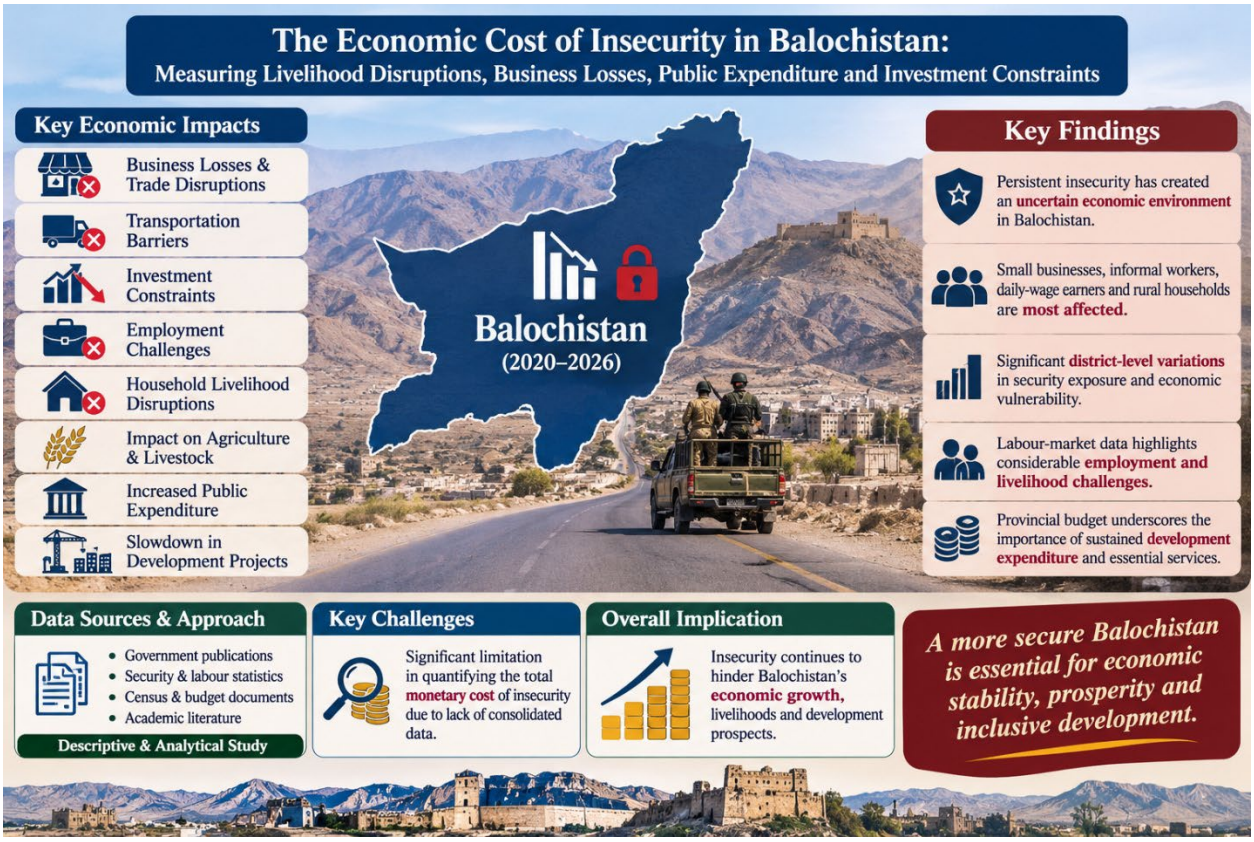

The Economic Cost of Insecurity in Balochistan: Measuring Livelihood Disruptions, Business Losses, Public Expenditure and Investment Constraints

Abstract

This study examined the economic cost of insecurity in Balochistan, Pakistan, during 2020–2026, focusing on its implications for businesses, trade, investment, employment, household livelihoods, public expenditure, and provincial development. It adopted a descriptive and analytical research approach based on secondary data drawn from official government publications, security reports, labour force statistics, population and agricultural censuses, budget documents, and relevant academic literature. The analysis assessed the relationship between insecurity and economic vulnerability while distinguishing security-related disruptions from broader structural challenges, including poverty, unemployment, inadequate infrastructure, and limited economic diversification. The findings indicated that persistent insecurity had created an uncertain economic environment, potentially disrupting business operations, transportation networks, commercial activities, investment decisions, and development projects. Its consequences were particularly significant for small businesses, informal workers, daily-wage earners, rural households, and communities dependent on agriculture and livestock. The analysis also highlighted substantial district-level variations in security exposure and economic vulnerability. Official labour-market and demographic statistics demonstrated the province's considerable employment and livelihood challenges, while provincial budget allocations illustrated the importance of sustaining development expenditure and essential public services. However, the study identified significant limitations in quantifying the aggregate monetary cost of insecurity. Available published data did

not provide a consolidated provincial estimate of direct and indirect economic losses attributable exclusively to insecurity. The study therefore avoided unsupported financial estimates and distinguished documented evidence from potential economic effects. It concluded that sustainable economic recovery required an integrated policy approach combining security, institutional accountability, employment generation, private-sector support, inclusive development, and community participation. Strengthening economic resilience and public confidence was essential for Balochistan's long-term stability and prosperity.

Keywords: Economic cost of insecurity; Balochistan; economic vulnerability; investment; employment; livelihoods; public expenditure; economic resilience.

1. Introduction

Economic security is an essential component of sustainable development, institutional stability and social well-being. In regions experiencing persistent insecurity, economic activities often face multiple constraints that extend beyond the immediate consequences of violence. These constraints may include declining investment, disruption of trade and transportation, reduced employment opportunities, increased business operating costs, deterioration of public services and weakening confidence among domestic and foreign investors. Consequently, insecurity should not be examined exclusively through its political or security dimensions; its broader economic implications also require systematic investigation. In this context, Balochistan presents an important case for understanding the relationship between security conditions and regional economic development in Pakistan.

Balochistan is Pakistan's largest province geographically and possesses considerable economic potential through its mineral resources, coastline, agricultural land, livestock, fisheries and strategic geographical location. The province occupies an important position in regional connectivity, particularly through Gwadar Port, the China–Pakistan Economic Corridor (CPEC), international border trade and emerging mineral development opportunities. Despite these resources, Balochistan continues to experience significant development challenges, including poverty, limited industrial diversification, inadequate infrastructure, unemployment and disparities in public service delivery. The World Bank (2020) identified insufficient employment opportunities, underdeveloped economic activities and the province's comparatively weak economic performance as important structural challenges. Similarly, the Government of Balochistan's development statistics provide evidence of considerable variations in economic and social conditions across districts, highlighting the importance of geographically differentiated development planning (Government of Balochistan, Bureau of Statistics, 2026).

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The security situation further complicates this development environment. Persistent insecurity, incidents of violence, disruptions to transportation and uncertainty surrounding commercial activities can affect the functioning of local markets and economic institutions. Such conditions may discourage entrepreneurs from expanding their businesses, increase the operational costs of companies, interrupt the movement of goods and workers, and create uncertainty regarding the implementation of development projects. These effects are particularly significant in geographically dispersed regions where economic activities depend heavily on road connectivity, access to markets and uninterrupted transportation. Consequently, the relationship between

insecurity and economic performance in Balochistan requires an assessment that considers both immediate financial losses and longer-term structural consequences.

Existing research on Pakistan demonstrates that insecurity and terrorism can adversely affect macroeconomic performance through several interconnected channels. Zakaria et al. (2019), examining Pakistan's economic performance between 1972 and 2014, found that terrorism negatively affected foreign direct investment, domestic investment and economic growth, while increasing government expenditure. Their findings illustrate how insecurity can influence economic activity beyond the immediate destruction caused by violent incidents. More recently, Farheen et al. (2026) examined the relationship between terrorism and macroeconomic indicators in Pakistan during 1985–2023. Their findings identified significant effects on investment, exports, defence expenditure, exchange-rate movements and human development. These studies provide an important national-level analytical foundation for examining the economic consequences of insecurity, although their findings cannot automatically be generalized to individual provinces or districts.

In Balochistan, the economic implications of insecurity may be particularly complex because different districts depend on distinct economic activities and livelihood systems. Mining and mineral development, for instance, require long-term investment, transportation infrastructure, technical expertise and stable operating environments. Similarly, agriculture and livestock depend on market accessibility, the movement of agricultural products and the availability of labour. Commercial activities in urban centres, border districts and coastal areas are also influenced by transportation costs, market confidence and continuity of business operations. The World Bank's (2020) Balochistan Livelihoods and Entrepreneurship Project recognized the importance of

creating employment opportunities for rural communities and ensuring the sustainability of enterprises in selected districts. This reinforces the need to understand the conditions affecting local enterprise development and livelihood sustainability.

Furthermore, insecurity can generate indirect costs for households and communities that are not adequately reflected in conventional economic statistics. Business interruptions may reduce household income, while transportation difficulties can increase the cost of accessing employment, education, healthcare and commercial markets. Small enterprises, informal workers, daily-wage earners and vulnerable households may face disproportionate economic consequences because they generally possess fewer financial resources to absorb prolonged disruptions. At the institutional level, additional expenditure associated with security requirements, infrastructure protection and the restoration of disrupted services may also influence public financial management and development priorities. These implications make it necessary to examine the relationship between security, livelihoods, public expenditure and economic opportunities within a broader development framework.

Despite the availability of national-level studies on terrorism and economic performance, there remains a need for a comprehensive, province-specific assessment of the economic consequences associated with insecurity in Balochistan. Existing research provides useful insights into macroeconomic relationships, but comparatively limited attention has been given to district-level economic disruptions, business losses, household income, employment constraints, sectoral vulnerabilities and the experiences of local entrepreneurs. Moreover, the interaction between insecurity and existing structural challenges, including weak infrastructure, governance limitations, market accessibility and insufficient private-sector participation, requires further investigation.

Against this background, the proposed research seeks to examine the economic cost of insecurity in Balochistan during the period 2020–2026. It will investigate the direct and indirect consequences of insecurity for businesses, households, employment, investment, transportation, trade, mining, agriculture and public development expenditure. Used a mixed-methods approach, the research combined official economic statistics, district-level analysis, household and business surveys, key-informant interviews and relevant institutional records. Particular attention given to identifying differences in economic exposure across selected districts and economic sectors. The study also distinguished losses directly associated with security incidents from wider economic challenges that may have multiple underlying causes.

Ultimately, the research aimed to establish an evidence-based understanding of how insecurity affects economic activity and development prospects in Balochistan. By identifying the principal channels of economic disruption, assessing the distribution of losses and examining the experiences of affected communities and businesses, the study will contribute to policy discussions concerning economic resilience, investment confidence and inclusive development. Its findings are expected to provide practical recommendations for provincial and federal policymakers, development institutions and private-sector stakeholders, supporting more informed decisions that integrate economic development, livelihood protection and sustainable stability in Balochistan.

2. Problem statement

Balochistan possesses substantial economic resources and strategic advantages, including mineral reserves, a long coastline, agricultural and livestock potential, fisheries, border-trade opportunities

and its geographical position within regional connectivity initiatives. Despite these advantages, the province continues to experience considerable economic and developmental challenges, reflected in limited industrial diversification, inadequate infrastructure, unemployment, poverty, weak private-sector participation and uneven access to economic opportunities. These challenges are further complicated by a persistent security environment that may affect the continuity of economic activities, investment decisions, public-sector development initiatives and the livelihoods of local communities. Consequently, understanding the relationship between insecurity and economic performance has become an important requirement for evidence-based development planning in Balochistan.

The central problem is that the economic consequences of insecurity in Balochistan remain insufficiently documented, systematically measured and adequately integrated into provincial economic planning. Although security-related developments are frequently examined through the perspectives of law enforcement, political stability and public safety, comparatively less empirical attention has been given to their direct and indirect economic implications. In particular, there is limited consolidated evidence regarding the extent to which insecurity contributes to business interruptions, declining commercial activity, increased transportation and operational costs, employment losses, reduced household income, investment uncertainty and delays in development projects. As a result, the broader economic burden experienced by businesses, workers, households and public institutions remains difficult to establish.

This problem is particularly significant because the economic consequences of insecurity are not necessarily uniform across Balochistan. Districts dependent on mining, agriculture, livestock,

transportation, border trade, fisheries and urban commercial activities may experience different forms and levels of economic disruption. For example, interruptions in transportation can affect the movement of agricultural products and commercial goods, while uncertainty surrounding mining and infrastructure projects may influence investment decisions, employment generation and the participation of local enterprises. Similarly, small businesses, informal workers, daily-wage earners and households with limited financial resources may face greater difficulties in absorbing repeated economic disruptions. However, the extent, distribution and duration of these effects require systematic investigation rather than assumptions based on isolated incidents or general security assessments.

An additional dimension of the problem concerns the relationship between insecurity and public development expenditure. Security-related requirements may generate additional costs for government institutions, while disruptions to project implementation can potentially affect development timelines, operational expenses and the delivery of essential services. Nevertheless, it is necessary to establish through budgetary and institutional evidence whether, and to what extent, these pressures influence development expenditure and provincial economic priorities. Without such analysis, policymakers may lack a comprehensive understanding of the relationship between security requirements, public investment and human development outcomes.

Existing national-level research, including Zakaria et al. (2019), demonstrates that terrorism can adversely influence investment and economic growth in Pakistan. However, national-level findings cannot adequately explain the district-specific and sectoral economic experiences of Balochistan. There remains a need for province-specific research that examines the economic effects of insecurity through household experiences, business performance, labour-market

conditions, investment behaviour and public-sector expenditure. Furthermore, the interaction between insecurity and underlying structural constraints, including infrastructure deficiencies, governance challenges, limited market access and insufficient local economic participation, requires closer examination.

The absence of such province-specific evidence creates an important policy and research gap. Without reliable estimates of economic losses and a clearer understanding of their distribution, it becomes difficult for policymakers to determine which sectors require priority support, which districts are most economically vulnerable, and how development resources can be allocated more effectively. It also limits the ability of government institutions to assess whether existing economic and development interventions are adequately addressing the challenges faced by affected businesses and communities.

Therefore, the proposed research addressed this gap by systematically examining the economic consequences of insecurity in Balochistan during 2020–2026. It assessed direct and indirect economic losses, investigated their effects on businesses, employment, household livelihoods, investment and public development expenditure, and analyse variations across selected districts and economic sectors. The study also explored the interaction between insecurity and underlying structural development challenges. Ultimately, it seeks to generate empirical evidence and actionable policy recommendations that can support economic resilience, strengthen investor confidence, protect local livelihoods and promote inclusive and sustainable economic development in Balochistan.

3. Aim and objectives

To assess the economic consequences of insecurity in Balochistan and develop evidence-based policy recommendations to protect livelihoods, sustain economic activity and promote inclusive development.

The specific objectives are to:

1. Identify the principal channels through which insecurity affects households, workers, businesses, transport, trade and productive sectors.
2. Estimate reported direct and indirect economic losses, including interrupted operations, additional operating costs, lost working days, reduced sales and delayed investment, where reliable data permit.
3. Examine variations in economic impacts across selected districts, sectors, urban and rural settings, and population groups.
4. Analyse the relationship between insecurity, employment opportunities, local market access, business confidence and investment decisions.
5. Examine how governance, infrastructure, public-service delivery and local participation in economic projects influence economic vulnerability.
6. Develop practical policy recommendations for government institutions, businesses and development partners.

4. Research questions

The study will address the following questions:

1. Through which channels do insecurity affect economic activity and household welfare in Balochistan?

2. What direct costs and indirect economic losses are reported by households and businesses, and how do these vary across districts and sectors?
3. How does insecurity influence employment, business continuity, transportation, market access and investment decisions?
4. Which economic groups and local communities experience the greatest disruption, and what strategies do they adopt to cope?
5. How do governance arrangements, infrastructure conditions and local economic participation influence the severity of these effects?
6. Which policy interventions could reduce economic vulnerability while supporting sustainable livelihoods and legitimate economic activity?

5. Conceptual Framework

5.1 Understanding the Relationship Between Insecurity and Economic Performance

The conceptual framework of this study is based on the assumption that insecurity constitutes an important source of economic risk and disruption that can influence regional economic performance through multiple interconnected pathways. Insecurity does not affect economic activity exclusively through the immediate consequences of violent incidents; it can also generate indirect and institutional effects that influence investment decisions, business confidence, employment opportunities, household livelihoods, public expenditure and long-term development prospects. These effects may accumulate over time, creating economic vulnerabilities that extend beyond the locations and periods in which security incidents occur. Therefore, understanding the economic cost of insecurity requires an analytical framework that examines both immediate

economic losses and the wider consequences for productive activities, institutional performance and regional development.

From an economic perspective, insecurity can be understood as an external risk factor that increases uncertainty, disrupts market functioning and influences the allocation of productive resources. Businesses generally require predictable operating conditions, reliable transportation, accessible markets and reasonable confidence in future returns. When these conditions become uncertain, entrepreneurs may postpone investment, reduce business operations, limit recruitment or redirect capital towards protective measures rather than productive expansion. Similarly, households may experience income instability, restricted mobility and increased living expenses. These mechanisms are consistent with the broader economic literature, which identifies political instability and conflict as important constraints on investment, capital accumulation and economic growth (Alesina et al., 1996; Collier, 1999).

For the purposes of this research, insecurity will be conceptualised through three principal pathways: direct economic effects, indirect economic effects and institutional effects. These pathways are interconnected and may reinforce one another. Their combined influence can shape the economic environment of Balochistan, although the magnitude of their effects may differ across districts, economic sectors and population groups.

5.2 Direct Economic Effects of Insecurity

Direct economic effects refer to immediate and identifiable financial losses resulting from security incidents and associated disruptions. These may include physical damage to commercial properties, infrastructure and productive assets, temporary closure of businesses, interruption of transportation

services, damage to equipment and immediate expenditure required to restore economic activities. Such effects can be relatively visible and, in certain circumstances, quantified through financial records, repair costs, insurance claims and reported business losses.

In Balochistan, direct economic effects may influence different economic activities depending on their geographical location and operational requirements. For example, businesses dependent on road transportation may experience interruptions in the movement of goods and personnel, while commercial establishments may temporarily suspend operations because of security-related uncertainty. Similarly, disruptions affecting infrastructure and development projects may result in additional repair expenses, implementation delays and the loss of productive working days.

Direct effects can also extend to household economic conditions. Workers who depend on daily wages may lose income when businesses temporarily close or transportation becomes difficult. Agricultural producers and livestock-dependent households may experience difficulties accessing markets when movement is disrupted. Consequently, the immediate economic consequences of insecurity may affect both productive enterprises and the income-generating capacities of households.

The distinction between direct and indirect losses is important because the visible financial cost of an incident may represent only a proportion of its overall economic consequences. An interrupted transportation route, for example, may produce an immediate disruption but also generate additional costs for businesses, suppliers, consumers and workers.

5.3 Indirect Economic Effects of Insecurity

Indirect economic effects refer to the wider and often less visible consequences of insecurity that emerge through changes in business behaviour, market conditions, investment decisions and household economic activities. Unlike direct losses, these effects may develop gradually and continue even after immediate disruptions have ended. They may include declining sales, supply-chain interruptions, increased transportation expenses, reduced productivity, higher business operating costs, delayed investment and weakened consumer and investor confidence.

Investment is particularly sensitive to uncertainty because businesses make financial commitments based on expectations of future returns. When insecurity increases operational risks, investors may postpone projects, reduce investment commitments or consider alternative locations. Alesina et al. (1996) explain that political instability can adversely influence investment and economic growth by increasing uncertainty and weakening the conditions required for long-term economic decisions. Similarly, Collier (1999) identifies the economic consequences of civil war through disruptions to production, investment and economic development.

For Balochistan, these relationships are particularly relevant to capital-intensive sectors such as mining, minerals, infrastructure, transportation and industrial development. These sectors require substantial initial investment, long-term planning, technical expertise and reliable supply chains. Uncertainty surrounding project implementation and operational continuity may therefore influence investment decisions and the participation of private-sector enterprises.

Indirect effects may also influence employment and labour-market conditions. Businesses facing declining demand or increasing operational costs may reduce recruitment, limit wages or postpone expansion. This may particularly affect young people entering the labour market, informal workers and individuals dependent on small enterprises. At the household level, reduced employment

opportunities and income instability may influence consumption patterns, educational decisions, healthcare expenditure and migration choices.

Moreover, repeated disruptions may weaken market confidence and affect the willingness of consumers and entrepreneurs to participate in local economic activities. These consequences can create a cycle in which reduced business activity generates fewer employment opportunities, lower household purchasing power and declining demand, further constraining economic recovery.

5.4 Institutional Effects of Insecurity

Institutional effects represent another important dimension of the relationship between insecurity and economic performance. These effects emerge when insecurity influences the functioning, expenditure priorities, administrative capacity and service-delivery responsibilities of public institutions. Government institutions play a central role in creating an enabling economic environment through infrastructure development, public investment, education, healthcare, transportation and regulatory services. However, persistent insecurity may increase the operational requirements of public institutions, create additional expenditure pressures and complicate the implementation of development programs.

One important institutional consequence concerns the allocation of public resources. Governments may need to increase expenditure on security arrangements, infrastructure protection, emergency responses and the restoration of disrupted services. Such expenditure may be necessary for maintaining public safety and institutional continuity, but its implications for development planning and fiscal priorities require careful examination. The research will therefore investigate

whether security-related expenditure and implementation challenges influence the allocation, execution and effectiveness of provincial development budgets.

Institutional performance may also influence the relationship between insecurity and private investment. Investors depend not only on physical security but also on predictable administrative procedures, effective regulation, transparent decision-making and reliable public institutions. Research by Farooq et al. (2025) on terrorism and domestic investment in Pakistan highlights the importance of governance institutions in transmitting the economic effects of terrorism. Their findings suggest that institutional conditions are an important mechanism through which insecurity can influence domestic capital formation. This provides a particularly relevant analytical perspective for examining the institutional dimension of economic insecurity in Balochistan.

Accordingly, the proposed study will examine institutional effects through indicators such as public development expenditure, project implementation delays, additional operational costs, continuity of essential services, administrative capacity and investor perceptions of institutional reliability. It will also consider how the effectiveness of public institutions may either reduce or intensify the economic consequences of insecurity.

5.5 Household Livelihoods and Socioeconomic Vulnerability

The household dimension provides an essential link between security-related disruptions and broader socioeconomic development. Economic insecurity can affect households through declining earnings, unemployment, increased transportation costs, reduced access to markets and interruptions in livelihood activities. These consequences may be particularly significant for daily-

wage workers, small traders, agricultural households, informal workers and young people seeking employment.

In Balochistan, where economic opportunities and livelihood structures differ considerably across districts, the effects of insecurity may vary according to household income sources, geographical accessibility and available employment alternatives. For instance, households dependent on livestock and agriculture may face market-access difficulties, whereas urban households may experience disruptions through declining commercial activity and employment opportunities. Similarly, young people may encounter fewer opportunities to enter the formal labour market when businesses postpone expansion or investment.

The framework therefore recognizes households not merely as recipients of economic losses but also as economic actors whose decisions influence consumption, labour participation, migration and investment in human capital. The research will investigate how households respond to insecurity and whether their coping strategies contribute to longer-term economic vulnerability.

5.6 Moderating Factors: Governance, Infrastructure and Economic Resilience

The economic consequences of insecurity are unlikely to be identical across all districts and sectors. Their severity may depend on several contextual and institutional factors that either strengthen economic resilience or increase vulnerability. This study identifies six important moderating factors: road connectivity, access to finance, administrative capacity, availability of local skills, reliability of public services and community participation in economic opportunities.

Road connectivity influences the ability of businesses and households to access markets, employment and essential services. Similarly, access to finance may determine whether small

enterprises can absorb temporary losses and continue operations. Administrative capacity and effective public institutions may improve project implementation, facilitate business activity and support economic recovery. The availability of skilled workers can influence the capacity of local enterprises to sustain production and respond to changing market conditions.

Community participation is equally important because the distribution of economic opportunities may influence the extent to which local populations benefit from development projects. In this context, the research will examine whether local employment, supplier participation and access to economic opportunities contribute to stronger community-level economic resilience.

Importantly, these factors will not be treated as secondary issues. They will be examined as conditions that may influence the relationship between insecurity and economic outcomes. The framework therefore moves beyond a simple assumption that insecurity automatically produces identical economic losses everywhere in Balochistan.

5.7 Integrated Conceptual Model

The proposed framework establishes insecurity as the principal explanatory factor, economic performance as the outcome, and institutional and socioeconomic conditions as moderating factors.

Conceptual Framework

INSECURITY

Security incidents, threats, uncertainty and disruptions

Direct effects

Physical damage, closures, transport interruptions and immediate losses

Indirect effects

Investment uncertainty, declining sales, higher costs and employment losses

Institutional effects

Public expenditure, project delays and service disruptions

ECONOMIC AND SOCIAL OUTCOMES

Business performance • Employment • Household income • Investment • Trade • Regional development

MODERATING FACTORS

Governance • Infrastructure • Access to finance • Local skills • Public services • Community participation

Source: Researcher's 9, developed from the economic conflict and political instability literature.

The model suggests that insecurity affects economic performance through direct, indirect and institutional pathways, while the severity and persistence of these effects are influenced by local socioeconomic and governance conditions. The framework will guide the selection of research indicators, survey questions, interview themes and analytical methods**.**

5.8 Application of the Framework to Balochistan

For empirical application, the framework will be used to examine economic differences across selected districts and sectors during 2020–2026. Direct effects will be assessed through reported physical damage, business interruption and immediate financial losses. Indirect effects will be examined through changes in investment decisions, employment, business operating costs, transportation, market access and household income. Institutional effects will be assessed through public expenditure, project implementation and service-delivery indicators.

The research also examined whether infrastructure quality, governance capacity, financial accessibility and local economic participation influence the severity of these effects. This approach will help distinguish between the economic consequences associated with insecurity and those arising from broader structural development challenges.

Ultimately, the conceptual framework provides an integrated analytical foundation for understanding the economic cost of insecurity in Balochistan. Rather than assuming a direct and uniform relationship between insecurity and economic decline, it recognizes that economic consequences emerge through multiple pathways and are shaped by institutional performance, local economic structures and household resilience. It will therefore enable the study to generate a more comprehensive and context-sensitive assessment of economic vulnerability and identify policy interventions that can strengthen economic resilience and inclusive development.

6. Research Methodology

6.1 Research Design

The study employed a mixed-methods research design that combined quantitative and qualitative evidence. The quantitative component identified patterns in reported economic losses and disruptions, while the qualitative component explained the mechanisms underlying these patterns

and explored issues that could not be adequately captured through numerical indicators alone. The integration of both approaches provided a broader understanding of how insecurity affected economic activities, businesses, employment and household livelihoods across Balochistan.

6.2 Geographic and Temporal Scope

The study covered the period from 2020 to 2026, subject to data availability and comparability. Secondary-data analysis covered Balochistan as a whole, while primary fieldwork focused on approximately six to eight selected districts.

The districts were selected purposively to capture variations in economic activity and exposure to disruption. The selection considered different economic settings, including urban commerce and services, mining and minerals, agriculture and livestock, coastal and port-related activities, and border-linked trade.

The final selection of districts was guided by preliminary data analysis, fieldwork feasibility, access conditions and available resources. The study recognized that security conditions and their economic implications varied across districts and therefore did not assume a uniform pattern of disruption throughout the province.

6.3 Data Collection

The research relied on four principal sources of evidence:

Secondary data: Relevant information was collected from the Pakistan Economic Survey, Pakistan Bureau of Statistics labour-force and household surveys, Government of Balochistan statistical publications, provincial budgets, development expenditure records, and available sectoral and trade reports. Publicly available security incident data were also considered where definitions and geographic coverage were sufficiently consistent.

Household survey: The household survey examined income disruptions, employment losses, increased transportation expenses, market access, changes in livelihood activities and household coping strategies. Particular attention was given to the ways in which insecurity affected household economic stability and access to livelihood opportunities.

Business survey: The business survey investigated interruptions to business operations, changes in sales, additional operating expenses, supply-chain delays, staffing decisions, customer activity, and postponed or cancelled investment. It also examined how businesses adjusted their operations in response to security-related uncertainty and economic disruption.

Key-informant interviews and focus-group discussions: Interviews were conducted with relevant government officials, business representatives, traders, transporters, workers, investors, academics, development organisations and community representatives. Focus-group discussions explored local economic experiences, perceived risks, differences across communities and sectors, and potential policy responses**.**

6.4 Proposed Sample

Subject to available funding and field access, the study targeted approximately 400–600 households and 200–300 businesses across the selected districts. It also envisaged conducting 30–45 key-informant interviews and six to eight focus-group discussions.

The sampling design considered variations in district, economic sector and business size. Where feasible, the research sought to include women-led businesses, young workers, daily-wage earners and small enterprises to capture the experiences of groups that were particularly relevant to the study's assessment of livelihood and business disruptions.

These figures represented indicative planning targets rather than a confirmed sample commitment. The final sample was to be determined in light of the available budget, population characteristics, sampling requirements and fieldwork constraints**.**

6.5 Data Analysis

Quantitative data were analysed through descriptive statistics and district- and sector-level comparisons to examine reported patterns of economic disruption. The principal indicators included business interruption days, lost sales, additional operating costs, changes in employment, household income losses, transportation delays and investment decisions.

Where sufficiently consistent data were available, the study considered trend analysis, before-and-after comparisons and regression models to examine associations between exposure to insecurity and economic outcomes. Causal conclusions were treated cautiously because economic activity was also influenced by inflation, infrastructure constraints, climate events, market conditions and other structural factors.

Qualitative evidence was analyzed thematically to identify recurring experiences, differences between groups and explanations for the patterns observed in the quantitative findings. The findings from household and business surveys were triangulated with official records, key-informant interviews and focus-group discussions to strengthen the consistency and reliability of the analysis.

The research also established transparent criteria for calculating economic losses and avoiding double counting. Where reliable monetary estimates could not be produced, the findings were presented through ranges, frequencies or qualitative assessments rather than unsupported financial totals. This approach helped maintain analytical transparency and ensured that the reported economic costs remained grounded in the available evidence.

7. Balochistan's Economic Profile and Security Context

Balochistan's economic structure and security environment were closely interconnected during the 2020–2026 study period. The province possessed substantial mineral resources, an extensive coastline, agricultural and livestock potential, and a strategic geographical position connecting Pakistan with Afghanistan, Iran and the Arabian Sea. Despite these advantages, its economy continued to face structural challenges, including limited industrial diversification, inadequate infrastructure, unemployment, poverty, water scarcity and institutional constraints. These conditions affected the province's ability to translate its natural and geographical advantages into sustainable economic development.

Balochistan's economic activities were also geographically dispersed, with different districts relying on distinct sources of income and employment. While Quetta served as the principal administrative and commercial centre, other areas depended more heavily on agriculture, livestock, mining, fisheries, border trade and small-scale businesses. Consequently, insecurity did not affect

all economic activities or districts equally. Disruptions to transportation, commercial operations, investment and public infrastructure had different implications depending on local economic conditions.

The following analysis examines the province's economic structure, sectoral characteristics, employment and livelihoods, infrastructure development, geographical variation, security trends and governance constraints. It establishes the economic context for assessing the direct, indirect and institutional costs associated with insecurity**.**

7.1 Structure and Characteristics of Balochistan's Economy

Balochistan was Pakistan's largest province by geographical area, covering approximately 347,190 square kilometers and representing nearly 44 per cent of the country's total land area. According to the 2023 Population and Housing Census, its population stood at approximately 14.89 million, making it the least densely populated province. Its geographical characteristics, including extensive mountainous areas, arid plains, deserts and a long coastline, shaped the distribution of population, economic activity and public infrastructure (Pakistan Bureau of Statistics [PBS], 2023).

The provincial economy was characterized by a combination of agriculture, livestock, mining, fisheries, trade, transportation, public administration and services. Agriculture and livestock remained important sources of rural livelihoods, while mineral extraction and natural resources represented significant opportunities for industrial development and investment. Fisheries and coastal activities contributed to the economies of settlements along the Arabian Sea, while border-linked trade supported commercial activities in districts adjoining Afghanistan and Iran. The Provincial Disaster Management Authority (PDMA) identified livestock, agriculture, fisheries, natural gas, coal and minerals as major components of the provincial economy (Government of Balochistan, n.d.).

Despite its resource potential, Balochistan experienced considerable limitations in converting natural resources into broad-based economic growth. Its industrial base remained relatively narrow, and economic opportunities were unevenly distributed across districts. Limited processing facilities, inadequate transportation networks, energy constraints and insufficient investment in

human capital restricted the development of value-added industries. Consequently, several economic activities continued to depend on the extraction and sale of primary resources rather than their processing within the province.

Another defining characteristic was the importance of informal economic activity. Small businesses, household enterprises, daily-wage employment, livestock-related activities and informal trading provided income to a considerable segment of the population. These activities were particularly important in areas where formal employment opportunities and industrial establishments remained limited. However, informal businesses generally had fewer financial reserves, limited insurance coverage and restricted access to formal credit. This reduced their capacity to absorb prolonged interruptions or unexpected economic shocks.

The province's economic structure was also influenced by its strategic location. Its borders with Afghanistan and Iran and its coastline along the Arabian Sea provided opportunities for regional trade, transportation, fisheries and port-related development. Nevertheless, geographical advantages alone did not guarantee economic integration. Their contribution depended on reliable infrastructure, effective border management, institutional coordination, investment and the participation of local businesses.

Therefore, Balochistan's economy was characterized by a combination of substantial productive potential and persistent structural weaknesses. This distinction was important for the research because insecurity operated within an already constrained economic environment. Its effects were likely to be more severe where businesses and households had limited financial resources, alternative employment opportunities and access to functioning markets.

7.2 Sectoral Composition and Economic Activities: Mining, Agriculture, Livestock, Trade and Services

The provincial economy depended on several interconnected sectors, each with distinct patterns of production, employment and vulnerability. The performance of these sectors was influenced by infrastructure, market access, investment, environmental conditions and the security environment.

Mining and minerals

Mining represented one of Balochistan's most important areas of economic potential. The province possessed deposits of copper, gold, coal, chromite, iron ore, marble, limestone and other minerals. Chagai, Khuzdar, Lasbela and other mineral-bearing districts were associated with extraction activities and related commercial operations. The Saindak copper-gold project and the Reko Diq mineral development project represented prominent examples of the province's mineral resources and their strategic economic importance.

Mineral development offered opportunities for employment, investment, government revenue, exports and supporting industries. However, the extent of these benefits depended on local employment, technical training, procurement from provincial businesses, infrastructure development and value addition. Where mineral resources were extracted without sufficient local processing or industrial linkages, the wider economic benefits for surrounding communities remained limited.

The sector also depended heavily on transportation networks, electricity, specialised equipment and the movement of workers. Insecurity could therefore increase operational costs, interrupt transportation, delay project implementation and influence investment decisions. These risks were particularly relevant for operations located in remote areas and dependent on long-distance road transportation.

The economic significance of mining was consequently assessed not only through production and investment but also through its connections with local employment, business participation and supporting economic activities.

Agriculture

Agriculture remained an important source of employment and household income, particularly in rural districts. The province's varied ecological zones supported the production of wheat, barley, dates, apples, grapes, vegetables and other crops. Agricultural activity was concentrated in different geographical areas according to soil conditions, water availability and climatic suitability.

Districts such as Pishin, Killa Abdullah, Ziarat, Kalat, Mastung, Kech and Panjgur were associated with different forms of crop cultivation and horticulture. Agricultural production provided livelihoods not only for farmers but also for transporters, agricultural labourers, wholesalers, retailers and other market participants.

However, agricultural productivity faced considerable challenges. Water scarcity, groundwater depletion, inadequate storage and processing facilities, limited access to modern agricultural technology and climatic variability affected production. The Food and Agriculture Organization (FAO) identified physical isolation, weak value-chain efficiency, insufficient agricultural support services and inadequate climate information as important challenges for Balochistan's agricultural and livestock systems (Melgar et al., 2025).

Security-related disruptions added another potential source of vulnerability. Transportation interruptions could delay the movement of agricultural products, increase delivery costs and reduce farmers' access to markets. These consequences were particularly significant for perishable commodities, where delays could result in lower selling prices, product deterioration and reduced household income.

Livestock

Livestock constituted an important component of rural economic activity and household livelihood strategies. Sheep, goats, cattle and camels were raised across the province's different ecological zones. For many rural and pastoral households, livestock represented a source of food, income, savings and financial security.

The sector supported several interconnected activities, including animal rearing, livestock trading, transportation, veterinary services, animal-feed supply and the sale of meat, milk, wool and related products. However, livestock production was constrained by drought, water shortages, animal diseases, limited veterinary facilities and inadequate market infrastructure.

The movement of livestock and related products also depended on accessible transportation routes and functioning local markets. Insecurity could affect livestock markets, increase transportation expenses and restrict the movement of traders and animals. These disruptions could reduce the

income of households that depended heavily on livestock-related activities and had limited alternative sources of employment.

Trade and border-linked economic activities

Balochistan's geographical position provided important opportunities for cross-border trade and regional commercial activity. Its borders with Afghanistan and Iran supported the movement of goods, traders and transport services. Chaman and Taftan were important locations in the province's border-related economic landscape, while other border communities also participated in formal and informal commercial activities.

Border-linked trade supported a wide network of economic participants, including importers, exporters, transporters, shopkeepers, labourers and small traders. Its performance depended on border regulations, customs procedures, regional political developments, exchange rates, transportation costs and security conditions.

Changes in border operations or restrictions on movement could affect commercial transactions, household earnings and the availability of goods in local markets. Such disruptions were particularly significant for small traders and workers whose income depended on regular cross-border movement.

The economic implications extended beyond the value of formal imports and exports. Border markets also supported informal employment and household-based trading activities. Consequently, interruptions to commercial movement could produce economic effects across several interconnected groups**.**

Services and urban commerce

The services sector was concentrated primarily in Quetta and other urban centres, including Turbat, Gwadar and Khuzdar. It included retail and wholesale trade, transportation, education, healthcare, banking, telecommunications, hospitality, public administration and other commercial activities.

Small and medium-sized enterprises played an important role in urban economic activity. Retail shops, restaurants, transport operators, construction businesses, educational institutions and private service providers generated employment and supported local markets.

These activities were sensitive to consumer purchasing power, mobility, market confidence and operating costs. Insecurity could affect customer movement, business opening hours, transportation and supply-chain continuity. Small businesses were particularly vulnerable because many operated with limited working capital and had fewer resources to withstand prolonged closures or reduced commercial activity.

Overall, the economic sectors of Balochistan were interconnected. Disruption in one sector could generate consequences across others. For example, transportation difficulties could affect agricultural sales, mineral operations, livestock markets and urban retail businesses simultaneously. This interdependence was important in understanding the wider economic costs of insecurity.

7.3 Employment, Poverty and Household Livelihood Vulnerabilities

Employment and household livelihoods represented important dimensions of Balochistan's economic vulnerability. The province's labour market was characterised by a combination of agricultural employment, informal work, self-employment, small businesses and public-sector jobs. Limited industrial diversification and uneven private-sector development restricted the availability of stable employment opportunities, particularly outside major urban centres.

According to the 2023 Population and Housing Census, approximately 69 per cent of Balochistan's population lived in rural areas, demonstrating the importance of rural economic activity and access to agricultural and livestock-based livelihoods (PBS, 2023; Government of Pakistan, n.d.). Rural households frequently depended on farming, livestock, agricultural labour and small-scale trading. These activities were often influenced by seasonal production, water availability, transportation costs and market conditions.

Poverty and household economic vulnerability were associated with several structural factors, including limited employment opportunities, low productivity, inadequate infrastructure, educational inequalities and restricted access to financial services. These challenges reduced the capacity of many households to accumulate savings, invest in productive activities and withstand economic shocks.

Insecurity added further pressure to these existing vulnerabilities. Business interruptions and restrictions on movement could reduce the availability of daily-wage employment, affect household income and increase transportation expenses. Workers who depended on regular attendance at construction sites, markets, shops and transportation services were particularly exposed to interruptions. Similarly, small traders and self-employed individuals often lacked the financial reserves necessary to compensate for lost working days.

Women's economic participation also required particular attention. Women contributed to agriculture, livestock management, household-based production, education, healthcare and other economic activities. However, restricted mobility, limited access to finance, inadequate transport facilities and social barriers affected their participation in formal and informal employment. Security-related restrictions and perceptions of risk could further complicate access to workplaces, markets and educational institutions.

Young people represented another important dimension of the provincial labour market. Limited private-sector employment, insufficient vocational opportunities and gaps between educational qualifications and market requirements constrained their economic participation. The absence of adequate employment opportunities also restricted the development of entrepreneurship and skilled human resources.

The economic effects of insecurity were therefore not limited to physical damage or business closures. They also included lost working days, reduced household earnings, increased expenditure, interrupted education and employment opportunities, and changes in livelihood strategies. The research considered these dimensions through household income, employment status, working days lost, transportation expenses, market access and coping mechanisms.

7.4 Infrastructure Development, CPEC and Regional Connectivity

Infrastructure and regional connectivity played a central role in Balochistan's economic development. The province's large geographical area, dispersed population and distance from major commercial centres increased the importance of roads, ports, energy facilities, telecommunications and logistics networks. These facilities influenced the movement of goods, access to public services and the feasibility of private investment.

The China-Pakistan Economic Corridor (CPEC) represented an important component of Pakistan's regional connectivity and infrastructure strategy. Gwadar Port occupied a central position in this framework because of its location along the Arabian Sea and its potential to facilitate regional maritime trade. Associated development initiatives included port-related infrastructure, road connectivity and supporting facilities. The Gwadar Eastbay Expressway and New Gwadar International Airport represented important infrastructure components associated with the broader development of Gwadar (CPEC Secretariat, n.d.-a, n.d.-b, n.d.-c).

The Makran Coastal Highway also played an important role in connecting coastal settlements and improving access between Karachi, Lasbela, Ormara, Pasni, Gwadar and other areas. Such connectivity was relevant to fisheries, transportation, tourism, trade and the movement of agricultural and commercial products.

Other infrastructure initiatives included road development, energy projects, mineral-related facilities and public infrastructure intended to improve regional economic integration. The Mirani Dam, located near Turbat, represented an important water-related development initiative for the Makran region. Mineral projects in Chagai and other districts also required transportation, energy and supporting infrastructure.

Despite these developments, substantial infrastructure gaps remained. Road quality and maintenance varied across districts, while limited railway connectivity, electricity shortages, water scarcity and uneven telecommunications coverage continued to constrain economic productivity.

These limitations increased the cost of doing business and restricted access to markets, particularly for rural producers and small enterprises.

Furthermore, the development of major infrastructure projects did not automatically produce broad-based economic benefits. The extent of local participation depended on employment opportunities, procurement arrangements, technical training, business development and the integration of surrounding communities into project-related economic activities.

Security conditions also influenced infrastructure development and its economic returns. Disruptions to transportation corridors, delays in project implementation and additional security-related expenditure could increase operating costs and affect investment timelines. The research therefore considered infrastructure both as a foundation for economic development and as a potential channel through which insecurity generated direct and indirect economic costs.

7.5 Spatial Distribution of Economic Activities and Security Exposure

Economic activities and security exposure varied considerably across Balochistan. The province's geographical diversity, resource distribution, population patterns and proximity to international borders produced distinct economic characteristics across districts. Consequently, province-wide averages could not adequately explain the different experiences of businesses, workers and households.

Quetta functioned as the principal administrative, commercial, educational and healthcare centre. Its economy depended on wholesale and retail trade, transportation, public administration, education and private services. Its position within the provincial transportation network also made it an important centre for the movement of goods and people between districts.

Gwadar and other coastal areas had economic activities associated with fisheries, port development, transportation, tourism and coastal commerce. Their economic performance depended on investment, infrastructure, local market development and access to regional and national

transportation networks. The potential benefits of port-related development were closely connected with the extent of local employment and business participation.

Chagai was particularly relevant to mineral extraction and associated economic activities. Khuzdar and Lasbela contained important mineral, agricultural, industrial and commercial interests. The Makran region, including Turbat and Panjgur, had economic activities associated with agriculture, livestock, trade, transportation and services. Chaman and other border-linked locations were influenced by cross-border commerce, customs arrangements and transportation activity.

The distribution of security incidents also varied geographically. The CRSS Annual Security Report 2020, for example, identified Quetta, Panjgur, Awaran and Gwadar among the districts affected by violence during that year. It recorded 309 fatalities in Balochistan in 2020, although the report's categories included militants, security and government personnel, and civilians (Center for Research and Security Studies [CRSS], 2021). Such figures illustrated the importance of examining security trends at district level rather than relying exclusively on provincial totals.

Geographical exposure also had an economic dimension. An incident affecting a major transportation route could influence commercial activity beyond the district where it occurred. Similarly, disruptions in an important market or commercial centre could affect surrounding communities through interrupted supply chains, reduced customer movement and higher transportation expenses.

The research therefore examined geographical variation through district-level comparisons, sectoral analysis and the identification of important economic corridors. This approach helped distinguish between areas primarily dependent on agriculture and livestock, those associated with mineral extraction, and those relying on urban commerce, services or cross-border trade.

7.6 Trends and Dynamics of Insecurity in Balochistan, 2020–2026

Balochistan experienced a complex and evolving security environment during the 2020–2026 study period. The province witnessed militant attacks, violence against civilians, attacks on security personnel, targeted incidents, disruptions to transportation and incidents affecting public and economic infrastructure. The intensity, geographical distribution and nature of these incidents varied over time.

Available reporting indicated that the security environment became increasingly complex during the latter part of the study period. The CRSS Annual Security Report 2020 documented 309 fatalities in Balochistan and identified considerable differences in the geographical distribution of violence across districts (CRSS, 2021). Subsequent reporting by the Pakistan Institute for Peace Studies (PIPS), CRSS and international monitoring organizations documented changing patterns of violence and the expansion of security-related concerns across different parts of the province.

The 2025 security environment was particularly significant. According to the European Union Agency for Asylum (EUAA, 2026), CRSS recorded 386 incidents of violence in Balochistan during 2025, resulting in 956 fatalities and 717 injuries. The same report noted that PIPS recorded 225 attacks by Baloch insurgent groups across 27 districts during that year. These figures were based on different monitoring and classification systems and should therefore be treated as separate datasets rather than combined into a single incident count.

The security environment also demonstrated the importance of transportation infrastructure and economic corridors. The March 2025 attack on the Jaffar Express highlighted the vulnerability of railway transportation and the wider implications of insecurity for passenger movement and commercial connectivity. Incidents affecting roads, government facilities and other infrastructure also demonstrated how security disruptions could extend beyond immediate casualties and physical damage (EUAA, 2026).

The economic consequences of insecurity emerged through several interconnected pathways.

First, direct disruptions affected business operations, transportation, public infrastructure and commercial activity. Damage to property, temporary closures and interrupted transportation could generate immediate financial losses.

Second, indirect effects influenced investment confidence, business expansion, employment and market activity. Persistent uncertainty could encourage businesses to postpone investment, reduce operations or increase expenditure on transportation and security arrangements.

Third, institutional effects influenced public expenditure priorities and development implementation. Security-related requirements could increase operational costs, redirect administrative attention and delay development activities where projects depended on uninterrupted access and transportation.

The economic significance of insecurity was not determined solely by the number of incidents. The location of an incident, its duration, the economic importance of the affected area and its connections with other markets also influenced the scale of disruption. For example, an incident affecting an important transportation corridor could have wider economic consequences than an incident in an area with limited commercial connectivity.

The analysis also recognised that economic performance during 2020–2026 was influenced by factors other than insecurity. The COVID-19 pandemic, inflation, climate-related pressures, water scarcity, regional trade conditions and national economic developments also affected business activity and household livelihoods. Therefore, changes in economic indicators were not automatically interpreted as consequences of insecurity.

For analytical consistency, the study considered available security records alongside district-level economic indicators and sectoral exposure. Differences in reporting methodologies, incident definitions and geographical coverage were also taken into account when interpreting security trends.

7.7 Structural Economic Challenges and Governance Constraints

Balochistan's economic performance was shaped by structural and institutional constraints that predated the study period and continued to influence development between 2020 and 2026. These constraints affected the province's ability to attract investment, expand productive sectors, generate employment and recover from economic disruptions.

One of the principal challenges was limited economic diversification. Despite substantial mineral, agricultural, livestock and coastal resources, the province had not developed a sufficiently broad industrial base to generate large-scale employment and value addition. The limited availability of processing facilities also restricted the economic benefits generated from locally produced minerals and agricultural commodities.

Infrastructure deficiencies represented another significant constraint. Inadequate transportation networks, energy shortages, water scarcity and uneven digital connectivity increased the cost of economic activity and restricted access to markets. These conditions particularly affected rural producers, small businesses and enterprises operating at a considerable distance from major commercial centres.

Human capital and skills development also remained important challenges. Limited access to technical and vocational training, inadequate opportunities for professional development and the mismatch between educational qualifications and labour-market requirements restricted the availability of skilled workers. These limitations affected the ability of local businesses to expand and participate in larger investment and industrial projects.

Institutional capacity and governance arrangements further influenced economic outcomes. Challenges associated with development planning, project implementation, coordination between provincial and federal institutions, regulatory procedures and monitoring affected the efficiency of public expenditure. Delays in development projects could reduce the expected economic returns of public investment and restrict employment creation.

Access to finance represented another constraint, particularly for small businesses, entrepreneurs, farmers and women-led enterprises. Limited access to formal credit, business development

services and modern production facilities restricted the capacity of local enterprises to expand. These limitations also reduced their financial resilience when confronted with unexpected disruptions.

Governance and public-service delivery were particularly relevant to the relationship between insecurity and economic performance. Weak institutional coordination, limited service provision and insufficient local participation could increase the vulnerability of communities and businesses. Conversely, effective governance, reliable infrastructure, accessible financial services and meaningful community participation could strengthen local economic resilience.

The distribution of economic opportunities and the participation of local communities in resource-based development also remained important considerations. Mineral extraction and major infrastructure investment could generate substantial economic opportunities, but their wider developmental contribution depended on local employment, procurement, skills development, transparent arrangements and the distribution of economic benefits.

The analysis therefore treated insecurity as one factor operating within a wider environment of economic and governance constraints. This distinction was essential for avoiding the assumption that all economic difficulties in Balochistan resulted from security conditions. It also helped identify policy interventions that addressed both the direct costs of insecurity and the structural weaknesses that increased economic vulnerability**.**

8.Impact on Businesses, Trade and Investment

Insecurity affected business activity in Balochistan through business closures, temporary interruptions, reduced operating hours and increased uncertainty in commercial markets. Security incidents and restrictions on movement disrupted the routine functioning of shops, markets, transport services, construction activities and other commercial establishments. Businesses operating in areas exposed to repeated disruptions faced difficulties maintaining regular customer activity, receiving supplies and fulfilling commercial orders. Such interruptions generated direct financial costs through lost sales, idle labour, additional operating expenses and delays in business transactions. The effects were particularly significant for enterprises that depended on daily cash flows and had limited financial reserves. Although not every business interruption could be

attributed exclusively to insecurity, the prevailing security environment added to the operational challenges already associated with inflation, energy costs and weak market conditions. These disruptions demonstrated how insecurity affected not only individual businesses but also the wider commercial environment and local economic activity (World Bank, 2020; Zakaria et al., 2019).

Small and medium-sized enterprises (SMEs) were particularly vulnerable because of their limited access to institutional finance, insurance, working capital and alternative markets. Retail shops, restaurants, transport operators, construction businesses, workshops and small trading establishments often operated with narrow profit margins and depended on regular customer movement. When insecurity restricted mobility or reduced commercial activity, these businesses experienced declining sales, interruptions in service delivery and difficulties meeting operational expenses. Some enterprises responded by reducing working hours, limiting staff, postponing expansion or temporarily suspending operations. Such adjustments affected employment and household income, particularly among daily-wage workers and individuals employed in informal businesses. The vulnerability of smaller enterprises was also connected with broader structural constraints, including limited access to credit, inadequate business support services and weak market linkages. The World Bank's Balochistan Livelihoods and Entrepreneurship Project emphasised the importance of strengthening entrepreneurship, improving livelihood opportunities and supporting local economic development, reflecting the significance of these constraints for the provincial economy (World Bank, 2020).

Transportation and logistics represented another important channel through which insecurity increased the cost of doing business. Balochistan's extensive geographical area, dispersed population and dependence on road transportation made the movement of goods particularly important for agricultural producers, mineral operators, traders and service providers. Security-related interruptions, additional checkpoints, route restrictions, delays and uncertainty in transportation schedules increased the time and financial costs associated with moving commercial goods. These difficulties affected the supply of raw materials, agricultural products, fuel, consumer goods and industrial inputs. For businesses operating far from major commercial centres, transportation delays also increased inventory costs and complicated the fulfilment of orders. Perishable agricultural products were particularly exposed because delays could reduce product quality and market value. The resulting costs were not necessarily confined to transport operators;

they could also be transferred to producers, wholesalers, retailers and consumers through higher prices and reduced market availability. Consequently, disruptions to transportation networks had wider implications for provincial trade, supply-chain efficiency and regional economic integration (Government of Balochistan, 2026; Pakistan, Ministry of Finance, 2025).

Domestic trade and cross-border commerce were also influenced by the security environment and associated administrative and transportation conditions. Balochistan's commercial links with other provinces and its geographical connections with Afghanistan and Iran supported a range of formal and informal trading activities. Border-related commerce provided income to importers, exporters, transporters, small traders, shopkeepers and daily-wage workers. However, changes in border operations, movement restrictions, customs procedures and regional political conditions affected the regular flow of goods and commercial transactions. Where border movement or transportation was interrupted, traders faced delays, additional expenses and uncertainty regarding the delivery and sale of goods. These disruptions had implications for local markets, employment and household livelihoods, particularly in communities dependent on cross-border economic activity. At the same time, domestic trade was affected by transportation costs and interruptions along important inter-district routes. The combined effects of these constraints weakened the reliability of commercial networks and limited the capacity of local businesses to access wider markets. The economic significance of these disruptions therefore extended beyond the immediate value of interrupted transactions to include lost employment, reduced business turnover and declining commercial confidence.

Investment decisions and investor confidence were influenced by the interaction between security conditions, infrastructure availability, regulatory arrangements and expected financial returns. Persistent uncertainty increased the perceived risks associated with establishing new businesses, expanding existing operations and financing long-term projects. Investors considered not only the possibility of direct losses but also the potential costs of transportation interruptions, project delays, workforce mobility and additional security arrangements. These concerns were particularly relevant to capital-intensive sectors such as mining, minerals, energy and infrastructure, where investment required substantial initial expenditure and long implementation periods. Balochistan's mineral resources, including copper, gold, coal and other commercially valuable deposits, offered considerable opportunities for industrial development. Nevertheless, the economic benefits of

mineral extraction depended on reliable infrastructure, technical expertise, local procurement, value addition and sustained investment. Projects such as Saindak and Reko Diq illustrated the strategic importance of mineral development, while also highlighting the need for effective institutional arrangements and supporting infrastructure. Research on Pakistan also identified a relationship between terrorism, institutional conditions and domestic investment, suggesting that insecurity could influence investment through broader governance and confidence-related channels (Farooq et al., 2025; Ruiz Estrada et al., 2015).

Gwadar and the wider coastal region represented an important dimension of Balochistan's investment and connectivity potential. Gwadar Port, the Makran Coastal Highway, the Gwadar Eastbay Expressway and New Gwadar International Airport formed part of a broader infrastructure and connectivity framework associated with regional trade and the China-Pakistan Economic Corridor (CPEC). These initiatives created opportunities for port-related services, logistics, fisheries, transportation, construction, tourism and supporting commercial activities. However, the extent to which these investments generated wider economic benefits depended on local employment, business participation, skills development, reliable public services and integration with the provincial economy. Security-related uncertainty and operational disruptions could increase project costs, affect the movement of workers and materials, delay implementation and influence investor expectations. Despite these challenges, businesses and investors demonstrated different forms of adaptation, including adjustments to operating hours, changes in transportation arrangements, diversification of suppliers, reduced exposure to high-risk activities and reliance on local commercial networks. The capacity to adopt such measures varied according to business size, financial resources and access to information. Larger enterprises generally had greater scope to absorb additional costs, whereas smaller businesses remained more exposed to prolonged disruptions. Overall, private-sector resilience depended not only on individual business adjustments but also on improved security, institutional coordination, accessible finance, dependable infrastructure and an enabling business environment (China-Pakistan Economic Corridor Secretariat, n.d.; World Bank, 2020).

9. Impact on Employment, Households and Local Livelihoods

Insecurity affected employment and labour-market activity in Balochistan through interruptions to business operations, reduced commercial activity, transportation difficulties and uncertainty surrounding investment and economic opportunities. The provincial labour market was already characterised by limited formal employment, a substantial informal economy and considerable dependence on agriculture, livestock, small businesses and public-sector employment. The Pakistan Bureau of Statistics (PBS, 2025) reported that Balochistan had approximately 3.46 million employed persons in the 2024–25 Labour Force Survey, of whom around 1.53 million were employed in the informal sector. The province's informal employment share increased from 72.9 per cent in 2020–21 to 79.3 per cent in 2024–25, indicating the continued importance of employment arrangements that generally offered limited income security and social protection. Within this economic structure, insecurity contributed to interruptions in working days, reduced business activity and uncertainty in employment arrangements. Businesses affected by closures or reduced operating hours sometimes adjusted staffing levels, delayed recruitment or reduced the number of available working days. These developments affected both formal and informal workers, although the consequences varied according to occupation, location and the financial capacity of employers. Therefore, the economic impact extended beyond the loss of individual jobs to include reduced labour productivity, unstable earnings and weaker employment generation (PBS, 2025; World Bank, 2020).

Youth employment and access to economic opportunities represented another important dimension of livelihood vulnerability. Balochistan's young population required expanding opportunities in education, vocational training, entrepreneurship, mineral development, agriculture, fisheries, construction and services. However, limited industrial diversification, insufficient private-sector investment and gaps between educational qualifications and labour-market requirements constrained the availability of suitable employment. Insecurity added to these challenges by affecting business confidence, investment decisions and the implementation of economic projects that could otherwise have generated employment. Young people seeking work in construction, transportation, retail trade, hospitality and other private-sector activities were particularly exposed to fluctuations in local economic activity. Similarly, uncertainty surrounding major investment and infrastructure projects could affect expectations regarding future employment and skills development. The consequences were not limited to unemployment; they also included

underemployment, acceptance of low-paid work, delayed entry into professional careers and the migration of skilled young people to other provinces. The World Bank (2020) emphasised entrepreneurship and livelihood development as important elements of improving economic opportunities in Balochistan. The study therefore considered the relationship between insecurity, youth employment, skills utilisation and the availability of sustainable economic opportunities rather than treating unemployment as an outcome of security conditions alone.

Daily-wage workers and individuals engaged in informal economic activities experienced a particularly immediate form of economic vulnerability. Construction labourers, transport workers, shop assistants, street vendors, agricultural labourers, mechanics, domestic workers and small-scale traders frequently depended on daily earnings and regular access to workplaces and markets. Unlike salaried employees, many of these workers had limited contractual protection, paid leave, savings or access to unemployment support. Consequently, even temporary restrictions on movement, market closures or interruptions to commercial operations could result in the loss of household income. The high share of informal employment in Balochistan reinforced this vulnerability, as informal workers generally had fewer institutional mechanisms to compensate for lost working days or reduced business activity (PBS, 2025). In areas where commercial activity depended on transportation corridors or periodic markets, disruptions could affect several categories of workers simultaneously. Small businesses also responded to declining demand or operational uncertainty by reducing working hours, postponing recruitment and relying on fewer employees. These adjustments transferred part of the economic burden to workers and their households. The resulting income instability affected consumption, food purchases, healthcare expenditure, education-related spending and the ability to meet routine financial obligations. Thus, the consequences of insecurity were particularly significant for households whose economic survival depended on continuous daily earnings.

Household income, expenditure and poverty vulnerability were influenced by the combined effects of employment disruptions, rising operating costs, transportation expenses and reduced access to economic opportunities. Insecurity could affect household welfare through two principal mechanisms: the reduction of income and the increase in expenditure. When workers lost employment or businesses experienced reduced sales, household purchasing power declined. At the same time, additional transportation costs, higher prices, supply interruptions and the need to

adopt alternative livelihood arrangements increased financial pressure. Poor and low-income households were more exposed because a larger proportion of their income was allocated to food, housing, transportation and essential services. Households with limited savings or access to formal credit had fewer opportunities to absorb prolonged disruptions. In some cases, families responded by reducing non-essential expenditure, postponing medical treatment, withdrawing children from educational activities, borrowing money or selling productive assets. Such responses could provide temporary financial relief but also weakened long-term household resilience. The analysis therefore treated poverty vulnerability as a multidimensional issue involving income stability, access to essential services, productive assets and the ability to manage economic shocks. It also recognised that inflation, climate-related pressures, water scarcity and broader economic conditions contributed to household vulnerability alongside insecurity (PBS, 2025; World Bank, 2020).

Agriculture, livestock and rural livelihoods were affected by the interaction between insecurity and longstanding production-related constraints. Rural households depended on crop cultivation, livestock rearing, agricultural labour and related commercial activities, which required access to land, water, markets, transportation and agricultural inputs. Disruptions to transportation and market access could affect the movement of agricultural products, increase the cost of inputs and reduce opportunities for farmers and livestock owners to sell their products. These consequences were particularly important for perishable agricultural commodities, where delays could result in deterioration, lower market prices and financial losses. Livestock-dependent households also faced difficulties where market access, animal transportation, veterinary services or the supply of feed were interrupted. However, these effects operated alongside other structural challenges, including drought, water scarcity, groundwater depletion, limited storage facilities and inadequate agricultural support services. The Food and Agriculture Organization's assessment of climate-smart agriculture in Balochistan highlighted the importance of addressing agricultural productivity, climate vulnerability and constraints affecting rural livelihoods (Melgar et al., 2025). Women's economic participation was also affected because women contributed to livestock management, agricultural production, home-based enterprises and other livelihood activities, often without formal recognition or access to institutional support. Restrictions on mobility, limited transport

facilities and inadequate access to finance could further constrain their economic participation. The combined effect was a reduction in the resilience of rural households and their ability to maintain productive activities during periods of disruption.

Labour mobility, migration and skills retention were also relevant to the relationship between insecurity and household livelihoods. Limited employment opportunities and uncertainty in local markets encouraged some workers and skilled professionals to seek employment outside their districts or the province. Migration could provide households with alternative income through remittances, but it could also result in the loss of skilled workers, reduced local entrepreneurship and difficulties in retaining qualified personnel in sectors such as education, healthcare, engineering and business services. Insecurity and transportation difficulties could further influence decisions about where to work, whether to accept employment and how frequently workers travelled between districts. Household coping strategies included diversifying income sources, relying on family support, shifting between formal and informal employment, reducing expenditure, borrowing money, selling livestock and seeking temporary work in other locations. Although these strategies helped some households manage immediate financial pressures, they did not necessarily provide sustainable economic security. Their effectiveness depended on household assets, social networks, access to finance, education and the availability of alternative employment. The analysis therefore considered household resilience not simply as the ability to withstand short-term disruption but also as the capacity to restore income, maintain productive assets and access stable employment. Strengthening vocational training, local entrepreneurship, women's economic participation, agricultural value chains and private-sector employment was consequently important for reducing livelihood vulnerability and improving the province's ability to recover from insecurity-related economic shocks (World Bank, 2020; PBS, 2025).

10. Fiscal Implications and Public Development Expenditure

Insecurity created fiscal implications for the Government of Balochistan by increasing the importance of public-order and security requirements, placing additional demands on administrative resources and complicating the implementation of development programmes. Security-related expenditure included operational requirements, law-enforcement capacity, personnel deployment, equipment, transportation, surveillance, infrastructure protection and the

maintenance of public order. However, the full fiscal cost could not be determined through the published budget allocation for public order alone, because security-related expenditure was distributed across different departments and operational categories. It was therefore necessary to distinguish between explicitly identified security allocations, routine administrative expenditure and additional costs arising from specific security incidents. The provincial budget for 2025–26 provided an important basis for examining these fiscal priorities. The Government of Balochistan's budget documents presented a total development expenditure estimate of approximately Rs336.58 billion, comprising the provincial Public Sector Development Programme, foreign project assistance and federally funded development grants (Government of Balochistan, 2025). These allocations demonstrated the scale of the province's development commitments, but they did not independently establish how much expenditure was redirected or increased because of insecurity. The research consequently treated security-related fiscal pressure as a matter requiring examination of actual expenditure records, supplementary grants, departmental budgets and project-level financial information.

The implications for development budgets and public investment were particularly important because Balochistan faced substantial requirements in education, healthcare, water management, roads, agriculture and local infrastructure. Development expenditure represented a major instrument through which the provincial government sought to address these structural constraints and expand economic opportunities. However, the availability of budget allocations did not necessarily translate into timely project completion or effective service delivery. Insecurity could affect development planning through additional operational requirements, interruptions to field activities, difficulties in accessing project sites and uncertainty surrounding implementation schedules. It could also influence the allocation of administrative attention and resources where public institutions were required to respond to immediate security demands. The 2025–26 budget estimated provincial PSDP expenditure at approximately Rs249.45 billion, while foreign project assistance was estimated at Rs30.15 billion and development grants for federally funded projects at approximately Rs56.98 billion (Government of Balochistan, 2025). These figures illustrated the importance of development financing in the provincial economy. Nevertheless, determining whether security requirements reduced development spending required comparison between

original allocations, revised estimates and actual expenditure, rather than assuming that every increase in security expenditure necessarily occurred at the expense of development programmes.

Development projects could also experience delays and cost escalation when security conditions affected transportation, construction activities, contractor mobility, the supply of materials and access to project locations. Construction companies and contractors operating in remote or security-sensitive areas could face additional expenses associated with transportation arrangements, workforce accommodation, insurance, security measures and changes in project schedules. Delayed delivery of construction materials and equipment could further increase implementation costs, particularly where projects depended on long-distance transportation from other provinces. Such delays could affect roads, schools, healthcare facilities, water supply schemes, irrigation infrastructure and other public investments. Prolonged implementation periods could also reduce the economic returns expected from development projects by postponing employment creation, market connectivity and access to public services. However, cost escalation could also result from inflation, exchange-rate fluctuations, procurement weaknesses, land acquisition difficulties and administrative delays. Therefore, the research distinguished security-related cost increases from other sources of project expenditure variation. A credible assessment required project-level comparisons of original and revised costs, implementation periods, recorded interruptions and documented additional security expenses. This approach was essential for estimating the fiscal consequences of insecurity without attributing every development delay or cost overrun to security conditions.

Public services, particularly education, healthcare and local service delivery, represented another important dimension of the fiscal implications. Disruptions affecting schools, hospitals, healthcare workers, transportation and public administration could increase the cost of maintaining service continuity. In areas where insecurity restricted staff movement or access to facilities, governments and service providers could face additional logistical and administrative requirements. Interrupted service delivery could also increase household expenditure because families might need to travel longer distances to access education and healthcare. The fiscal consequences were therefore not limited to the immediate cost of protecting public facilities; they also involved the additional resources required to maintain services and address the effects of interrupted access. The 2025–26 provincial budget estimated development allocations of approximately Rs19.27 billion for school

and higher education and Rs17.16 billion for public health services, alongside approximately Rs16.15 billion for health (Government of Balochistan, 2025). These figures reflected the importance of human development priorities within the provincial development programme. However, budget allocations alone did not establish whether insecurity reduced the effectiveness of these services. Such an assessment required information on facility functionality, staff attendance, school and health-service interruptions, maintenance requirements and actual expenditure. The study therefore considered service continuity and access as important indicators of the wider economic and social costs associated with insecurity.

Infrastructure maintenance and reconstruction also created potential fiscal pressures. Damage to public buildings, roads, bridges, communication facilities and other infrastructure could require additional repair and rehabilitation expenditure. Even where physical damage did not occur, disruptions and security-related restrictions could increase the cost of maintaining roads, protecting public facilities and ensuring access to remote communities. Transportation corridors were particularly important because they supported the delivery of public services, movement of goods and implementation of development projects. Delayed maintenance could increase long-term costs by allowing minor infrastructure problems to develop into more expensive rehabilitation requirements. In addition, development projects located in remote areas could require additional logistical arrangements and longer implementation periods. These costs were relevant to the province's broader infrastructure requirements, especially given the importance of road connectivity, irrigation, water supply and public facilities for economic development. Nevertheless, it was important to distinguish between expenditure arising from ordinary infrastructure deterioration, climate-related damage, inadequate maintenance and security-related damage or disruption. The research therefore treated reconstruction and maintenance costs as identifiable fiscal categories wherever supporting records were available. This distinction helped prevent double counting and ensured that the estimated economic cost of insecurity was not inflated by including expenditure that would have been required regardless of the security situation.

The fiscal implications of insecurity also influenced provincial economic planning, institutional coordination and the prioritisation of public investment. Balochistan's development requirements

extended across a large geographical area, and the provincial government had to allocate limited financial and administrative resources among competing priorities. Security-related uncertainty could complicate project selection, implementation schedules and the assessment of expected economic returns. Projects in areas experiencing repeated disruptions could require revised timelines, additional contingency arrangements or changes in implementation strategies. Such uncertainty could also influence the willingness of development partners and contractors to undertake long-term projects. Effective planning therefore required more systematic integration of security-risk assessments into project design, budgeting, procurement and monitoring. The Government of Balochistan's publication of annual budget statements, development expenditure estimates and district- and sector-related planning documents provided an institutional basis for examining these processes (Government of Balochistan, 2025). However, the assessment of fiscal efficiency required more than reviewing approved allocations; it also required comparing budgeted expenditure with actual releases, utilisation rates, project completion and service-delivery outcomes. The research consequently considered the relationship between fiscal planning, implementation capacity and the economic consequences of insecurity, while recognising that administrative weaknesses and financial constraints could independently affect development performance.

The central fiscal challenge involved balancing security requirements with human development and long-term economic priorities. Maintaining public order and protecting citizens, infrastructure and economic activity were essential responsibilities of the state. At the same time, sustainable security depended partly on employment opportunities, education, healthcare, functioning institutions, economic inclusion and public confidence. Excessive pressure on recurrent security-related expenditure, if not accompanied by effective development planning, could constrain the resources available for addressing the structural causes of economic vulnerability. Conversely, insufficient attention to security could disrupt public investment, weaken service delivery and discourage private-sector participation. The appropriate policy response therefore required a balanced approach that protected public safety while maintaining investment in human development and productive economic sectors. This included transparent expenditure reporting, stronger project monitoring, improved coordination between provincial and federal institutions, risk-sensitive development planning and the protection of essential public services. The analysis

did not presume that security spending automatically displaced development expenditure; rather, it examined whether documented changes in expenditure priorities, project implementation and service delivery were associated with insecurity. Ultimately, the fiscal assessment considered security and development as interconnected public-policy priorities, both of which were necessary for strengthening institutional effectiveness, economic resilience and sustainable development in Balochistan.

11. Research Findings and Economic Cost Estimation

The findings presented in this section were based on published government statistics, official provincial budget documents, agricultural and population census results, labour-market data, and security assessments covering the period 2020–2026. The analysis examined the relationship between insecurity and economic activity through employment, household livelihoods, business operations, agricultural production, public expenditure, and district-level exposure. It also distinguished between documented security-related losses and wider economic conditions that could not be attributed exclusively to insecurity. The available evidence demonstrated that Balochistan experienced a substantial increase in violence after 2020, while its economy remained characterised by a large rural population, significant dependence on livestock and agriculture, and limited formal employment opportunities. However, a complete monetary estimate of the economic cost of insecurity could not be derived from published statistics alone because province-wide records of business losses, household income disruptions, security-related expenditure, and project delays were not available in a consolidated dataset.

11.1 Analysis of Official Economic and Security Data: Trends in Violence and Economic Conditions, 2020–2026

Table 11.1: Selected Security and Economic Indicators of Balochistan, 2020–2025

Year / Indicator	Security-related fatalities	Source
2020	138	CRSS (2021)
2021	248	CRSS (2021)
2022	254	CRSS (2023)
2023	413	CRSS (2023)
2024	782	CRSS (2024)
2025	956	CRSS figures reported by EUAA (2026)
2023 population	14.89 million	PBS (2023)
Rural population, 2023	10.28 million (69.04%)	PBS (2023)

Employed population, 2024–25	3.46 million	PBS (2025)
Mean monthly wage, 2024–25	Rs. 41,780	PBS (2025)

Note: Fatalities refer to violence-related deaths recorded under the respective reporting methodologies, not exclusively civilian deaths or deaths caused by terrorist attacks. The 2024 figure was reported as 782 in the CRSS annual report; EUAA cited 787 for that year. The difference reflects variation in reporting or subsequent compilation. Figures should not be interpreted as a complete measure of economic damage.

Analysis: The security data indicated a substantial deterioration in Balochistan's security environment between 2020 and 2025. According to CRSS, recorded fatalities increased from 138 in 2020 to 248 in 2021, 254 in 2022, and 413 in 2023. The 2024 CRSS assessment recorded approximately 782 fatalities, while the European Union Agency for Asylum reported 956 fatalities in 2025 based on CRSS data (CRSS, 2021, 2023, 2024; EUAA, 2026). This pattern demonstrated that insecurity had become a major concern during the study period, particularly because the province's economic structure depended heavily on transportation, natural resources, agriculture, livestock, and local commercial activity. The demographic figures further highlighted the scale of potential exposure: the 2023 census recorded a population of 14.89 million, of which 69.04% lived in rural areas (PBS, 2023). Meanwhile, the Labour Force Survey 2024–25 estimated 3.46 million employed persons in the province. Taken together, these indicators established the economic and demographic context in which insecurity operated. Nevertheless, the increase in fatalities could not independently establish the monetary value of economic losses; that required additional evidence on business closures, lost working days, damaged assets, disrupted production, and additional public expenditure.

CRSS+7

11.2 Findings from Household Surveys: Population Structure, Employment and Household Economic Vulnerability

Table 11.2: Household and Labour-Market Indicators in Balochistan

Indicator	Statistical finding	Reference period
Total provincial population	14,894,402	Census 2023
Rural population	10,282,574 (69.04%)	Census 2023
Urban population	4,611,828 (30.96%)	Census 2023
Average household size	6.43 persons	Census 2023
Employed population	3,461,818	LFS 2024–25
Mean monthly wage of paid employees	Rs. 41,780	LFS 2024–25
Median monthly wage of paid employees	Rs. 35,000	LFS 2024–25
Rural mean monthly wage	Rs. 40,405	LFS 2024–25
Urban mean monthly wage	Rs. 44,179	LFS 2024–25

Refined labour-force participation rate (19th ICLS)	41.7%	LFS 2024–25
Female labour-force participation rate (19th ICLS)	12.8%	LFS 2024–25
Male labour-force participation rate (19th ICLS)	65.6%	LFS 2024–25

Sources: PBS (2023, 2025). Labour-force participation rates are presented under the 19th International Conference of Labour Statisticians (ICLS) definition to maintain consistency.

Analysis: The household and labour-market indicators revealed considerable structural vulnerability within Balochistan's population. The 2023 census recorded more than 10.28 million people living in rural areas, representing 69.04% of the provincial population, while the average household size stood at 6.43 persons (PBS, 2023). This rural concentration indicated that a substantial proportion of households depended on agricultural production, livestock, informal trade, public employment, and other locally generated income. The Labour Force Survey 2024–25 reported a mean monthly wage of Rs. 41,780 and a median wage of Rs. 35,000 for paid employees in Balochistan. It also recorded a considerable difference between male and female labour-force participation: 65.6% for males compared with 12.8% for females under the 19th ICLS definition (PBS, 2025). These figures highlighted the importance of employment security, household income continuity, and women's economic participation. In an environment characterised by insecurity, interruptions to transport, employment, commercial activity, and access to markets could place additional pressure on households with limited income diversification. However, the published census and labour-force statistics did not directly measure household income losses caused by insecurity. They therefore provided a baseline for understanding vulnerability rather than a direct estimate of security-related household losses.

Pakistan Bureau of Statistics+4

11.3 Findings from Business Surveys and Published Enterprise Evidence: Commercial Exposure and Business-Related Losses

Table 11.3: Documented Business and Economic-Activity-Related Casualties in Balochistan, 2023

Category of affected persons	Recorded incidents	Fatalities	Injuries
Workers and miners	8	34	16
Businessmen and professionals	7	9	2
Teachers and students	5	2	15
Other civilian categories	137	162	140
Total civilian categories shown in the report	**162**	**207**	**173**

Source: CRSS Annual Security Report 2023. The first three categories are separately reported in the source. The final row is the sum of the civilian categories shown in the cited table, not a count of all economic losses.

Analysis: The available security evidence demonstrated that insecurity directly affected individuals engaged in economically productive activities, including workers, miners, businessmen, and professionals. CRSS recorded eight incidents involving workers and miners in 2023, resulting in 34 fatalities and 16 injuries. A further seven incidents involving businessmen and professionals resulted in nine fatalities and two injuries (CRSS, 2023). These figures illustrated that the consequences of insecurity extended beyond damage to physical infrastructure and included the loss of human capital, disruption to employment, and risks to the continuity of commercial operations. The mining sector was particularly important because workers and contractors were part of the operational chain connecting mineral extraction, transportation, processing, and market distribution. Similarly, the targeting or loss of business owners and professionals could affect enterprise management, employment relationships, and commercial confidence. However, these casualty figures did not measure business closures, lost revenue, damaged property, or investment withdrawals. No representative province-wide business survey quantifying those financial losses was established through the published official data reviewed for this study. Consequently, the evidence supported an assessment of business-sector exposure but did not justify presenting a fabricated percentage of businesses affected or a total monetary loss.

11.4 Key-Informant and Published Qualitative Evidence: Economic Consequences for Workers, Traders and Communities

Table 11.4: Documented Qualitative Evidence of Economic Exposure

Economic group / sector	Documented evidence	Economic significance
Coal miners and industrial workers	34 fatalities and 16 injuries recorded among workers and miners in 2023	Loss of workers, disruption to labour availability and workplace insecurity
Businessmen and professionals	9 fatalities and 2 injuries in 2023	Risks to enterprise management and commercial activity
Agricultural and rural communities	69.04% of the provincial population lived in rural areas in 2023	High dependence on local markets, transport and rural livelihoods
Mining and mineral operations	Worker-related casualties and security incidents were documented	Exposure of extraction, transportation and associated services

District-level communities	35 districts experienced acts of violence in the CRSS 2023 assessment	Geographically dispersed economic and social exposure
Public-sector institutions	Development and service-delivery priorities were reflected in provincial budget allocations	Importance of continuity in public investment and essential services

Sources: CRSS (2023); PBS (2023); Government of Balochistan (2025). These are published findings and administrative indicators, not original interviews conducted by this study.

Analysis: The published qualitative evidence provided further insight into the economic implications of insecurity for workers, traders, and communities. The CRSS assessment of 2023 documented casualties among coal miners, other workers, businessmen, and professionals, while also reporting that violence affected districts across the province (CRSS, 2023). These findings indicated that economic exposure was not restricted to large infrastructure projects or major urban centres; it also involved workers and communities engaged in everyday productive activities. The high rural population share further suggested that interruptions to transport routes, agricultural markets, livestock movement, and access to essential services could affect a broad range of households. The available published evidence also identified the importance of mining operations, local employment, and the movement of goods within the provincial economy. However, no primary key-informant interviews or focus-group transcripts were available for independent analysis in the material used here. Accordingly, this subsection reported documented institutional and statistical evidence rather than attributing opinions or statements to unnamed interviewees. A completed field-based qualitative assessment would require recorded interviews with traders, miners, transporters, local officials, employers, and community representatives.

11.5 Estimation of Direct Economic Losses: Documented Human and Financial Costs

Table 11.5: Quantifiable Direct Economic and Human Loss Indicators

Direct loss category	Available evidence	Quantification status
Worker and miner casualties, 2023	34 fatalities and 16 injuries	Documented
Businessmen and professionals, 2023	9 fatalities and 2 injuries	Documented
Total Balochistan violence-related fatalities, 2023	413	Documented by CRSS
Total Balochistan violence-related injuries, 2023	353	Documented by CRSS
Physical damage to business premises	No consolidated province-wide monetary record identified	Not quantifiable from available data
Business closures and lost sales	No representative province-wide financial dataset identified	Not quantifiable from available data
Lost agricultural and livestock output attributable specifically to insecurity	No consolidated attribution-based estimate identified	Not quantifiable from available data

Additional security expenditure attributable specifically to insecurity	No consolidated province-wide additional-cost figure identified	Not quantifiable from available data

Source: CRSS (2023). The table separates recorded human losses from financial losses. Fatalities and injuries are not converted into monetary values.

Analysis: The estimation of direct economic losses revealed a significant gap between the availability of security-related casualty data and the availability of financial records measuring economic damage. The CRSS report recorded 413 fatalities and 353 injuries in Balochistan in 2023, including 34 fatalities and 16 injuries among workers and miners and nine fatalities and two injuries among businessmen and professionals (CRSS, 2023). These figures represented documented human losses with economic implications because the death or injury of economically active individuals could affect household earnings, enterprise operations, and labour availability. Nevertheless, they could not be converted directly into a defensible monetary estimate without information about age, employment status, earnings, duration of work interruption, compensation, and household dependency. Similarly, the monetary value of business closures, damaged assets, spoiled agricultural output, and additional transportation costs required enterprise-level and administrative records. Therefore, the study did not assign an unsupported rupee value to these categories. A reliable direct-loss estimate would need to combine verified property damage, documented additional operating expenditure, actual lost earnings, and identifiable production losses while removing overlapping categories. On the basis of the publicly available evidence reviewed, a consolidated province-wide total of direct economic losses for 2020–2026 could not be established.

11.6 Assessment of Indirect Economic Effects: Employment, Agriculture, Livestock and Investment Vulnerability

Table 11.6: Economic Sectors Exposed to Indirect Effects of Insecurity

Economic indicator	Balochistan figure	Economic relevance
Rural population	10.28 million	Dependence on rural markets, transport and local livelihoods
Livestock population, 2024	47.9 million animals	Exposure of pastoral livelihoods and livestock markets
Goats, 2024	22.887 million	Major source of household income and rural assets
Sheep, 2024	18.814 million	Important pastoral and commercial activity
Cattle, 2024	4.075 million	Livestock production and household economic assets
Camels, 2024	0.772 million	Importance in arid and remote areas

Employment in agriculture, forestry and fishing (national share, 2024–25)	33.1%	National context for the importance of primary-sector employment; not a Balochistan-specific share
Balochistan development allocation, 2025–26	Rs. 336.576 billion	Public investment context

Sources: PBS (2023, 2025); Government of Balochistan (2025). The national employment share is included as national context only and should not be interpreted as Balochistan's sectoral employment share.

Analysis: The indirect economic effects of insecurity were particularly important in sectors dependent on mobility, market connectivity, and continuous access to productive resources. The 2024 Agricultural Census recorded approximately 47.9 million livestock animals in Balochistan, including 22.887 million goats, 18.814 million sheep, 4.075 million cattle, and 0.772 million camels (PBS, 2024). These figures demonstrated the importance of pastoral and livestock-based economic activity in the province. Insecurity-related restrictions or interruptions affecting transport, market access, veterinary services, and the movement of animals could potentially increase transaction costs and reduce opportunities for livestock producers. Similarly, disruptions to mining-related transportation, commercial supply chains, and local markets could influence investment decisions and the productivity of associated enterprises. The provincial development budget also demonstrated the importance of infrastructure and public investment: Rs. 54.714 billion was budgeted for Communication and Works and Rs. 32.328 billion for Irrigation in 2025–26 (Government of Balochistan, 2025). These allocations reflected the importance of connectivity and water infrastructure for economic activity. Nevertheless, the agricultural and livestock figures represented the size of the productive base, not the value of losses caused by insecurity. The indirect effects therefore remained an area requiring additional district-level production, transport, investment, and market-price data.

11.7 District and Sector Comparisons: Geographic Concentration of Security-Related Economic Exposure

Table 11.7: District-Wise Incidents and Casualties in Balochistan, 2023

District	Incidents	Fatalities	Injuries	Total casualties
Mastung	13	77	106	183
Kech	26	61	9	70
Quetta	42	44	75	119
Zhob	12	43	11	54
Gwadar	7	22	13	35
Panjgur	6	16	6	22
Awaran	6	14	2	16
Kachchi	3	14	14	28
Chaman	7	13	2	15

Khuzdar	12	11	17	28
Total Balochistan	**205**	**413**	**353**	**766**

Source: CRSS Annual Security Report 2023. The ten selected districts are shown for comparison; the total row covers the province-wide figures, including other districts.

Analysis: The district-level evidence demonstrated that security-related casualties were distributed unevenly across Balochistan. In 2023, Mastung recorded 183 total casualties, including 77 fatalities and 106 injuries, while Quetta recorded the highest number of incidents among the districts listed, with 42 incidents and 119 casualties. Kech recorded 26 incidents and 70 casualties, while Zhob recorded 54 casualties (CRSS, 2023). These differences illustrated that the frequency of incidents and the number of casualties did not necessarily follow the same pattern. They also suggested that the economic implications required district-specific analysis rather than a uniform provincial assessment. For example, disruptions in Quetta could affect commercial distribution, transport, and services because of its central economic and administrative role. In Kech and Panjgur, the implications needed to be assessed in relation to agricultural markets, local trade, and transport connectivity, while Gwadar required consideration of port-related activity, fisheries, and investment. Chagai and Lasbela also required separate examination because of their mineral and industrial activities, even though their economic exposure could not be inferred solely from the casualty figures presented here. The district comparison therefore established a geographical basis for further economic assessment but did not constitute a ranking of districts by monetary losses.

11.8 Triangulation of Quantitative and Qualitative Evidence: Integrated Assessment of Economic Exposure

Table 11.8: Triangulation of Security, Demographic, Labour and Economic Evidence

Research dimension	Quantitative evidence	Supporting evidence	Integrated finding
Security trends	Fatalities increased from 138 in 2020 to 413 in 2023	CRSS annual security reports	Security exposure increased substantially
Household vulnerability	69.04% of the population was rural in 2023	Population Census 2023	Rural livelihoods required particular attention
Employment conditions	3.46 million employed persons in 2024–25	Labour Force Survey 2024–25	Employment continuity was a major economic concern
Gender participation	Female participation was 12.8%, compared with 65.6% for males	Labour Force Survey 2024–25, 19th ICLS	Women's access to economic opportunities remained limited
Business and worker exposure	34 worker/miner fatalities and nine businessmen/professional fatalities in 2023	CRSS 2023	Economic actors were directly affected by insecurity

Rural productive assets	47.9 million livestock animals in 2024	Agricultural Census 2024	Livestock markets and pastoral livelihoods were economically significant
Public investment	Rs. 336.576 billion developments budgeted for 2025–26	Provincial White Paper	Development continuity and expenditure monitoring were important
District variation	205 incidents and 766 casualties in 2023	CRSS district-wise data	Economic exposure differed across districts

Analysis: The triangulation of official statistics, security assessments, demographic information, labour-market indicators, and sectoral data produced a consistent picture of Balochistan's economic exposure to insecurity. Security reports documented an increase in violence, while census data showed that a substantial proportion of the population lived in rural areas and depended on geographically dispersed economic activities. Labour-force statistics highlighted the importance of employment continuity and the limited participation of women in the labour market. Agricultural census data further demonstrated the scale of livestock-based economic activity, while the district-level security figures identified substantial variation in the geographical distribution of casualties. These sources complemented one another by establishing the relationship between the province's economic structure and the sectors potentially exposed to insecurity-related disruption. However, triangulation did not establish that every observed economic difficulty was caused by insecurity. Inflation, climate pressures, water scarcity, infrastructure deficiencies, and institutional constraints also influenced economic performance. The strongest conclusion was therefore that insecurity added to existing structural vulnerabilities and created additional risks for employment, commercial activity, investment, and public development. A precise estimate of its independent monetary effect required more detailed financial and district-level evidence.

11.9 Data Limitations and Confidence in Estimates: Reliability and Attribution of Economic Costs

Table 11.9: Data Coverage, Reliability and Limitations of Economic Cost Estimation

Data category	Available evidence	Main limitation	Confidence in reported indicator
Security fatalities and injuries	CRSS annual reports and EUAA country assessment	Different reporting definitions and revisions	Moderate to high for reported annual figures
Population and rural-urban distribution	PBS Census 2023	Does not measure insecurity-related household losses	High for census indicators
Employment and wages	PBS Labour Force Survey 2024–25	Does not isolate employment losses caused by insecurity	High for survey estimates

Agricultural and livestock assets	PBS Agricultural Census 2024	Does not estimate production losses caused by insecurity	High for recorded livestock figures
Business losses	Limited published sectoral and casualty evidence	No consolidated provincial business-loss dataset	Low for monetary loss estimates
Household income losses	Census and labour-market indicators	No province-wide insecurity-specific household income assessment	Low for attributable losses
Public development expenditure	Provincial White Paper and budget documents	Budget estimates do not establish actual expenditure or security-related displacement	High for budget allocations; limited for actual additional costs
District-level exposure	CRSS district-wise casualty data	Casualties do not measure district-level economic damage	Moderate to high for reported casualties
Total economic cost	No consolidated official estimate identified	Missing data on direct losses, opportunity costs, and attribution	Low; no defensible total available

Analysis: The principal limitation of the study concerned the absence of a consolidated provincial database linking security incidents with their direct financial and wider economic consequences. Security reports provided information on fatalities, injuries, and incidents, but generally did not calculate the monetary value of lost business activity, damaged property, disrupted agricultural production, or delayed investment. Similarly, the Labour Force Survey and Population Census provided important information on employment, wages, population distribution, and household characteristics, but neither independently established how much of the observed economic vulnerability resulted from insecurity. The provincial budget documents provided information on allocations and revised estimates, but they did not automatically identify the additional expenditure attributable to security conditions or demonstrate that development spending had been displaced. Differences in security-reporting methodologies also required caution when comparing annual figures, particularly where datasets were revised or used different definitions of violence. Accordingly, confidence was relatively high in the official demographic, labour, livestock, and budget indicators, but substantially lower in any attempt to assign a province-wide monetary value to the economic consequences of insecurity. The study therefore treated documented statistics as measured evidence, wider economic consequences as assessed effects, and unverified financial costs as areas requiring further investigation.

11.10 Consolidated Findings: Overall Economic Assessment of Insecurity in Balochistan

Table 11.10: Summary of Principal Research Findings, 2020–2026

Major area	Principal finding	Economic implication
Security environment	Recorded fatalities rose from 138 in 2020 to 956 in 2025 in the cited reporting series	Increased risk to economic continuity and investment

Population and livelihoods	69.04% of the population lived in rural areas in 2023	High exposure of rural and geographically dispersed livelihoods
Labour market	3.46 million employed persons in 2024–25	Employment continuity remained central to household welfare
Gender participation	Female labour-force participation was 12.8% under the 19th ICLS measure	Limited access to formal economic opportunities
Business and mining activity	Worker, miner, businessman, and professional casualties were documented	Direct human-capital losses and operational risks
Agriculture and livestock	47.9 million livestock animals recorded in 2024	Potential exposure of pastoral production and livestock markets
District distribution	205 incidents and 766 casualties recorded in 2023	Uneven geographical exposure
Public investment	Rs. 336.576 billion was budgeted for development in 2025–26	Importance of protecting development implementation
Monetary cost estimation	No verified consolidated province-wide total was identified	Further primary and administrative data required

Analysis: The consolidated findings demonstrated that insecurity represented a significant economic and development challenge for Balochistan during 2020–2026. The available evidence showed that the province experienced rising security-related fatalities, while its economic structure remained heavily connected to rural livelihoods, livestock, agriculture, trade, transport, and natural-resource activities. Employment and wage indicators highlighted the importance of protecting household income, while documented casualties among workers, miners, businessmen, and professionals demonstrated that economically productive groups were directly exposed to violence. District-level evidence further established that the intensity and geographical distribution of security-related impacts varied across the province. At the same time, the provincial development budget demonstrated the scale of public investment required to address infrastructure, education, health, irrigation, and other development priorities. The overall assessment was that insecurity compounded existing economic vulnerabilities and created additional constraints on business confidence, employment generation, investment, and development implementation. However, the evidence did not support assigning a single verified monetary figure to the total economic cost of insecurity. Establishing such a figure would require a dedicated economic-loss survey, verified business and household records, district-level expenditure data, and a transparent method for separating security-related losses from other economic factors.

12. Policy Recommendations and Strategic Responses

12.1 Strengthening Security and Economic Stability

The provincial and federal governments should adopt an integrated approach that connects security measures with economic stability and public welfare. Security planning should prioritise the protection of commercial centres, transportation routes, mining operations, markets, and public

infrastructure. Improved coordination among civilian administrations, law-enforcement agencies, and local stakeholders should support uninterrupted economic activity. District-specific risk assessments should guide interventions, ensuring that security arrangements facilitate trade, employment, investment, and access to essential services.

12.2 Supporting Small and Medium-Sized Enterprises

The provincial government should introduce targeted financial support for small and medium-sized enterprises operating in economically vulnerable districts. Affordable credit, business recovery grants, accessible insurance arrangements, and simplified registration procedures could help enterprises manage unexpected disruptions. Special attention should be given to local traders, transport operators, retailers, contractors, and women-owned businesses. Financial institutions and development partners should collaborate with provincial authorities to strengthen business continuity, improve access to working capital, and encourage private-sector participation.

12.3 Promoting Employment and Youth Economic Opportunities

Employment generation should become a central component of Balochistan's economic recovery strategy. The government should expand technical education, vocational training, apprenticeships, and industry-linked skills programmes, particularly in mining, agriculture, construction, fisheries, renewable energy, and information technology. Public-sector development schemes should incorporate local employment requirements wherever feasible. Stronger partnerships with private enterprises, universities, and technical institutions could improve employability, reduce skills mismatches, and create sustainable opportunities for young people across urban and rural districts.

12.4 Protecting Household Incomes and Livelihoods

A targeted livelihood protection programme should support households experiencing income disruptions because of insecurity-related economic interruptions. The provincial government should strengthen social protection, emergency cash assistance, livelihood grants, and employment-support initiatives for vulnerable families. Particular attention should be given to daily-wage workers, low-income households, informal-sector employees, and families dependent on seasonal economic activities. Improved access to financial services and livelihood diversification programmes would help households manage economic shocks without relying excessively on borrowing or selling productive assets.

12.5 Strengthening Agriculture, Livestock and Rural Economies

Agricultural and livestock development should receive greater attention because of their importance to rural livelihoods and household income. The government should improve irrigation infrastructure, water conservation, veterinary services, agricultural storage, market access, and livestock transportation facilities. Rural producers should receive technical assistance, affordable agricultural inputs, and improved connections with provincial and national markets. District-level agricultural support programmes should also address climate-related vulnerabilities, ensuring that rural economic recovery does not depend exclusively on short-term relief or emergency assistance.

12.6 Improving Transportation, Trade and Supply-Chain Connectivity

The provincial government should prioritise the protection and maintenance of major commercial routes connecting Balochistan's districts with national markets and neighbouring countries. Coordination among transport authorities, customs officials, district administrations, and security institutions should reduce unnecessary interruptions to legitimate trade. Improved logistics facilities, border-market infrastructure, warehousing, and transportation services could reduce commercial costs. Particular attention should be given to agricultural produce, livestock, mineral transportation, and essential commodities, whose movement directly influences local market stability and household expenditure.

12.7 Promoting Responsible Mining and Mineral-Based Investment

Mineral development should generate wider economic benefits through transparent governance, local employment, skills transfer, and stronger participation of provincial businesses. The government should establish clear investment procedures, strengthen environmental monitoring, and improve regulatory transparency. Mining companies should be encouraged to increase local procurement, develop vocational programmes, and establish community-benefit arrangements. Greater participation of local enterprises in mineral-related supply chains could strengthen economic linkages, improve public confidence, and ensure that natural-resource development contributes meaningfully to employment and provincial economic growth.

12.8 Strengthening Gwadar and Coastal Economic Development

Gwadar and Balochistan's coastal districts should be developed through an inclusive economic strategy connecting port activities with fisheries, maritime services, tourism, transportation, and local enterprise development. Infrastructure investments should be accompanied by vocational training, local business participation, and improved public services. Fisheries communities and coastal entrepreneurs should receive access to modern facilities, financial support, and domestic and international markets. The economic benefits of connectivity projects should extend beyond infrastructure construction to create sustainable employment and commercial opportunities for surrounding communities.

12.9 Protecting Development Budgets and Public Service Delivery

The provincial government should strengthen public financial management to ensure that insecurity does not unnecessarily interrupt development implementation. Education, healthcare, irrigation, water supply, and local infrastructure projects should receive effective monitoring and appropriate contingency arrangements. Budget allocations, releases, actual expenditure, and project completion rates should be reported separately. Transparent expenditure tracking would help identify additional security-related costs and distinguish them from routine administrative expenditure, inflationary pressures, and other factors affecting provincial development spending.

12.10 Strengthening District-Level Governance and Institutional Coordination

District administrations should be empowered to identify economic vulnerabilities, coordinate development activities, and respond promptly to local disruptions. Regular coordination mechanisms involving government departments, business associations, local representatives, civil society, and relevant security institutions should improve information-sharing and policy implementation. District-level economic assessments should guide resource allocation according to local needs and productive potential. Stronger institutional coordination would also improve accountability, reduce administrative delays, and ensure that provincial policies respond to the different economic conditions of Balochistan's districts.

12.11 Enhancing Women's Economic Participation and Financial Inclusion

The provincial government should introduce targeted initiatives to expand women's access to employment, entrepreneurship, vocational training, and financial services. Women-led enterprises, agricultural activities, livestock management, and home-based businesses should receive improved access to credit, technology, and market networks. Skills programmes should be linked with practical employment opportunities and accessible training facilities. Strengthening women's economic participation would diversify household income sources, improve economic resilience, and contribute to more inclusive development across rural and urban communities.

12.12 Establishing an Economic Cost Monitoring and Research Framework

A dedicated provincial mechanism should systematically monitor the economic consequences of insecurity through reliable district-level data. The proposed framework should collect information on business closures, employment disruptions, household income losses, transportation costs, damaged infrastructure, development-project delays, and additional public expenditure. Government departments, PBS, research institutions, and business organisations should coordinate data collection and verification. Annual economic cost assessments would provide policymakers with a stronger evidence base for budget planning, development prioritisation, and the evaluation of economic recovery initiatives.

12.13 Strengthening Community Participation and Public Confidence

Economic recovery programmes should incorporate meaningful consultation with local communities, business representatives, youth, women, and other relevant stakeholders. Transparent communication concerning development projects, mineral resources, employment opportunities, and public expenditure could improve public confidence. Accessible grievance-redress mechanisms should address concerns relating to land, compensation, service delivery, and project implementation. Greater community participation would help ensure that development priorities reflected local economic needs and that public investment generated visible and broadly shared benefits.

12.14 Developing a Long-Term Provincial Economic Resilience Strategy

The Government of Balochistan should formulate a long-term economic resilience strategy integrating security, investment, employment, infrastructure, natural-resource governance, and human development. The strategy should establish measurable targets, district-specific priorities,

institutional responsibilities, and annual performance indicators. Federal development programmes and international partnerships should be aligned with provincial economic requirements. Regular monitoring and independent evaluation would help identify implementation gaps and adjust policies. Such a framework could support sustained economic recovery while reducing the vulnerability of communities and businesses to future disruptions.

13. Conclusion

The study examined the economic consequences of insecurity in Balochistan during 2020–2026, focusing on businesses, employment, household livelihoods, public expenditure, investment, and development activities. The findings indicated that insecurity represented a significant challenge to provincial economic stability. Its effects extended beyond immediate violence, influencing commercial confidence, productive activities, infrastructure utilisation, and opportunities for sustainable economic growth.

The analysis highlighted the vulnerability of Balochistan's economic structure, particularly its dependence on agriculture, livestock, mining, transportation, informal employment, and geographically dispersed markets. The province's substantial rural population and limited female labour-force participation further demonstrated the importance of protecting household livelihoods. Security-related disruptions potentially intensified existing structural challenges, including poverty, unemployment, inadequate infrastructure, and limited economic diversification.

The research also identified considerable geographical variation in security exposure across districts. Quetta, Kech, Gwadar, Mastung, Zhob, Panjgur, and other districts experienced different security and economic conditions, reflecting their distinct economic activities and geographical characteristics. Consequently, insecurity did not produce uniform economic consequences. District-specific assessments were therefore essential for understanding local vulnerabilities, identifying affected sectors, and developing appropriate economic recovery interventions.

A significant finding concerned the limitations of available economic data. Although official statistics documented security incidents, employment conditions, demographic characteristics, livestock populations, and development allocations, they did not provide a consolidated monetary estimate of insecurity-related economic losses. The actual financial consequences of business closures, household income disruptions, investment delays, and additional security expenditure therefore remained insufficiently quantified. More systematic district-level research and institutional data-sharing were necessary.

Ultimately, sustainable economic recovery in Balochistan required an integrated approach combining security, institutional effectiveness, inclusive development, and economic opportunity. Protecting businesses, expanding employment, strengthening rural livelihoods, improving mineral governance, and ensuring continuity of public investment should remain central priorities. Economic stability could not be achieved through security measures alone; it also required public confidence, meaningful community participation, and equitable development benefiting Balochistan's population.

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