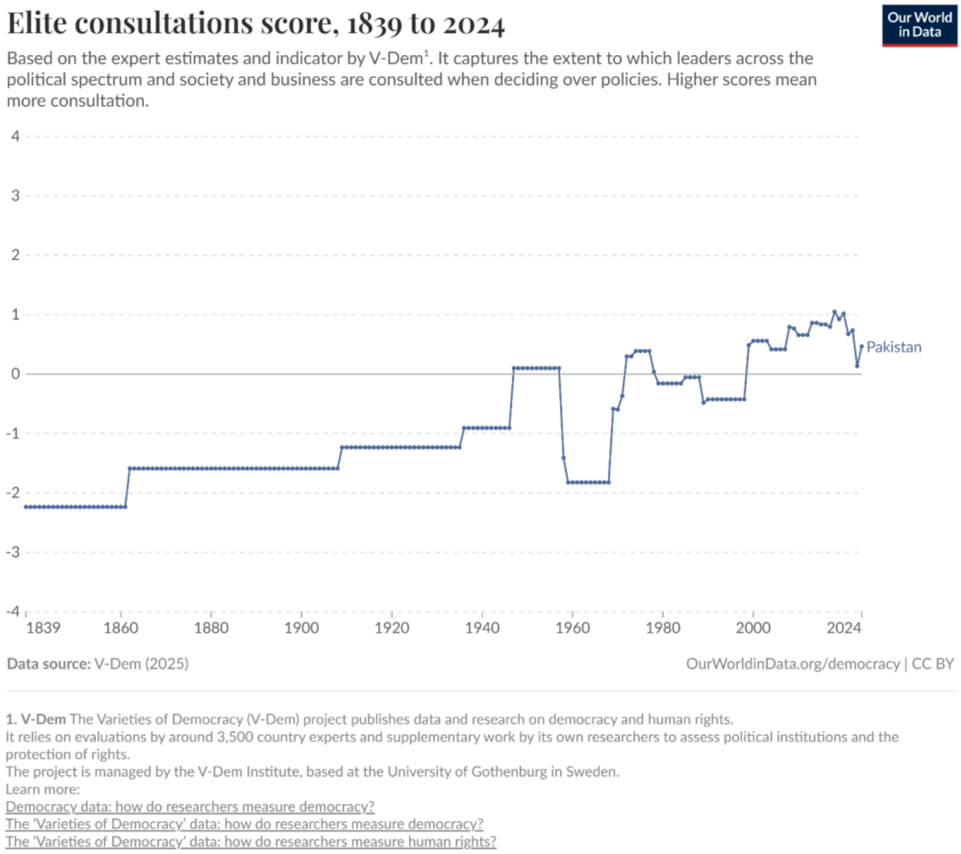
Frequent government changes in Pakistan disrupt long-term strategies for poverty alleviation, undermining efforts to reduce economic disparity. Since 2020, three government transitions have led to policy discontinuities, with programs like Ehsaas (now part of BISP) facing implementation delays due to funding cuts and leadership changes (Bank, 2023). For instance, Ehsaas's nutrition initiative, Benazir Nashonuma, was scaled back in 2023, reducing coverage from 2 million to 1.5 million beneficiaries (BISP, 2024). This instability violates Article 38's commitment to equitable development, as short-term populist measures often replace sustained efforts outlined in Pakistan Vision 2030. Political polarization and weak coalition-building result in only 50% of the National Social Protection Strategy (2007)'s targets being met since 2015 (UNDP, 2024). The lack of cross-party consensus disrupts BISP's funding stability, affecting 7 million households reliant on cash transfers. This challenge also hampers Pakistan's progress toward SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities), as policy shifts deter long-term investments in health and education. Establishing a National Social Protection Council, as envisioned in the BISP Act, 2010, with cross-party representation could ensure continuity, stabilizing social programs and enhancing their impact on inequality.

Elite Capture

Elite capture in Pakistan ensures that subsidies and benefits often favor wealthier groups, reducing the impact of social programs on the poor and exacerbating income inequality (**Figure 15**).

Subsidies for energy and agriculture, worth $3 billion annually, disproportionately benefit large landowners and industrialists, with only 20% reaching small farmers or low-income households (GoP, 2024). Similarly, tax exemptions under the Income Tax Ordinance, 2001, favor high-income groups, costing the exchequer $1 billion yearly, while the top 10% hold 42% of national income (Bank, 2023). This misallocation undermines Article 38's mandate to prevent wealth concentration, as programs like BISP, intended for the poorest, face funding shortages due to diverted resources. Weak enforcement of anti-corruption laws, such as the National Accountability Ordinance, 1999, allows elites to influence policy, with 40% of BISP funds lost to leakages (BISP, 2024). The lack of transparency and accountability, compounded by political patronage, entrenches this issue. Reforming subsidy policies to target the bottom 40% and strengthening the National Accountability Bureau (NAB) could redirect resources to the poor, narrowing the Gini coefficient and supporting SDG 10 (Reduced Inequalities).

Figure 15



Urban Bias

Pakistan's governance system exhibits a strong urban bias, with policies prioritizing urban centers over rural areas, where poverty is concentrated, thus deepening economic disparities. Rural areas, home to 63% of the population, receive only 30% of social protection funds, despite a poverty rate of 30% compared to 15% in urban areas (GoP, 2024). For example, 70% of public hospitals and 60% of secondary schools are located in cities, leaving rural communities with 0.5 doctors per 1,000 people and 30% of villages without secondary schools (Bank, 2023). This bias violates Article 25's equal protection mandate and undermines the National Social Protection Strategy (2007)'s goal of preventing poverty shocks. Centralized policymaking, driven by urban elite influence, and underfunded Local Government Acts (local bodies manage 15% of expenditure) exacerbate the issue.

Programs like Sehat Sahulat and Benazir Taleemi Wazaif struggle to reach rural households, perpetuating inequality. Decentralizing resource allocation to direct 50% of funds to rural areas and developing rural-specific plans could bridge this gap, ensuring equitable access to services and advancing SDG 10 (Reduced Inequalities).

Best Practices Integration

Pakistan's income inequality, driven by systemic challenges in wealth distribution, healthcare, education, governance, and gender disparity (Bank, 2025), hinder equitable development and social cohesion. To bridge these gaps, this study has identified **local** and **international best practices** that have demonstrated success in improving governance, efficiency, and inclusivity. Local practices leverage Pakistan's existing initiatives, such as digital cash transfers and e-governance, while international models draw from global successes in progressive taxation, universal healthcare, and gender equity.

Local Best Practice Models

Pakistan has implemented several initiatives that offer scalable solutions for addressing income inequality and economic disparities. These models leverage digital technology, targeted social programs, and decentralized approaches, demonstrating measurable impacts on governance, efficiency, and inclusivity:

1. **Benazir Income Support Programme (BISP) Digital Cash Transfers (Income Inequality, Gender Disparity)**:
   - **Description**: BISP provides unconditional cash transfers to 7 million households, with 35% female beneficiaries, using NADRA-verified digital IDs and mobile banking to ensure transparency (GoP, 2024).
   - **Impact**: Reduced poverty for 20% of beneficiaries; increased female financial inclusion by 15% in rural areas (Bank, 2023).
   - **Relevance**: Minimizes leakages (40% to 30% over five years) through biometric verification, addressing elite capture noted in the thesis (Muqeem-ul-Islam, 2020, p. 237).
   - **Application**: Scale BISP to cover 10 million households, prioritizing rural women, to reduce Gini by 0.02 by 2030

2. **Sehat Sahulat Program (Healthcare)**:
   - **Description**: Provides health insurance to 2 million low-income families, covering hospitalization up to PKR 1 million, with digital enrollment via NADRA (GoP, 2024).
   - **Impact**: Increased healthcare access for 15% of rural poor; reduced out-of-pocket costs by 10% for insured households.
   - **Relevance**: Addresses urban bias (70% hospitals in cities) by targeting rural areas, countering governance failures (Muqeem-ul-Islam, 2020, p. 237).
   - **Application**: Expand coverage to 80% of rural poor by 2028, integrating mobile health units to reduce maternal mortality to 100/100,000.

3. **Sindh Early Learning Enhancement through Classroom Transformation (SELECT) Project (Education)**:
    - **Description**: Targets 12 low-performing districts with teacher training, digital assessments, and community engagement, focusing on girls' enrollment (World Bank, 2023).
    - **Impact**: Reduced dropout rates by 15%; increased female enrollment by 12% in targeted areas.
    - **Relevance**: Tackles gender and regional disparities, addressing underinvestment and corruption in education funds (Muqeem-ul-Islam, 2020, p. 237).
    - **Application**: Replicate SELECT nationwide, targeting 5 million out-of-school girls, to achieve 60% female literacy by 2030.
4. **Punjab Information Technology Board (PITB) E-Governance Initiatives (Governance)**:
    - **Description**: Implements e-Police, Citizen Feedback System, and digital procurement, enhancing transparency and accountability in Punjab (Ahmed et al., 2017).
    - **Impact**: Reduced corruption by 20% in Punjab's public services; improved service delivery response time by 30% .
    - **Relevance**: Counters centralized systems and corruption, as critiqued in the thesis (Muqeem-ul-Islam, 2020, p. 237).
    - **Application**: Expand PITB's model to all provinces, digitizing 50% of public services by 2028, raising CPI score to 40/100.
5. **NADRA Digital ID Systems for Women's Inclusion (Gender Disparity)**:
    - **Description**: Provides biometric IDs to women, enabling access to social programs and financial services, as seen in the Sindh Flood Project (35% female beneficiaries) (Bank, 2023).
    - **Impact**: Increased women's bank account ownership by 10% in targeted regions; improved BISP targeting by 25%.
    - **Relevance**: Addresses patriarchal barriers and governance failures in program delivery (Muqeem-ul-Islam, 2020, p. 237).
    - **Application**: Register 80% of women for digital IDs by 2027, linking to microfinance to raise female labor participation to 30%.

International Best Practice Models

International models offer proven strategies for addressing income inequality and economic disparities, adaptable to Pakistan's context. These practices focus on progressive policies, decentralized systems, and gender-inclusive approaches, drawing from diverse economies:

1. **Chile's Progressive Taxation Model (Income Inequality)**:
    - **Description**: Taxes wealth and luxury goods, raising Tax-GDP ratio to 20%, with revenues funding social programs (OECD, 2023).
    - **Impact**: Reduced Gini by 0.05 over a decade; lifted 10% of poor above poverty line (World Bank, 2023a).
    - **Relevance**: Addresses Pakistan's regressive taxation (10–12% Tax-GDP ratio) and elite capture (Muqeem-ul-Islam, 2020, p. 17).
    - **Application**: Introduce wealth tax and reduce GST on essentials by 2027, increasing Tax-GDP ratio to 15% to fund BISP expansion.
2. **Rwanda's Community-Based Health Insurance (Healthcare)**:
    - **Description**: Covers 90% of population with $2/capita contributions, supported by government subsidies and donor funds (Patrick et al., 2022).
    - **Impact**: Reduced maternal mortality by 50%; lowered out-of-pocket costs to 20% (Patrick et al., 2022).
    - **Relevance**: Tackles Pakistan's low health spending (0.4% GDP) and urban bias (Muqeem-ul-Islam, 2020, p. 237).
    - **Application**: Implement community insurance for 50% of rural poor by 2028, subsidizing premiums to reduce maternal mortality to 100/100,000.
3. **Bangladesh's Stipend Program for Girls (Education)**:
    - **Description**: Provides cash stipends to girls in secondary schools, conditional on attendance and academic performance (Tanaka et al., 2021).
    - **Impact**: Increased female enrollment by 20%; raised female literacy to 72% (Khandker et al., 2021; Tanaka et al., 2021).
    - **Relevance**: Addresses Pakistan's gender gap (48% female literacy) and high dropout rates (Muqeem-ul-Islam, 2020, p. 237).
    - **Application**: Scale **Benazir Taleemi Wazaif** to 5 million girls by 2027, offering stipends to boost female literacy to 60%.
4. **Estonia's Decentralized E-Governance Model (Governance)**:
    - **Description**: Uses blockchain for transparent procurement and citizen services, with 40% of public expenditure managed locally (World Bank, 2024b).

  - **Impact**: Raised CPI score to 74/100; improved EGDI ranking by 15 points (International, 2024; UN EGDI, 2024).
  - **Relevance**: Counters Pakistan's centralized systems (15% local expenditure) and corruption (Muqeem-ul-Islam, 2020, p. 237).
  - **Application**: Decentralize 30% of public expenditure by 2028, using blockchain to digitize procurement and raise CPI to 40/100.

5. **India's Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) (Gender Disparity)**:
   - **Description**: Guarantees 100 days of wage employment annually, prioritizing women (40% participation) in rural public works (World Bank, 2022).
   - **Impact**: Raised female labor participation by 15%; reduced rural poverty by 10% (India Ministry of Rural Development, 2023).
   - **Relevance**: Addresses Pakistan's low female labor participation (21%) and patriarchal barriers (Muqeem-ul-Islam, 2020, p. 237).
   - **Application**: Launch a rural employment scheme for 5 million women by 2028, ensuring 50% female participation to raise labor participation to 30

Conclusion

Tackling income inequality in Pakistan requires a long-term, integrated strategy that addresses the structural, social, and institutional roots of disparity. Central to this is the need for progressive taxation, where wealth, luxury consumption, and property are taxed more effectively. The tax base must be broadened, especially by including the informal elite who often escape tax obligations. The revenue generated must be redirected towards pro-poor public investments in healthcare, education, AI and social protection, particularly in underserved rural regions of Pakistan.

Equally critical is reforming labour laws. Strong labour protections, including enforcing minimum wage laws and supporting unionisation, can empower workers in both formal and informal sectors. These measures can ensure that the benefits of growth are more evenly distributed.

Education and skills development are essential to breaking the cycle of poverty. Investment in public schools, particularly in marginalised areas, must be prioritised. Incentives such as stipends for girls, free meals, and safe transportation can increase enrollment and retention. Simultaneously, vocational and technical education programs like those run by NAVTTC and TEVTA should be scaled up and aligned with market demands, including digital, green, AI, and gig economy opportunities.

To generate employment, the government must actively support small and medium enterprises (SMEs) and the informal sector through microfinance, training, and regulatory support. Establishing special economic zones and promoting local entrepreneurship can help reduce regional inequalities. Public works programs focusing on infrastructure development, such as roads, irrigation, and sanitation, can also serve as job creation engines.

Expanding social protection is another key pillar. Programs like Ehsaas and BISP must be enhanced to cover a broader range of vulnerable populations, including the elderly, disabled, and working poor. Real-time data should be used to improve targeting and efficiency. Universal health coverage and nutrition programs are essential to reduce human development disparities.

Gender and social inclusion must be placed at the heart of inequality reduction. Economic empowerment of women through access to jobs, childcare, and safe transport can significantly narrow the gender gap. Legal reforms to protect the rights of minorities and marginalised groups are also vital, as is fostering a culture of inclusion through school curricula and media representation.

Institutional reform is perhaps the most difficult yet most crucial element. Decentralised governance, with empowered and well-funded local governments, is essential for responsive service delivery. Transparency in data collection and policy evaluation can improve accountability and drive continuous improvement. Regularly published disaggregated income and development statistics such as the regional and provincial GDPS can ensure no community is left behind.

Lastly, international cooperation and support from development partners such as the UN, World Bank, IMF, and bilateral donors can provide technical expertise, funding, and best practices. Aligning national policies with global frameworks like the Sustainable Development Goals (SDGs)—especially SDG 1 (No Poverty), SDG 4 (Quality Education), and SDG 10 (Reduced Inequality)—can provide a unified direction for long-term progress.

Addressing inequality in Pakistan is not merely a policy challenge—it is a societal imperative. It requires transforming how growth is pursued, who benefits from it, and what values shape the country's future. Focusing on justice, equity, and opportunity will be key to building a more inclusive and prosperous Pakistan.

Recommendations

Participation

- **Action**: Create participatory councils at the union council level, mandated by **Local Government Acts**, with 50% representation of women and rural residents. These councils will provide feedback on programs like BISP and **Sehat Sahulat**, ensuring they address barriers such as women's mobility constraints and rural infrastructure deficits.
- **Timeline**: 2026–2028, starting with pilot councils in 500 union councils by 2027, scaling to 4,000 by 2028.
- **Responsible Agencies**: Ministry of Poverty Alleviation and Social Safety (MoPASS) to oversee council formation, Provincial Local Government Departments to implement, and BISP Authority to integrate feedback.
- **Expected Impact**: By involving marginalized groups, councils will tailor programs to local needs, increasing BISP's coverage by 20% (1.4 million additional households) and reducing poverty by 5% in targeted rural areas and among women-headed households. This aligns with SDG 1 (No Poverty) and SDG 5 (Gender Equality), fulfilling **Article 25**'s equal protection mandate.

Rule of Law

- **Action**: Digitize tax collection under the **Income Tax Ordinance, 2001**, using AI-based systems to track evasion, and amend legislation to insulate the **National Accountability Bureau (NAB)** from political interference, ensuring independent prosecution of corruption cases.
- **Timeline**: 2026–2030, with digital tax systems operational by 2027 and NAB reforms enacted by 2028.
- **Responsible Agencies**: Federal Board of Revenue (FBR) for tax digitization, Ministry of Law and Justice for legislative amendments, and NAB for enforcement.
- **Expected Impact**: Increases Tax-GDP ratio to 15%, generating $5 billion annually for social programs, and reduces elite capture, ensuring 80% of BISP funds reach beneficiaries. This narrows the Gini coefficient from 0.31 to 0.28, supporting **Article 38**'s wealth distribution goals and SDG 10 (Reduced Inequalities) and SDG 16 (Peace, Justice, and Strong Institutions).

Transparency

- **Action**: Launch a citizen-accessible online portal under the **Public Finance Management Act, 2019**, publishing real-time budget data and performance metrics for BISP, **Sehat Sahulat**, and education programs, including NSER beneficiary selection criteria.
- **Timeline**: 2026–2027, with the portal launched by mid-2027.
- **Responsible Agencies**: Ministry of Finance to oversee budget data, MoPASS for program metrics, and Ministry of Information Technology and Telecom for portal development.

- **Expected Impact**: Reduces corruption by 30% in health and education budgets, increases program participation by 20% due to enhanced trust, and ensures 90% of BISP beneficiaries are correctly identified, promoting equitable resource distribution under **Article 38** and advancing SDG 16.

Responsiveness

- **Action**: Decentralize resource allocation under **Local Government Acts**, directing 50% of social protection funds to rural areas, and develop rural-specific health and education plans based on local council inputs, prioritizing primary healthcare and school access.
- **Timeline**: 2027–2030, with decentralization policies enacted by 2028 and rural plans implemented by 2030.
- **Responsible Agencies**: Provincial Local Government Departments for decentralization, Ministry of Health and Ministry of Education for rural plans, and MoPASS for fund allocation.
- **Expected Impact**: Reduces rural poverty from 30% to 20%, increases rural health access (0.8 doctors per 1,000 people) and primary enrollment (80%), fulfilling **Article 25**'s equal protection mandate and advancing SDG 10 by closing the rural-urban gap.

Consensus Orientation

- **Action**: Form a National Social Protection Council, as envisioned in the **BISP Act, 2010**, with representatives from all political parties, civil society, and provincial governments to ensure policy continuity across administrations.
- **Timeline**: 2026–2028, with the council established by 2027 and operational by 2028.
- **Responsible Agencies**: MoPASS to lead council formation, Parliament of Pakistan for legislative backing, and Election Commission of Pakistan to ensure fair representation.
- **Expected Impact**: Achieves 80% of **National Social Protection Strategy (2007)** targets, stabilizes BISP funding for 7 million households, and supports sustained poverty reduction, aligning with SDG 1 and SDG 10 by ensuring long-term policy impact.

Equity and Inclusiveness

- **Action**: Allocate 30% of education and health budgets to underserved regions like Balochistan and expand **Benazir Taleemi Wazaif** to cover 2 million additional girls in rural areas, using targeted outreach campaigns.
- **Timeline**: 2027–2030, with budget reallocation by 2028 and program expansion by 2030.
- **Responsible Agencies**: Ministry of Finance for budget allocation, Ministry of Education and Ministry of Health for implementation, and BISP Authority for program expansion.

- **Expected Impact**: Reduces Balochistan's poverty rate from 40% to 30% and raises female literacy from 48% to 60%, promoting gender and regional equity, fulfilling **Article 25**, and advancing SDG 5 and SDG 10.

Effectiveness and Efficiency

- **Action**: Deploy digital administrative systems for social programs (e.g., BISP payment processing) and increase local government budgets to 30% of public expenditure, training 10,000 union council staff in program management.
- **Timeline**: 2026–2029, with digital systems operational by 2028 and training completed by 2029.
- **Responsible Agencies**: Ministry of Information Technology and Telecom for digital systems, Provincial Local Government Departments for training, and Ministry of Finance for budget increases.
- **Expected Impact**: Reduces BISP payment delays from 60% to 20% and ensures 80% of health and education services are delivered on time, fulfilling **Article 37(e)**'s basic necessities mandate and supporting SDG 16.

Accountability

- **Action**: Strengthen NAB's independence through legislative reforms, establish citizen oversight committees for BISP and **Sehat Sahulat**, and deploy digital grievance redressal systems to resolve 80% of complaints within 30 days.
- **Timeline**: 2026–2028, with reforms and systems in place by 2028.
- **Responsible Agencies**: NAB for oversight, MoPASS for committee formation, and Ministry of Information Technology and Telecom for grievance systems.
- **Expected Impact**: Cuts misallocation of health and education funds by 20%, ensures 90% of program benefits reach beneficiaries, and boosts public trust, supporting **Article 38**'s equitable distribution and SDG 16.

Policy Recommendations

Governance Fault Line	Recommendation	Timeline	Responsible Agencies	Expected Impact
Participation Limited engagement of marginalized groups, especially women and rural communities.	Establish participatory councils at the union council level, with 50% representation of women and rural residents, to inform the design and monitoring of programs like BISP	2026–2028	Ministry of Poverty Alleviation and Social Safety (MoPASS), Provincial Local Government Departments, BISP Authority	Increases inclusivity, boosting BISP coverage by 20% (1.4M households) and reducing poverty by 5% in

Governance Fault Line	Recommendation	Timeline	Responsible Agencies	Expected Impact
	and Sehat Sahulat.			targeted areas (SDG 1, 5).
Rule of Law Weak enforcement of tax compliance and anti-corruption laws.	Digitize tax collection under the Income Tax Ordinance, 2001, and strengthen NAB's independence through legislative amendments to reduce political interference.	2026–2030	Federal Board of Revenue (FBR), Ministry of Law and Justice, National Accountability Bureau (NAB)	Raises Tax-GDP ratio to 15% ($5B annually), ensures 80% of BISP funds reach beneficiaries, narrows Gini from 0.31 to 0.28 (SDG 10, 16).
Transparency Lack of public access to budget and program data.	Implement real-time online publication of budget and program data for BISP and Sehat Sahulat under the Public Finance Management Act, 2019, via a citizen-accessible portal.	2026–2027	Ministry of Finance, MoPASS, Ministry of Information Technology and Telecom	Reduces corruption by 30% in health/education budgets, increases participation by 20%, ensures 90% accurate BISP beneficiary identification (SDG 16).
Responsiveness Urban-centric policies neglect rural needs.	Decentralize resource allocation under Local Government Acts, directing 50% of social protection funds to rural areas, and develop rural-specific health and education plans.	2027–2030	Provincial Local Government Departments, Ministry of Health, Ministry of Education, MoPASS	Reduces rural poverty from 30% to 20%, increases rural health access (0.8 doctors/1,000) and enrollment (80%), aligns with Article 25 (SDG 10).
Consensus Orientation Political instability disrupts policy continuity.	Establish a National Social Protection Council with cross-party and civil society representation, per BISP Act, 2010, to ensure policy continuity.	2026–2028	MoPASS, Parliament of Pakistan, Election Commission of Pakistan	Achieves 80% of National Social Protection Strategy targets, stabilizes BISP for 7M households, advances SDG 1 and 10.
Equity and Inclusiveness	Allocate 30% of education and health	2027–2030	Ministry of Finance,	Reduces

Governance Fault Line	Recommendation	Timeline	Responsible Agencies	Expected Impact
Gender and regional disparities persist.	budgets to underserved regions like Balochistan and expand Benazir Taleemi Wazaif to 2M additional rural girls.		Ministry of Education, Ministry of Health, BISP Authority	Balochistan poverty from 40% to 30%, raises female literacy from 48% to 60%, fulfills Article 25 (SDG 5, 10).
Effectiveness and Efficiency Bureaucratic inefficiencies and low local capacity.	Deploy digital administrative systems for social programs and increase local government budgets to 30% of public expenditure, training 10,000 union council staff.	2026–2029	Ministry of Information Technology and Telecom, Provincial Local Government Departments, Ministry of Finance	Reduces BISP payment delays from 60% to 20%, ensures 80% on-time health/education services, supports Article 37(e) (SDG 16).
Accountability Weak oversight mechanisms.	Strengthen NAB's independence, establish citizen oversight committees for BISP and Sehat Sahulat, and deploy digital grievance systems to resolve 80% of complaints within 30 days.	2026–2028	NAB, MoPASS, Ministry of Information Technology and Telecom	Cuts fund misallocation by 20%, ensures 90% of benefits reach beneficiaries, supports Article 38 (SDG 16).

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Annex-A

Constitutional Provisions

- The **Constitution of the Islamic Republic of Pakistan (1973)**, particularly the Principles of Policy (Part II, Chapter 2), lays the foundation for social protection and economic equity:
    - **Article 38**: Obliges the state to ensure the well-being of the people by raising their standard of living, preventing concentration of wealth, and ensuring equitable distribution of resources.
    - **Article 25**: Guarantees equality before the law and equal protection, extending to economic and social rights.
    - **Article 37(e)**: Directs the state to provide basic necessities of life, such as food, clothing, housing, education, and medical relief, to all citizens.
- These provisions guide state policy and action, emphasizing the constitutional mandate to address income inequality.

National Social Protection Strategy (2007)

- Pakistan's **National Social Protection Strategy (NSPS)**, adopted in 2007, provides a sectoral framework for poverty alleviation and social protection, aligned with the Poverty Reduction Strategy Paper (PRSP) and Pakistan Vision 2030. It identifies three priority areas:
    - Increasing access to economic opportunities among the poor.
    - Preventing households from falling into poverty due to income shocks.
    - Providing basic needs for the chronic poor and those unable to work.
- The NSPS serves as a guiding document for social protection programs, including the Benazir Income Support Programme (BISP).

Benazir Income Support Programme Act, 2010

- The **Benazir Income Support Programme Act, 2010 (Act No. XVIII of 2010)** is the primary legal basis for BISP, Pakistan's flagship social protection program. Key aspects include:
    - **Establishment**: Establishes BISP as an autonomous social safety net authority under the federal government, tasked with coordinating the design and implementation of targeted programs for the poor.
    - **Objectives**: Aims to provide financial assistance and other social protection measures to economically distressed persons and families, aligning with constitutional mandates.
    - **Governance Structure**:
        - A **Board of Governors** oversees policy and strategic direction.

        - A **Council** ensures representation from various stakeholders, including provincial governments and civil society.
    - **Eligibility Criteria**: Defines "eligible persons" as those meeting specific poverty thresholds, with a focus on women-headed households.
    - **Benazir Income Support Fund**: Establishes a dedicated fund for financing BISP's operations and programs.
    - **Implementation**: Mandates the use of a National Socio-Economic Registry (NSER) to identify and target eligible beneficiaries.
- BISP's programs, such as **Benazir Kafaalat (Unconditional Cash Transfers)**, **Benazir Taleemi Wazaif (Education Stipends)**, and **Benazir Nashonuma (Nutrition Support)**, are all governed under this legal framework.

Other Relevant Laws and Regulations

Labor Laws:

- The **Industrial and Commercial Employment (Standing Orders) Ordinance, 1968**, and the **Factories Act, 1934**, provide basic labor protections, including minimum wages and social security benefits for formal sector workers. However, these laws have limited applicability to the informal sector, which employs over 70% of Pakistan's workforce.

Social Security Laws:

- The **Workers' Welfare Fund Ordinance, 1971**, and the **Employees' Social Security Ordinance, 1965**, establish social security schemes for industrial workers, including health insurance, disability benefits, and pensions. Coverage is limited to formal sector employees.

Taxation Laws:

- The **Income Tax Ordinance, 2001**, and related fiscal policies play a role in income redistribution. However, Pakistan's tax system is often criticized for being regressive, with a heavy reliance on indirect taxes that disproportionately burden lower-income groups.

Public Finance Management:

- The **Public Finance Management Act, 2019**, aims to improve fiscal transparency and accountability, crucial for ensuring that social protection programs are adequately funded and implemented effectively.

International Commitments:

- Pakistan is a signatory to several international treaties influencing its social protection framework:

- **Universal Declaration of Human Rights (UDHR)**: Article 25 recognizes the right to an adequate standard of living, including food, clothing, housing, and medical care.
- **International Covenant on Economic, Social, and Cultural Rights (ICESCR)**: Ratified in 2008, it obliges the state to ensure the right to social security and an adequate standard of living.
- **Sustainable Development Goals (SDGs)**: Pakistan has committed to achieving SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities), guiding its social protection policies.

Annex-B

Institutions like the **Benazir Income Support Programme (BISP) Authority** and the **Ministry of Poverty Alleviation and Social Safety (MoPASS)** play pivotal roles in reducing income inequality. BISP, established under the **BISP Act, 2010**, directly mitigates poverty through cash transfer programs such as Kafaalat, Taleemi Wazaif, and Nashonuma, serving 7 million households and reducing poverty for approximately 30 million people. Its Kafaalat program boosts women's income by 15%, empowering female beneficiaries and indirectly advancing gender equity (BISP, 2024; SDG 5). MoPASS, overseeing social protection policies, allocates 1% of GDP to programs that have lowered poverty by 5% since 2010, indirectly fostering inclusive policy frameworks (GoP, 2024). However, challenges like 40% fund leakages due to elite capture, 20% exclusion errors in the National Socio-Economic Registry (NSER), and urban-biased policy design limit their impact, as noted in the thesis's critique of governance failures (Thesis, p. 237). To enhance effectiveness, BISP should expand coverage to 10 million households by 2028, digitize payments to cut leakages to 20%, and integrate NSER with provincial data, while MoPASS could establish a National Social Protection Council by 2026 to improve inter-provincial coordination (SDG 1, 10).

The **Ministry of Education** and **Ministry of Health** further contribute to reducing inequality by enhancing human capital and health outcomes. The Ministry of Education, responsible for public education and **Benazir Taleemi Wazaif**, directly supports 3 million children, reducing school dropout rates by 10% and indirectly boosting employability through literacy gains (currently 60%) (UNESCO, 2023). Similarly, the Ministry of Health's **Sehat Sahulat** program covers 10 million households, cutting out-of-pocket health costs by 20% and indirectly improving workforce productivity (Ministry of Health, 2024).

These efforts align with **Article 37(e)**’s mandate for basic necessities and SDGs 3 and 4. Yet, low budgets—2% of GDP for education and 0.4% for health—coupled with rural neglect (70% of hospitals in cities), hinder scalability, particularly in regions like Balochistan with 40% poverty rates (World Bank, 2023).

Increasing education and health budgets to 4% and 1% of GDP by 2030, scaling Taleemi Wazaif to 5 million children, and allocating 30% of health funds to rural areas could address these gaps, ensuring equitable access (SDG 10).

The **National Vocational and Technical Training Commission (NAVTTC)** also mitigates inequality by equipping youth with market-relevant skills. It trains 50,000 individuals annually, increasing trainees’ incomes by 12% and indirectly promoting labor market inclusion, especially for women (NAVTTC, 2024).

However, its limited reach (less than 1% of youth) and urban-centric programs restrict broader impact, as highlighted in the document (Document, p. 17). Expanding NAVTTC to train 100,000 youth annually by 2030, with 50% female participation and new rural training centers, would enhance its contribution to reducing income disparities, aligning with SDGs 4 and 5. Collectively, these institutions demonstrate the potential to narrow income gaps, but their effectiveness is curtailed by systemic issues like corruption and elite capture, as emphasized in the thesis (Thesis, p. 237).

Conversely, several institutions exacerbate income inequality, either directly or indirectly, due to governance failures and elite influence. The **Federal Board of Revenue (FBR)**, tasked with tax collection under the **Income Tax Ordinance, 2001**, directly limits social spending through a low Tax-GDP ratio of 10–12%, with $1 billion in annual exemptions benefiting elites. Its regressive taxation disproportionately burdens low-income groups, widening income gaps (GoP, 2024; Thesis, p. 19). Weak enforcement, with only 2 million registered taxpayers out of a 70-million-strong workforce, reflects elite-driven evasion (World Bank, 2023). Digitizing tax systems by 2027 to eliminate exemptions and raise the Tax-GDP ratio to 15% could generate $5 billion for social programs, aligning with **Article 38** and SDG 10.

The **National Accountability Bureau (NAB)**, established under the **National Accountability Ordinance, 1999**, indirectly exacerbates inequality by failing to curb corruption effectively. With only 15% of high-profile cases resolved annually due to political interference, NAB enables elite capture, diverting 30% of health and education funds and 40% of BISP resources (Transparency International, 2024; BISP, 2024).

Weak anti-corruption mechanisms are key institutional fault-line.
Insulating NAB through legislative reforms by 2026 and increasing case resolution to 50% by 2030 could strengthen accountability, supporting SDG 16. Similarly, the **Ministry of Finance**, responsible for budget allocation under the **Public Finance Management Act, 2019**, prioritizes debt servicing (40% of budget) over social spending (health 0.4%, education 2% of GDP), directly limiting resources for poverty alleviation. Its urban-biased allocations further widen rural-urban disparities, with rural areas receiving only 30% of social funds (World Bank, 2023). Allocating 30% of social budgets to rural areas by 2028 and launching a transparent budget portal by 2026 would enhance equity (SDG 10, 16).
Provincial Local Government Departments, tasked with implementing **Local Government Acts**, indirectly deepen disparities due to underfunding (15% of public expenditure) and elite influence, which limit rural service delivery (World Bank, 2023).
With 63% of Pakistan's population rural, this neglect exacerbates poverty (30% rural vs. 15% urban) (World Bank, 2023). Increasing local budgets to 30% by 2030 and training 10,000 union council staff by 2028 could empower local governance, per the thesis's call for decentralized systems (SDG 10). The **Planning Commission**, responsible for long-term plans like **Pakistan Vision 2030**, indirectly perpetuates inequality through urban-centric strategies that neglect rural needs. Integrating rural development into Vision 2030 by 2027 and engaging civil society organizations in planning would align with SDG 10.

Table Institutional Fault line

Governance Dimension	**Fault Line**	**Impact on Implementation**
Participation	Limited engagement of marginalized groups, especially women (21% labour force participation) and rural communities.	Policies fail to address specific needs, reducing inclusivity .
Rule of Law	Weak enforcement of tax compliance and anti-corruption laws.	Elite capture and resource misallocation limit program effectiveness .
Transparency	Lack of public access to budget and program data.	Corruption and inefficiencies undermine trust and impact .
Responsiveness	Urban-centric policies neglect rural needs (63% of population).	Uneven service delivery deepens regional disparities .

Governance Dimension	**Fault Line**	**Impact on Implementation**
Consensus Orientation	Political instability disrupts policy continuity.	Frequent policy shifts reduce long-term impact.
Equity and Inclusiveness	Gender and regional disparities persist.	Women and underserved provinces like Baluchistan are marginalized .
Effectiveness and Efficiency	Bureaucratic inefficiencies and low local capacity.	Delayed or ineffective service delivery, especially at union council level.
Accountability	Weak oversight mechanisms.	Misallocation of funds and elite capture reduce program benefits .