PPSC ASSISTANT (BPS-16)

WRITTEN EXAMINATION

Clubbed ID–157

ENGLISH ESSAY

Five Complete Model Essays • Approx. 1600 Words Each

Analytical • Fact-Checked • UK English

Prepared for Shona • Civil Service Examination Preparation

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Each essay begins with a brief outline as required by the examination instructions, followed by a complete, analytical response of approximately 1600 words, written in UK English and grounded in verified, up-to-date facts relevant to Pakistan's current affairs.

Essay 1

Reforming the Education System in Punjab: Challenges, Opportunities and the Way Forward

Word Count: approximately 1259 words | Time Allowed Reference: Two Hours | Maximum Marks: 100

ESSAY OUTLINE

- Introduction: education as the foundation of provincial development
- The current state of the education system in Punjab
- Structural and institutional challenges
- Financial and governance constraints
- Ongoing reform initiatives: PSRP, PEF and digital learning
- Opportunities for transformation
- A way forward: policy recommendations
- Conclusion

Education is universally regarded as the single most powerful instrument through which a society can lift itself out of poverty, ignorance and stagnation. For Punjab, Pakistan's most populous province and its economic engine, the state of the education system is not merely a social concern but a determinant of the province's, and indeed the country's, long-term prosperity. Despite decades of policy initiatives, ambitious programmes and considerable donor investment, Punjab's education sector remains caught between promise and performance, its classrooms still reflecting the gap between what is written in policy documents and what children actually experience each morning. Reforming this system is therefore not a luxury but an urgent necessity, and understanding its challenges, opportunities and the path ahead is essential for any serious observer of public policy in Pakistan.

Punjab has, over the past two decades, earned a reputation as one of the most reform-active education systems in the developing world. International observers have at times described it as a laboratory of frenetic reform, an attempt to compensate for generations of neglect through rapid, large-scale intervention. Literacy rates in the province now stand above seventy per cent, considerably higher than the national average, and enrolment figures, particularly at the primary level, have shown steady improvement. Yet beneath these headline statistics lies a more troubling picture. Millions of children remain out of school altogether, learning outcomes remain poor even among those who are enrolled, and the quality of education varies enormously between urban centres such as Lahore and remote districts of South Punjab. A child's chance of receiving a genuinely useful education still depends heavily on an accident of geography and household income, which is precisely the inequity that reform is meant to correct.

The challenges confronting Punjab's education system are structural as much as they are financial. Chief among them is the chronic inconsistency of policy driven by Punjab's volatile political cycles. Each change of government tends to bring with it a change of educational priorities, so that programmes launched with great fanfare are frequently abandoned, rebranded or diluted before they can mature into lasting institutional change. This churn prevents the kind of long-term planning that education reform genuinely requires, since improvements in learning outcomes are rarely visible within a single electoral term. A second major challenge is the persistent shortage of trained and motivated teachers, particularly in rural and under-served areas. Teacher training institutions have historically emphasised rote methods over critical thinking, and professional development opportunities for serving teachers remain limited and poorly monitored. A third challenge lies in curriculum relevance: rote memorisation continues to dominate examinations, at the cost of analytical reasoning, creativity and problem-solving, skills that are increasingly indispensable in a rapidly changing global economy. Only a small fraction of students opt for technical and vocational streams, leaving universities to produce large numbers of graduates whose qualifications do not correspond to the demands of the modern labour market.

Financial and governance constraints compound these structural weaknesses. Although Punjab's own education budget has grown substantially, federal allocations for education have in recent years been reduced sharply, even as social protection spending through cash transfer programmes has expanded. While such transfers provide short-term relief to vulnerable households, they do little on their own to build the skills and human capital that long-term economic transformation requires. Governance, too, remains a persistent obstacle. Reform efforts since the early 2000s sought to decentralise decision-making to the district level in the hope of making the system more responsive and accountable. In practice, this has sometimes simply added new layers of bureaucracy without genuinely empowering local communities or improving monitoring of school performance. The gap between policy intention and classroom reality, a gap widened by weak data systems and inconsistent oversight, remains one of the most cited findings in independent assessments of Punjab's education sector.

It would, however, be a mistake to view the picture as one of unrelieved gloom. Punjab has in recent years pursued several reform initiatives that hold genuine promise. The Public Schools Reorganisation Programme, which places chronically underperforming public schools under private or non-governmental management, has in a number of cases produced improved attendance, restored facilities and renewed community engagement, even if results have not been uniform across the province. The Punjab Education Foundation continues to expand access for low-income families through subsidised private schooling, with a particular emphasis on narrowing the gender gap in enrolment, an emphasis that recognises the specific cultural and safety barriers that keep girls out of school in many districts. More recently, digital learning has emerged as a genuine frontier of opportunity. International partners have begun investing in solar-powered digital classrooms for remote areas of South

Punjab, while technology-enabled monitoring systems, including the use of biometric attendance and mobile-linked conditional cash transfers tied to school attendance, are beginning to strengthen accountability at the grassroots level. These innovations suggest that with the right combination of political will and sustained investment, meaningful improvement is achievable.

The opportunities before Punjab's policymakers are therefore considerable, provided reform is approached with realism rather than the pursuit of dramatic but short-lived initiatives. The province's demographic profile, with a very large proportion of its population below the age of thirty, represents an extraordinary potential dividend if that generation can be equipped with relevant skills. Growing international interest in Pakistan as a source of digital and remote-work talent offers a further incentive to align curricula more closely with the needs of a modern, technology-driven economy. Expanding public-private partnerships, building on the demonstrated successes of organisations already working in underserved districts, offers a pragmatic route to extending quality education without the fiscal burden falling entirely on the state.

Translating this potential into reality will, however, require a coherent and sustained way forward. First, education policy must be insulated, as far as possible, from short-term political cycles through legal and institutional safeguards that allow multi-year reform strategies to survive changes of government. Second, teacher recruitment, training and accountability must be overhauled, with continuous professional development linked to demonstrable improvements in student learning rather than to seniority alone. Third, curriculum reform should place far greater emphasis on critical thinking, digital literacy and technical and vocational education, so that Punjab's graduates are equipped for the economy of the twenty-first century rather than that of the twentieth. Fourth, monitoring and evaluation systems must be strengthened and made transparent, so that the considerable sums already being spent on education translate into measurable gains in literacy, numeracy and employability rather than being absorbed by administrative inefficiency. Finally, targeted investment must continue to address the specific barriers, whether of poverty, distance or gender, that keep the most disadvantaged children out of school altogether, since a reform agenda that improves outcomes for the already privileged while leaving the poorest behind cannot be considered a success.

In conclusion, the reform of Punjab's education system stands at a genuinely consequential juncture. The province possesses the resources, the reform experience and, increasingly, the technological tools required to build a system capable of transforming the life chances of its children. What it has too often lacked is the political continuity and institutional discipline needed to see reform through from announcement to outcome. Education policy is ultimately judged not in press briefings or policy documents but in classrooms, in whether a child can read with confidence, reason independently and imagine a future shaped by opportunity rather than circumstance. If Punjab's policymakers can combine the energy of its reform tradition with the patience that lasting institutional change demands, the province has every possibility of building an education system worthy of its size, its youth and its potential.

Essay 2

Foreign Aid for Developing Countries: Benefits, Drawbacks and Alternatives

Word Count: approximately 1185 words | Time Allowed Reference: Two Hours | Maximum Marks: 100

ESSAY OUTLINE

- Introduction: the enduring debate over foreign aid
- Forms and rationale of foreign aid
- Benefits of foreign aid to developing countries
- Drawbacks and criticisms of the aid model
- The Pakistani experience with foreign aid
- Alternatives and complementary approaches
- A balanced way forward
- Conclusion

Few subjects in development economics generate as much sustained controversy as foreign aid. For more than seventy years, wealthy nations, multilateral institutions and private foundations have transferred resources to developing countries in the hope of accelerating growth, reducing poverty and building institutional capacity. Trillions of dollars have flowed from donor to recipient nations across this period, yet the results have been strikingly uneven. Some countries have used aid as a springboard to sustained development, while others remain trapped in cycles of dependency, indebtedness and unmet promise. Examining the benefits, drawbacks and alternatives to foreign aid is therefore essential to understanding one of the central dilemmas facing the developing world, Pakistan very much included.

Foreign aid takes several distinct forms, each carrying its own rationale and consequences. Bilateral aid flows directly from one government to another, often tied to strategic or commercial interests. Multilateral aid is channelled through institutions such as the World Bank, the International Monetary Fund and United Nations agencies, which pool resources from multiple donors and typically attach conditions relating to governance or economic policy. Humanitarian aid responds to emergencies such as floods, earthquakes or conflict, while development assistance targets longer-term goals in health, education, infrastructure and institution-building. Aid may also be extended as grants, which do not require repayment, or as concessional loans, which do, a distinction that has enormous implications for the long-term debt sustainability of recipient countries.

The benefits of foreign aid, when well designed and effectively administered, are genuinely significant. Aid has financed the eradication or near-eradication of several devastating diseases, expanded access to clean water and sanitation, and built schools, roads and hospitals across large parts of the developing world. In moments of acute crisis, such as Pakistan's catastrophic floods, humanitarian aid has provided a lifeline to millions who would otherwise have faced destitution or death. Aid can also supplement the limited domestic savings and foreign exchange reserves of low-income countries, enabling investment that would not otherwise be possible, and can act as a catalyst for institutional reform when conditionalities are thoughtfully designed and genuinely aligned with a country's own development priorities. Technical assistance, a less visible but often more valuable form of aid, has helped build the administrative and technical capacity of ministries, central banks and regulatory bodies in many developing countries, including Pakistan, in ways that pure financial transfers cannot achieve on their own.

Yet the drawbacks of foreign aid are equally well documented and cannot be dismissed. A primary criticism is that aid, particularly when extended over long periods without clear exit strategies, can foster dependency rather than self-reliance, weakening the incentive of recipient governments to mobilise domestic revenue or undertake politically difficult reforms. Aid flows have also, in numerous instances, been diverted through corruption or captured by political elites, benefiting a narrow stratum of society rather than the population it was intended to serve. Conditionality, while sometimes a useful lever for reform, can equally be criticised as an infringement on national sovereignty, imposing policy prescriptions, often shaped by donor priorities rather than local realities, that may not suit the specific circumstances of the recipient economy. Aid can also distort local markets: the dumping of subsidised food aid, for example, has at times undercut local farmers and damaged domestic agricultural production. Furthermore, aid that arrives as loans rather than grants adds directly to a country's external debt burden, a burden that, when combined with weak export growth, can trap nations in a cycle where new borrowing is required simply to service old obligations.

Pakistan's own experience illustrates many of these tensions vividly. The country has been among the largest recipients of foreign assistance in Asia, receiving support from bilateral partners, multilateral lenders and, at various points, substantial military and strategic assistance tied to its geopolitical position. This assistance has financed critical infrastructure, supported balance of payments crises and, more recently, underpinned successive International Monetary Fund programmes aimed at stabilising a fragile economy. At the same time, Pakistan's recurrent reliance on IMF bailouts, its persistently high external debt, and the political sensitivities that accompany externally imposed conditionalities on taxation, energy pricing and subsidy reform illustrate the drawbacks of aid dependency in sharp relief. Pakistan's role during the 2026 regional crisis surrounding the Iran-United States conflict further demonstrated how external support, in this instance emergency financial assistance from Gulf partners such as Saudi Arabia, can prove indispensable in moments of acute economic stress, even as it underscores the vulnerability that comes from relying on such support rather than building resilient domestic revenue and energy systems.

Given these mixed outcomes, a growing body of opinion within development economics argues for a shift away from traditional aid models towards a broader set of alternatives.

Trade liberalisation and improved market access for developing country exports are frequently cited as more sustainable engines of growth than aid transfers, since they build productive capacity and employment rather than dependency. Foreign direct investment, when attracted through genuine improvements in the ease of doing business, energy reliability and regulatory predictability, can deliver capital, technology transfer and jobs on a scale that aid budgets rarely match. Remittances from overseas workers, which for Pakistan already substantially exceed total foreign aid receipts in most years, represent a more stable and less politically encumbered source of foreign exchange, one that flows directly to households rather than through government channels. Debt relief and debt-for-development swaps, in which a portion of external debt is forgiven in exchange for verified investment in health, education or climate resilience, offer another avenue that avoids adding to a country's debt stock while still channelling resources towards development priorities. Finally, domestic resource mobilisation, through broadening the tax base, improving revenue collection and reducing reliance on regressive indirect taxation, remains the single most sustainable foundation for development finance, since it builds the institutional muscle of accountable, self-financing governance rather than perpetuating reliance on external generosity.

None of this implies that foreign aid should be abandoned altogether; rather, it suggests that aid should be understood as one instrument among several, most effective when it is well targeted, transparently administered and explicitly designed to build the capacity that eventually renders it unnecessary. The most successful historical examples of aid-supported development, from post-war reconstruction in Europe to more recent success stories in parts of East Asia, share a common feature: aid was combined with strong domestic institutions, coherent national development strategies and a clear trajectory towards self-sufficiency, rather than treated as a permanent substitute for domestic reform.

In conclusion, foreign aid remains a double-edged instrument, capable of delivering genuine humanitarian relief and developmental progress, yet equally capable of entrenching dependency, distorting local economies and compromising policy autonomy when poorly designed or badly governed. For countries such as Pakistan, the way forward lies not in a binary choice between accepting or rejecting aid, but in pursuing a more balanced strategy that pairs judicious use of external assistance with sustained efforts at domestic resource mobilisation, export-led growth and institutional reform. Only by reducing structural dependency on external transfers, while making the most productive use of aid that does arrive, can developing countries hope to convert temporary assistance into lasting, self-sustained prosperity.

Essay 3

The Iran-US War: Implications for Pakistan

Word Count: approximately 1247 words | Time Allowed Reference: Two Hours | Maximum Marks: 100

ESSAY OUTLINE

- Introduction: a war on Pakistan's doorstep
- Background to the 2026 Iran-United States conflict
- Economic implications for Pakistan
- Security and border implications
- Diplomatic implications: Pakistan as mediator
- Domestic and social implications
- Policy recommendations for Pakistan
- Conclusion

Wars fought far from a nation's borders rarely remain confined to those borders when geography, economics and history intertwine as closely as they do between Pakistan and its western neighbour Iran. The conflict that erupted between the United States and Iran in early 2026, following joint American and Israeli air strikes that killed Iran's Supreme Leader and senior officials, has proved to be precisely such a war: distant in its origins yet immediate in its consequences for Islamabad. Sharing a nine-hundred-kilometre border with Iran, heavily dependent on Gulf energy supplies, and bound to both Tehran and Washington by distinct but overlapping ties, Pakistan has found itself simultaneously a potential victim of regional spillover and an unlikely central actor in the diplomacy that has sought to end the fighting. Understanding the implications of this war for Pakistan requires an examination of its economic, security, diplomatic and domestic dimensions in turn.

The conflict began on 28 February 2026, when coordinated American and Israeli strikes targeted Iran's political and security leadership, killing the Supreme Leader and prompting Iran to retaliate with missile and drone attacks against Israel and several Gulf states. As the fighting escalated, Iran moved to partially close the Strait of Hormuz, the narrow waterway through which a large proportion of the world's seaborne oil trade passes and through which Pakistan itself sources roughly nine-tenths of its imported oil. For a country already grappling with a fragile balance of payments position and a heavy reliance on imported fuel, this disruption represented an immediate and severe economic shock.

The economic implications for Pakistan have been substantial and multifaceted. The partial closure of the Strait of Hormuz triggered sharp increases in domestic fuel prices, with retail prices rising by around a fifth within weeks of the war's outbreak, feeding directly into an already elevated inflation rate. Transport costs for goods moving through Karachi's ports roughly doubled in the early weeks of the conflict, squeezing small businesses and households alike. The government was compelled to introduce emergency austerity measures, including a four-day working week for federal and provincial employees, closures of educational institutions for extended periods affecting some forty million students, and restrictions on non-essential energy consumption, illustrating just how directly an ostensibly distant war translated into disruption of daily life inside Pakistan. Remittances, a critical pillar of Pakistan's external accounts, faced their own pressures as economic uncertainty in Gulf host economies raised concerns over the job security of the millions of Pakistani workers employed there. At the same time, the eventual signing of a memorandum of understanding between Washington and Tehran in June 2026, mediated in part by Pakistan, generated cautious optimism that a durable peace could unlock new opportunities, including the long-delayed Iran-Pakistan gas pipeline and the prospect of discounted oil supplies from Gulf partners grateful for Islamabad's diplomatic role.

Security implications have been no less significant. The nine-hundred-kilometre Pakistan-Iran border has long served as a corridor for smuggling and, at times, militant movement, and the disruption caused by war in Iran raised the risk of increased cross-border infiltration, with militant groups potentially exploiting regional instability to expand their activities in Balochistan and beyond. Pakistan's security establishment, already engaged in a demanding campaign along its western border with Afghanistan, has therefore faced the difficult task of reinforcing its Iranian frontier while avoiding any perception of taking sides in the wider conflict, a balancing act complicated further by Pakistan's own sizeable Shia population and periodic episodes of sectarian tension linked to developments in Iran. The Pakistan Navy's launch of a dedicated maritime security operation to protect merchant shipping and oil tankers transiting the Gulf underlined the seriousness with which Islamabad treated the direct threat to its energy lifeline.

Diplomatically, the war produced an unexpected and, for Pakistan, largely favourable outcome: a central mediating role between Washington and Tehran. Leveraging its historic ties with Iran, its increasingly close relationship with the Trump administration, and the backing of its strategic partner China, Pakistan helped broker an initial ceasefire in April 2026 and hosted the first direct high-level talks between American and Iranian delegations since 1979, subsequently dubbed the Islamabad Talks. Pakistan's leadership also signed a Strategic Mutual Defence Agreement with Saudi Arabia during this period, reflecting the delicate diplomatic tightrope Islamabad has walked between its Gulf allies and its Iranian neighbour, offering solidarity to Riyadh while continuing quiet engagement with Tehran. This mediating role, while not without risk, most notably the danger of alienating Gulf partners or being drawn more directly into the conflict, has enhanced Pakistan's international standing and generated tangible support, including additional Saudi financial assistance extended specifically in recognition of Islamabad's diplomatic efforts. However, the fragility of the ceasefire, which has broken down and been renegotiated on more than one occasion since April 2026, illustrates that Pakistan's diplomatic gains remain provisional rather than secure, dependent on the continued willingness of Washington and Tehran to honour commitments that neither side has fully internalised.

Domestically, the war has tested Pakistan's social cohesion and institutional capacity. The killing of Iran's Supreme Leader provoked demonstrations of sympathy in cities including Islamabad and Karachi, occasionally straining relations between the state and Shia religious leadership, and requiring careful management to prevent sectarian sentiment from translating into wider unrest. The economic austerity measures, though necessary, have tested public patience, particularly among lower-income households already burdened by high inflation prior to the war's outbreak. Sustaining public support for a policy of strict neutrality, even as domestic sympathies for Iran run deep in certain quarters, has required consistent and careful communication from Pakistan's political and military leadership.

Looking ahead, several policy priorities emerge clearly from Pakistan's experience of this conflict. First, Islamabad must continue to diversify its energy supply chains, both by accelerating investment in domestic and renewable energy sources and by securing alternative routes and suppliers that reduce dependence on a single vulnerable chokepoint such as the Strait of Hormuz. Second, targeted, time-bound support for exporters affected by temporary freight and insurance cost spikes, rather than blanket and fiscally unsustainable subsidies, would provide more efficient protection during future episodes of regional disruption. Third, sustained diplomatic engagement, building on the credibility Pakistan has earned as a mediator, should be used to negotiate durable labour-protection arrangements with Gulf host countries for Pakistani workers, whose remittances remain a vital economic lifeline. Fourth, border security along the Iranian frontier requires continued reinforcement, paired with development investment in Balochistan that addresses the underlying grievances exploited by militant groups. Finally, Pakistan's leadership must continue to manage its diplomatic balancing act with skill, recognising that its greatest strategic asset in this crisis has been precisely its refusal to be drawn irrevocably into either camp.

In conclusion, the Iran-US war of 2026 has demonstrated with unusual clarity how deeply intertwined Pakistan's economic stability, security environment and diplomatic standing are with events beyond its immediate borders. What began as a war between two other states rapidly became, in the words of one regional analyst, almost a domestic economic variable for Pakistan, felt in fuel prices, school closures and power outages as much as in diplomatic cables. Yet the same crisis has also revealed Pakistan's capacity to convert vulnerability into influence, positioning itself as an indispensable mediator precisely because of the geography that exposed it to risk in the first place. Whether this moment of enhanced diplomatic stature translates into lasting economic and security dividends will depend on the consistency, foresight and institutional resilience that Pakistan brings to the uncertain months and years that still lie ahead.

Essay 4

The Role of Circular Debt in the Energy Sector of Pakistan

Word Count: approximately 1294 words | Time Allowed Reference: Two Hours | Maximum Marks: 100

ESSAY OUTLINE

- Introduction: circular debt as Pakistan's persistent economic ailment
- Defining circular debt and how it accumulates
- The scale of the crisis and its recent trajectory
- Root causes of circular debt
- Economic and social consequences
- Reform efforts and their limitations
- A way forward: structural solutions
- Conclusion

Among the many chronic ailments afflicting Pakistan's economy, few have proved as stubbornly resistant to reform as the circular debt that pervades the country's energy sector. Successive governments, of markedly different political persuasions, have each pledged to resolve the crisis, and successive International Monetary Fund programmes have each made its containment a central condition of continued support, yet the debt has continued to swell, reaching a combined figure across the electricity and gas sectors of over five trillion rupees by the middle of 2026. Understanding why circular debt has proved so intractable, and what a genuine resolution would require, is essential to understanding the broader story of Pakistan's energy security and fiscal sustainability.

Circular debt refers to the chain of unpaid financial obligations that accumulates throughout the energy supply chain when the amount of money owed to power generation companies is not fully recovered from end consumers, subsidies or government payments. The cycle typically begins when electricity distribution companies fail to recover the full cost of the power they supply, owing to transmission and distribution losses, outright electricity theft, delayed bill payments and tariffs that are often held below their true cost-recovery level for political reasons. These unrecovered costs accumulate as arrears owed to power generation companies, including the independent power producers with which Pakistan has signed long-term capacity contracts. Generation companies, in turn, struggle to pay their fuel suppliers, and the resulting shortfall ripples backwards through the entire chain, ultimately requiring the government to inject fiscal support or arrange complex refinancing simply to keep the system functioning. What begins as a localised billing shortfall thus becomes, over time, a systemic liability that threatens the solvency of the entire energy sector.

The scale of the crisis by 2026 has been striking. According to figures compiled from the Ministry of Energy's Power Division, power sector circular debt alone stood at approximately 1.85 trillion rupees by April 2026, having declined substantially from the 2.53 trillion rupees recorded a year earlier, largely as a result of a major refinancing exercise in which the government arranged over one trillion rupees in financing from commercial banks to convert outstanding liabilities into structured, lower-cost debt serviced through a dedicated surcharge on electricity consumers. Yet even as the power sector showed signs of stabilisation, the gas sector's circular debt surged to an estimated 3.44 trillion rupees, pushing the combined energy sector total above five trillion rupees, a figure so large that parliamentary committees have been informed it would take many thousands of years to repay at a rate of even one million rupees a day. This combination of partial progress in one segment of the sector and continued deterioration in another illustrates the piecemeal nature of reform efforts to date: financial engineering has repeatedly provided temporary relief without resolving the underlying structural weaknesses that generate new debt as quickly as old debt is cleared.

The root causes of circular debt are well understood, even if they have proved politically difficult to address. Foremost among them are the persistently high transmission and distribution losses suffered by Pakistan's distribution companies, a substantial share of which stem from outright electricity theft, particularly in certain urban feeders and agricultural areas where enforcement has historically been weak. Under-recovery of billed amounts, whether through non-payment by consumers, unpaid dues owed by provincial government departments, or the accumulated arrears of utilities such as K-Electric, compounds these losses further. Expensive legacy power purchase agreements signed with independent power producers, many of which guarantee capacity payments regardless of how much electricity is actually consumed, add a further layer of cost that must be recovered through tariffs, tariffs that governments have frequently been reluctant to raise to their full cost-recovery level given the political sensitivity of electricity pricing for ordinary households. Currency depreciation and the rising cost of imported fuel have periodically aggravated the situation still further, as much of Pakistan's generation capacity depends on imported furnace oil, coal or liquefied natural gas, the cost of which is directly exposed to exchange rate movements. Finally, weak governance within state-owned distribution companies, including delayed tariff notifications, inconsistent subsidy targeting and limited accountability for operational inefficiency, has meant that even well-designed reform plans have frequently failed at the implementation stage.

The consequences of this persistent crisis extend well beyond the energy sector itself, permeating almost every corner of Pakistan's economy. Circular debt directly constrains the fiscal space available to the government, diverting resources that might otherwise fund development spending towards servicing energy sector liabilities or subsidising loss-making utilities. It discourages private investment in energy infrastructure, since investors remain wary of payment risk in a sector characterised by chronic non-recovery. It contributes to higher electricity and gas tariffs for consumers, as successive surcharges are layered onto bills specifically to service circular debt, imposing a heavy burden on households and industry alike at a time when inflation has already returned to double digits. For industry, unreliable and increasingly expensive energy undermines competitiveness precisely when Pakistan needs to expand its export base, while intermittent load-shedding, a frequent consequence of generation companies being unable to secure fuel due to unpaid dues, continues to disrupt both economic activity and everyday life for ordinary citizens.

Reform efforts to date have achieved partial and often temporary success. The government's Circular Debt Management Plan has targeted zero net addition to the debt stock by the end of the fiscal year, supported by regular tariff adjustments, gradual phasing out of untargeted subsidies, and the conversion of accumulated power sector liabilities into structured obligations serviced by dedicated surcharges. Refinancing at more favourable rates, tied to benchmark interest rates rather than the more expensive short-term borrowing previously relied upon, has reduced the sector's interest burden. Yet independent assessments, including the Pakistan Electricity Review, have concluded that the improvements recorded during parts of the past two fiscal years reflected temporary financial clean-up measures rather than fundamental reform of the sector's underlying business model, a conclusion borne out by the debt's renewed rise within months of each reported decline.

A genuine resolution of Pakistan's circular debt crisis will require structural reforms considerably more ambitious than periodic refinancing. Reducing transmission and distribution losses through targeted investment in grid infrastructure, more effective metering technology and stricter enforcement against electricity theft must form the foundation of any durable solution. Renegotiating or restructuring the most expensive legacy power purchase agreements, an approach the government has already begun to pursue with some independent power producers, can meaningfully reduce the capacity payment burden that inflates tariffs regardless of actual electricity consumption. Improving the governance and operational efficiency of distribution companies, including through privatisation or private-sector management contracts where appropriate, is essential to breaking the cycle of chronic under-recovery. Tariffs must, over time, be allowed to reflect the true cost of service delivery, with targeted subsidies directed specifically at genuinely vulnerable households rather than applied indiscriminately across the consumer base. Finally, accelerating the shift towards indigenous and renewable energy sources, including solar, wind and hydropower, would reduce Pakistan's exposure to imported fuel costs and exchange rate volatility, addressing one of the most persistent external drivers of circular debt accumulation.

In conclusion, circular debt is not merely a technical accounting problem confined to the energy sector; it is a symptom of deeper governance weaknesses, political reluctance to impose the full cost of service delivery, and structural inefficiencies that have accumulated over decades. Pakistan's repeated recourse to refinancing and financial restructuring has provided periodic relief without addressing the root causes that continue to generate fresh debt. Only a sustained programme of structural reform, encompassing loss reduction, contract renegotiation, governance improvement and a genuine transition towards indigenous energy sources, offers the prospect of finally breaking a cycle that has, for far too long, drained Pakistan's fiscal resources, deterred investment and burdened its households and industries alike.

Essay 5

Poverty: Causes, Effects and the Way Forward

Word Count: approximately 1378 words | Time Allowed Reference: Two Hours | Maximum Marks: 100

ESSAY OUTLINE

- Introduction: poverty as a persistent global and national challenge
- Defining and measuring poverty
- The state of poverty in Pakistan today
- Root causes of poverty
- Effects of poverty on individuals and society
- Policy responses and their limitations
- A comprehensive way forward
- Conclusion

Poverty remains one of the most enduring and consequential challenges confronting human societies, a condition that denies millions of people the basic capabilities needed to live a life of dignity, security and opportunity. Despite decades of economic growth, technological progress and dedicated development programmes across the world, poverty continues to shape the daily reality of hundreds of millions of people, nowhere more visibly than in countries such as Pakistan, where recent years have witnessed a troubling reversal of what had once been a promising trajectory of poverty reduction. Examining the causes, effects and possible remedies for poverty is therefore not an abstract academic exercise but a matter of immediate and pressing national importance.

Poverty is generally understood along two complementary dimensions. Absolute poverty measures the inability to meet basic subsistence needs, typically defined by international thresholds such as the World Bank's poverty lines, which were revised in 2025 to two dollars and fifteen cents per day for extreme poverty and higher thresholds for low and lower-middle-income countries. Relative poverty, by contrast, measures deprivation in comparison to the prevailing standard of living within a particular society, capturing the reality that poverty is experienced not only as material deprivation but also as social exclusion. Beyond income-based measures, modern development thinking increasingly emphasises multidimensional poverty, encompassing deprivations in health, education, housing and access to basic services, recognising that a household may possess adequate income while still lacking access to clean water, quality schooling or basic healthcare.

Pakistan's experience with poverty over the past quarter century illustrates both the possibility of genuine progress and the fragility of gains once achieved. Between 2001 and 2018, Pakistan's national poverty rate fell dramatically, from around sixty-four per cent to approximately twenty-two per cent, a remarkable achievement driven by rising labour incomes in the informal sector and a structural shift of the workforce from agriculture towards low-skilled services. This progress, however, began to slow markedly after 2015 and has since gone into reverse. The Covid-19 pandemic delivered a severe shock to the informal sector, which employs the overwhelming majority of Pakistan's workforce, pushing the national poverty rate back up to nearly twenty-five per cent. The catastrophic floods of 2022, which affected some thirty-three million people and destroyed homes and livelihoods across three provinces, pushed an additional thirteen million people into poverty, and subsequent economic instability, high inflation and revised international poverty thresholds have driven estimates even higher still. Under the World Bank's updated 2025 poverty lines, which raised the lower-middle-income poverty threshold to four dollars and twenty cents per day, Pakistan's poverty headcount now stands at approximately forty-five per cent of the population, with extreme poverty, measured at the revised three-dollar-a-day threshold, affecting well over a third of that group. These figures place Pakistan among the countries responsible for a rare regional increase in extreme poverty at a time when most of the developing world continues to make gradual progress.

The causes of poverty in Pakistan, as elsewhere, are multiple and mutually reinforcing. At the structural level, Pakistan's economy has long been characterised by consumption-led growth rather than investment-led growth, with private investment remaining stubbornly low and productivity gains failing to keep pace with population growth. Real wage growth for poor workers averaged only two to three per cent over the decade to 2021, meaning that even those in employment often found it difficult to translate economic activity into meaningful improvements in living standards. Weak domestic revenue mobilisation and persistently high public debt have constrained the state's capacity to invest in human capital, infrastructure and social protection, while incomplete devolution of public services to the local level has produced uneven and often poor-quality service delivery, particularly in rural areas. Climate vulnerability compounds these structural weaknesses: Pakistan ranks among the countries most exposed to climate-related disasters, and repeated flooding, drought and extreme heat events disproportionately affect poor households with the fewest resources to absorb such shocks. Feudal and semi-feudal land ownership patterns in parts of rural Pakistan continue to concentrate economic and political power narrowly, limiting opportunities for smallholder farmers and landless labourers. Finally, gaps in access to quality education and vocational training perpetuate an intergenerational cycle of poverty, as children born into poor households frequently lack the schooling needed to escape the low-productivity, informal employment that trapped their parents.

The effects of poverty extend far beyond material deprivation, touching nearly every dimension of individual and social wellbeing. Poor households typically suffer disproportionately from malnutrition and preventable disease, given limited access to adequate nutrition, clean water and healthcare, with children bearing a particularly heavy long-term cost through stunted physical and cognitive development. Poverty is closely correlated with lower educational attainment, as economic necessity frequently compels poor families to withdraw children from school in favour of income-generating labour, reinforcing the intergenerational transmission of disadvantage. Socially, entrenched poverty has been linked to heightened vulnerability to extremism and radicalisation in some contexts, as economic desperation and a lack of opportunity can be exploited by those offering alternative sources of identity, purpose or income. Poverty also erodes social cohesion more broadly, deepening inequality between regions and social classes and placing strain on public institutions already struggling to meet rising demand for services. At the household level, poverty is strongly associated with limited access to formal credit, forcing vulnerable families to rely on informal and often exploitative borrowing arrangements that further entrench their economic fragility, particularly in the aftermath of shocks such as the loss of a breadwinner's income or a natural disaster.

Pakistan's policy response to poverty has evolved considerably over the years, with cash transfer programmes such as the Benazir Income Support Programme now reaching some ten million households and providing a genuine, if partial, safety net against the most severe forms of deprivation. Such programmes have proved valuable in providing rapid, targeted relief, particularly during and after major shocks, and recent innovations linking cash transfers to school attendance through mobile technology represent a promising effort to combine short-term relief with longer-term human capital investment. Yet unconditional cash transfers alone, however well targeted, do little to address the underlying structural drivers of poverty: they provide relief without necessarily equipping recipients with the skills, assets or opportunities needed to escape poverty permanently. Critics have rightly noted that Pakistan's social protection spending on direct transfers now substantially exceeds federal spending on education, reflecting a policy bias towards short-term relief over the longer-term investments in human capital that would ultimately reduce the need for such transfers in the first place.

A genuinely comprehensive strategy for reducing poverty in Pakistan must therefore move beyond cash transfers alone to address the structural roots of deprivation. Expanding access to quality education and vocational training remains fundamental, since human capital development offers the surest route out of intergenerational poverty. Investment in climate resilience, including flood defences, drought-resistant agriculture and early warning systems, is essential given Pakistan's acute exposure to climate shocks that repeatedly reverse hard-won development gains. Broadening the tax base and improving domestic revenue mobilisation would expand the fiscal space available for sustained investment in health, education and infrastructure, reducing dependence on external borrowing and the austerity measures that so often accompany it. Promoting formal sector employment, through business-friendly regulation, access to credit for small and medium enterprises, and targeted support for labour-intensive industries, would help absorb Pakistan's large and growing youth population into productive work. Finally, strengthening local governance and service delivery, ensuring that development spending translates into functioning schools, clinics and roads at the community level, remains essential to converting national policy commitments into tangible improvements in the lives of the poor.

In conclusion, poverty in Pakistan reflects the interaction of structural economic weaknesses, climate vulnerability, weak human capital investment and periodic external shocks, producing effects that extend across health, education, social stability and economic productivity. The reversal of Pakistan's earlier progress in poverty reduction since 2015 serves as a sobering reminder that development gains are neither automatic nor permanent, and that sustained, coordinated policy action is required to protect and extend them. A durable reduction in poverty will demand more than social protection payments, however necessary these remain in the short term; it will require a genuine commitment to building the human capital, economic resilience and institutional capacity that allow individuals and communities to escape poverty permanently rather than merely survive within it.