

# Exploring Climate Resilience in a Low-Middle Income Country:

## The Impact of Socio-Economic Incentives on Informal Workers in Khyber Pakhtunkhwa, Pakistan

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## Executive Summary

This study explores how socio-economic incentives, particularly one-time cash grants and the Benazir Income Support Program (BISP), contribute to the climate resilience among informal sector workers in Khyber Pakhtunkhwa, Pakistan. Workers in the informal sector are individuals who possess limited skills and education, participating in economic activities that lack government regulation and are not protected by formal employment contracts, social security, or labor protections. Examples include daily-wage or casual laborers (construction helpers, agricultural hands, market porters, and factory assistants), street vendors, domestic workers, small-scale farmers, and home-based workers. Informal sector workers form a significant share of the province's economy, yet they remain among the most vulnerable to floods, droughts, and heatwaves. Their livelihoods are precarious, they lack access to formal social protection, and they often depend on unstable incomes and limited assets.

This study adopted a qualitative phenomenological design to gain an in-depth understanding of the lived experiences of affected participants and the views of institutional stakeholders responsible for program delivery. Data were collected through thirty in-depth interviews with informal workers across three climatic zones: northern, central, and southern and six focus group discussions with thirty-six stakeholders. This design allowed for an understanding of both individual experiences and institutional perspectives.

The findings reveal that cash transfers provided essential short-term relief, enabling families to cover immediate expenses such as food, rent, and healthcare. However, the fixed amounts and rigid payment schedules proved insufficient in addressing the recurrent and long-term impacts of climate shocks. Access to these programs was further constrained by barriers such as low literacy, limited digital access, bureaucratic procedures, and cultural restrictions on women's mobility. While women were often registered as beneficiaries, their decision-making power over the funds was limited, with male relatives commonly managing household spending. Participants also reported corruption, gatekeeping, and informal payments during registration and disbursement, which particularly disadvantaged those without strong social networks.

Despite these challenges, many informal workers demonstrated resilience through reliance on kinship networks, community solidarity, flexible routines, and low-cost innovations. These strategies, however, largely reflected coping mechanisms and everyday adaptation rather than pathways to transformative resilience.

The study concludes that existing social safety nets, while important, remain primarily aligned with poverty alleviation and short-term coping rather than the dynamic and long-term nature of climate risks. To build sustainable resilience, social protection systems must become climate-sensitive, inclusive, and adaptive in Pakistan. This requires more flexible payment mechanisms, improved accessibility, stronger gender responsiveness, and greater transparency. Integrating social safety nets with livelihood diversification, skills development, and community-based adaptation may help shift from temporary relief towards long-term transformative resilience. Strengthening climate-smart social safety nets is therefore critical to protecting the livelihoods, health, and dignity of informal sector workers in Khyber Pakhtunkhwa and in other vulnerable contexts worldwide.