

Social Protection Policy

For Azad Jammu and Kashmir



Social Welfare Department,
Azad Government of the State of Jammu & Kashmir



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Social Protection Policy

For

Azad Jammu and Kashmir



Social Welfare Department
Azad Government of the State of Jammu & Kashmir
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Foreword

We are living in a world which is essentially uncertain and thus, laden with risks to our lives, whoever we are and wherever we are. To live a decent and dignified life unencumbered by dependencies is therefore a formidable challenge for many humans. In order to address these issues, a robust system of social safety has evolved in the developed world over the course of a century, aiming to provide universal social protection. However, developing countries, and states like AJ&K, are still lagging, where vast swaths of the population still do not come under the ambit of social protection. In the face of the Covid-19 pandemic, the issue of social protection has become even more profound as millions of people have been left stranded to cope with harsh economic realities. Social protection, perhaps, was never as important as it is today.

In this milieu, the geopolitical status of AJ&K demands a more empathetic approach. It is characterized by continually evolving risks and increasing environmental scarcities and vulnerabilities of life, thus making it difficult for many to sustain livelihoods, especially for those living below the poverty line. The Azad Government of the State of Jammu and Kashmir is fully cognizant of the challenges in this regard. It is committed to provide universal social protection and hence, address the unremitting issues of poverty, unemployment, social exclusion and insecurity, as well as income and gender inequalities. The unshaken resilience of the people of Azad Jammu and Kashmir has been proven on more than one occasion, especially when they faced and survived the worse national disaster of 8th October 2005. Yet, the rapidly changing dynamics of risks, from natural disasters to economic crises, and global pandemics, dictate the need for a dependable social security apparatus where life's uncertainties may be confronted with assurance. The state must take the responsibility to provide such a platform of social protection for all its citizens.

These myriad challenges have earnestly demanded the formulation of a comprehensive Social Protection Policy. The Social Welfare Department, therefore, has been able to effectively respond to this desperate need by formulating and presenting the Social Protection Policy. This first-ever State Social Protection Policy is aligned with both the Sustainable Development Goals, and Pakistan's national developmental priorities and initiatives under the ambient of the Ehsaas Program. The policy provides guidance on addressing poverty and providing social protection against vulnerabilities of life. It provides the guidelines for empowering each and every citizen of the state of Azad Jammu and Kashmir. I congratulate the Social Welfare Department for the formulation of this policy. It will surely guide the developmental priorities of Azad Jammu and Kashmir and bring prosperity to the socially and economically disadvantaged and vulnerable segments of our society.

The Government of AJ&K wishes to acknowledge the leadership of the Secretary Social Welfare, Mr. Javed Ayub, and the Director Social Welfare Department, Mr. Abdul Wahid, along with the technical support of the Consultant, Dr. Jasim Anwar, for their efforts to make this policy comprehensive and cohesive. Special acknowledge to Mr Luis Gorjon, Chief Social Policy, UNICEF Pakistan, for his continued support to create an enbali encotiment for the expansion of social proetcion system in AJ&K.

This Social Protection Policy will ensure that efforts are made to bring the most vulnerable households out of poverty while protecting each and every citizen from vulnerabilities and risks. The State Social Protection Policy will allow for inclusive and equitable sustainable



development in AJ&K, where Government initiatives are designed to not only protect formal sector employees but also the informal sector workforce and the poor, who are the most vulnerable to socio-economic shocks. It will also help manage risks and provide stakeholders with a framework to overcome poverty, vulnerability, and exclusion in AJ&K. The Policy will invariably be a leap forward in translating the Government's commitment to meaningful interventions that will address vulnerability and reduce poverty in AJ&K.

Professor Taqdees Gillani
Parliamentary Secretary for Social Welfare and Women Development
Azad Government of the State of Jammu and Kashmir



1.1

Preface

Human beings are always exposed to multiple socio-economic risks in their lifetime. These risks related to livelihoods may inhibit the realization of full potentials and render the individuals at the mercy of their circumstances. In order to effectively deal with these challenges, social security systems have evolved the world over. In AJ&K, the Social Welfare Department is entrusted with the responsibility of overseeing the welfare of the marginalized sections of society.

Reducing vulnerability and poverty is at the core of the developmental priorities of AJ&K and the Government is striving to provide assistance to the marginalised and vulnerable populations that are unable to meet their basic needs, including women, children, older persons, disabled persons, and the youth. However, despite the aforesaid, there remains an absence of a modern, elaborate social protection system which brings in fold all sections of society under some form of social security. It was in this backdrop that the Social Welfare Department ushered the formulation of the first-ever Social Protection Policy for AJ&K more than a year ago. It has been an exhilarating experience to formulate this policy, where a number of stakeholders were taken on board, and their inputs consolidated with national and international best practices to produce a synthesized Social Protection Policy.

Increasing the scope and coverage of social protection programs is a challenging task that requires vigorous strategies while ensuring sustainability. At present, the Government of Pakistan is implementing a number of social protection initiatives for people living below the poverty line in the State of Azad Jammu and Kashmir. This policy has adopted a life-cycle approach to protect each citizen of AJ&K from the risks and vulnerabilities that one can encounter over the life course, through a mix of social assistance and social insurance programs.

The life-cycle approach is a paradigm shift for us. It recognizes that all citizens are exposed to different vulnerabilities through the course of their lives and provides guidance to respond to these vulnerabilities. The policy is, therefore, structured around four key life-course stages, i.e., pregnancy and early childhood (0-4 years), school-age and youth (5-14 years), working age (15-60 years), and old age (60+ years).

Keeping in view these vulnerabilities and life-cycle risks, the Government of AJ&K has developed this first-ever Social Protection Policy. The policy provides measures and guidelines for integrated social protection that will help achieve sustainable development in the State of Azad Jammu and Kashmir. It gets critical importance in addressing the challenge of bringing the informal sector into the fold of social protection - although being most vulnerable, they are often left outside the purview of any social security mechanism.

The policy envisions strengthening all components of the social protection system, including developing a population registry, and the Government is committed to implementing the requisite safety nets and social protection floors. The policy provides a framework and guidelines for undertaking social protection programs and initiatives in the State of AJ&K, which require extensive collaborations across state and federal departments and donors, the

UN agencies, NGOs, and the private sector. We look forward to working together with other stakeholders to reduce poverty and vulnerability, and improve social cohesion and inclusion.

Taking this opportunity, I would like to acknowledge the hard work and persistent efforts of the Director Social Welfare Department, Abdul Wahid Khan, and the Consultant for Policy Formulation, Dr Jasim Anwar, for their efforts and contributions. I would also like to acknowledge the support and guidance provided by Mr. Shahid Naeem, Chief SDGs Unit, Ministry of Planning, Development & Special Initiatives during formulation process of this policy. My sincere appreciation and gratitude to all stakeholders, Government departments, and development partners, including, ILO and UNICEF, for their contributions and support in making this first-ever Social Protection Policy for AJ&K.

Irshad Ahmed Qureshi
Secretary Social Welfare and Women Development
Azad Government of the State of Azad Jammu and Kashmir



Message by UNICEF Pakistan

The absence of robust social protection systems and concomitant uncertainty of livelihood is a formidable challenge in developing countries. This adversely affects the efforts to reduce poverty and hunger, reduce disease burden, and end social exclusion. Pakistan is the sixth most populous country in the world, where less than three percent of the population is covered by formal social protection. Similar to other provinces and regions of Pakistan, the State of Azad Jammu and Kashmir (Pakistan Administered Kashmir) has a major population outside the fold of social protection.

All individuals are exposed to vulnerabilities and risks throughout their lives. Children are more prone to exclusion. The lack of a social protection system adversely affects children, as they fall into poverty which may lead to intergenerational poverty in a family. Child-sensitive social protection systems respond to children's multiple vulnerabilities, which shape their current poverty and likelihood of becoming poorer in the future. Social protection systems enable children and adults to realize their full potential. The priority may be given to reaching the most vulnerable, including girls, children with disabilities, children living in extreme poverty, refugee and migrant children, and their families, through inclusive social protection interventions.

UNICEF is committed to supporting the Government of Azad Jammu and Kashmir in building resilient, responsive, inclusive, and sustainable social protection systems. A progressive expansion of Social Protection coverage through integrated social protection systems that complement one another to achieve universal coverage and deliver predictable and cumulative benefits to individuals and households is required. UNICEF supports Governments in social sector budgeting, fiscal space analysis, and prioritization to improve efficiency, effectiveness, and development of long-term national financing strategies.

I am happy that the need for a social protection policy has been felt strongly by the Government of Azad Jammu and Kashmir. The Social Protection Policy for Azad Jammu and Kashmir recognizes children as distinct age groups and proposed multiple actions from nutritional deficits, school dropouts, access to services, child labor, universal access to birth registration, and primary health care. Such a policy provides a healthy, educated, and prosperous society. The department of Social Welfare AJK and UNICEF Pakistan are collaborating to make this policy framework a blueprint to reduce poverty, make the wider population under social protection coverage, and save future generations from destitution and adverse shocks in life. I hope that the synergy generated by the UNICEF and the Government of Azad Jammu and Kashmir will serve as the much-awaited groundbreaking for a socially inclusive and prosperous AJ&K. I would like to appreciate all the relevant functionaries in the Government of Azad Jammu and Kashmir, the UNICEF team who worked hard in preparation of this policy and wish best of luck for successful implementation of the same for bringing the positive change in the socio-economic milieu of Azad Jammu and Kashmir.

Mr. Luis Gorjon Fernandez
Chief Social Policy Section, UNICEF Pakistan

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This is the first-ever Social Protection Policy prepared by the Social Welfare Department, Azad Government of the State of Jammu & Kashmir. This policy is formulated through a series of the consultative workshop, and extensive stakeholder engagements, including representatives of various ministries, departments, civil society organizations, Ministry of Planning Development & Special Initiatives, and International Development Organizations. The consultative process was carried out under the leadership of Mr. Javed Ayub, Secretary Social Welfare and Women Development Department, GoAJ&K and the Director Social Welfare Department Mr. Abdul Wahid Khan. The Social Protection Policy was developed with the technical assistance of Dr. Jasim Anwar, Consultant for the Social Welfare Department.

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Abbreviations

ADB	Asian Development Bank
AJ&K	Azad Jammu & Kashmir
BISP	Benazir Income Support Programme
CCT	Conditional Cash Transfer
CNIC	Computerized National Identity Card
CPDR	Central Population Data Registry
CRVS	Civil Registration and Vital Statistics
ILO	International Labour Organization
ISPA	International Social Protection Association
IT	Information Technology
MIS	Management Information System
NADRA	National Database and Registration Authority
NSER	National Socio-Economic Registry
PMT	Proxy Mean Test
SDGs	Sustainable Development Goals
SEII	State Employment Injury Insurance
SSPA	State Social Protection Authority
SWD	Social Welfare Department
UA	Unemployment Assistance
UN	United Nations
WD	Women Development
UI	Unemployment Insurance
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Emergency Fund



Introduction



Social Protection Policy
For Azad Jammu and Kashmir



1.1 Introduction

Poverty and vulnerability are core issues in developing countries. In the 21st century, risk and pursuit of opportunity feature heavily in the economic development of masses. Therefore, even with economic progress being documented, the vulnerable sections of society like the poor, persons with disabilities, and the sick are more likely to miss many opportunities and, instead, fall victim to marginalization (World Bank, 2012). This issue of poverty and vulnerability in developing countries was addressed by creating employment opportunities, hence, pursuing social protection as a policy framework. According to Barrientos, many international agencies and development organizations, particularly the United Nations (UN) organizations pursued and adopted social protection strategies in the previous decade like Inter-American Development Bank in 2000; United Nations in 2000; Asian Development Bank (ADB) in 2001; International Labour Organization (ILO) in 2001; World Bank in 2001; and Health Alliance International in 2003 (Barrientos, 2010). Therefore, a sudden upward trend was witnessed in the number and coverage of social protection policies and programs that have been put into practice in developing countries.

Social security is recognized as a human right in the Universal Declaration of Human Rights, which states in Article 22 that “Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality”.” and in Article 25(1) which reaffirms that “Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control” (United Nations, 1948). Social protection can play a fundamental role in creating more inclusive, sustainable, and gender-responsive development pathways. In the absence of social protection, people, especially the most vulnerable, are subjected to increase risks of sinking below the poverty line or remaining trapped in poverty for generations (Nation, 2012).

Investing in a Social Protection Floor is investing in social justice and economic development. Social protection schemes are essential tools to reduce poverty and inequality. They not only help to prevent individuals and their families from falling or remaining in poverty but also contribute to economic growth by raising labour productivity and enhancing social stability. The global financial and economic crisis proved how essential a role social protection plays as an automatic economic stabilizer (ILO, 2019).

International Labour Organization (ILO), based on a holistic overview, has divided social protection into nine main areas, namely child and family benefits, maternity protection, unemployment support, employment injury benefits, sickness benefits, health protection, old-

age benefits, disability benefits, and survivors' benefits. Social protection systems address all these policy areas by a mix of contributory schemes (social insurance) and non-contributory tax-financed social assistance, in which beneficiaries receive transfers in cash or in-kind (ILO, 2017b).

Governments in middle and low-income countries are resorting to social protection policies aimed at providing adequate living standards to those segments of society, which are potentially exposed to social and economic exclusion. Since policy formulation through legislation and actual achievement of desired social protection goals are performed by different entities, a successful social protection system cannot be established and assured by merely making rules, policies, and laws of social protection. Therefore, although most countries have envisioned their social protection systems, which are supported by the national legislative frame (ILO, 2017b); still the gap between intended outcomes through paraphernalia of social protection laws and the actual achievement in pursuing social protection policies is a challenge.

It signifies that the provision of legislative cover does not guarantee that either a sufficient chunk of the population will be covered, or a significant improvement will be achieved in the quality and level of benefits. Implementation of social protection for providing the necessary support to the vulnerable sections of society remains a formidable challenge for developing countries, as is the case for Pakistan. In many countries, including Pakistan, the extension of adequate coverage has significantly lagged, mainly due to issues confronted in implementation/execution and a lack of adequate coordination, besides weak institutional capacities for providing effective delivery of benefits and services (ILO, 2017b).





Section 2

Guiding Principles for Formulation of Social Protection Policy in AJ&K



Social Protection Policy
For Azad Jammu and Kashmir

2.1 National Framework for Developing Social Protection Policy

The Planning Commission, Ministry of Planning, Development & Special Initiatives (MoPD&SI), Government of Pakistan, developed the “National Framework for Developing Social Protection Policy” in 2018. This Framework was designed, keeping in view the internal & external challenges that Pakistan has faced for decades. Social protection of the population is the primary responsibility of provincial & federal governments for their respective areas. The National Framework for Developing Social Protection Policy provides a guideline wholly aligned with constitutional commitments. The social protection policies constituted by the provinces are bound to follow the framework as well as the basic principles provided therein.

The framework defines four critical components for a social protection policy:

- a) Identification
- b) Institutional arrangements
- c) Implementation mechanism
- d) Financing and resource allocation

The National Framework provides guidance to develop policies that include a mechanism for the identification of minimum living standards and vulnerabilities. Ensuring the provision of a minimum living standard is defined as the fundamental right of every citizen, and it is the responsibility of the State to provide and ensure free and compulsory education up to the secondary level. The policy must target all types of vulnerable groups as given in the framework.

The National Framework also guides us to make institutional arrangements that cover legal, regulatory, and institutional aspects of social protection policy and to develop linkages with the National Database/Registry of vulnerable groups, ensure communication protocols among the departments and programs, and integrate result-based monitoring and evaluation.

The National Framework further provides an incisive analytical base for the preparation of the social protection policy for Azad Jammu and Kashmir, which has its own administrative, geographic, and political peculiarities. The vulnerabilities in AJ&K have remained a challenge, and a holistic and result oriented approach will be earnestly required to address the social protection issues in this region.

2.2 Ehsaas Program: Social Protection Reemphasized

The Government of Pakistan has launched a comprehensive Poverty Alleviation Program “Ehsaas” on 27th March 2019 with its four focus areas and 155 policy actions to reduce inequality, invest in people, and uplift lagging districts. The four pillars of the Ehsaas program include: addressing elite capture and making the government system work to create equality, safety nets for disadvantaged segments of the population; jobs and livelihoods; and



human capital development. The primary focus of the Ehsaas program is extremely poor, orphans, widows, homeless, persons with a disability, jobless, poor farmers, labourers, sick and undernourished students from low-income backgrounds, and elderly citizens. Under this program, the Government allocated an additional amount of PKR 80.0 billion in FY2019-2020, towards the country's social protection spending. This allocation would be raised to PKR 120.0 billion by 2021.

The Prime Minister has also announced the establishment of a new division with the name of the "Social Protection and Poverty Alleviation Division" to address the problem of fragmentation in poverty-reducing initiatives. Benazir Income Support Program, Pakistan Bait-ul-Mal, Zakat, Pakistan Poverty Alleviation Fund, Trust for Voluntary Organizations, the Scaling Up Nutrition Secretariat, Centre for Social Entrepreneurship, Secretariats of the Poverty Alleviation Coordination Council and the Labour Expert Group will work under this division thereby developing a one-window operation for social protection of the poor and to facilitate citizens. A new constitutional amendment to move Article 38 (d) from the "Principles of Policy" section into the "Fundamental Rights" section will be made for provisioning of food, clothing, housing, education, and medical relief for the citizens, who could not earn a livelihood due to infirmity, sickness or unemployment, the state's responsibility and it would be a first step towards the creation of a welfare state.

A cursory glance at the Ehsaas program envisaged by the Government of Pakistan shows that there is a realization in the political and policy circles regarding the due importance of social protection. Ehsaas, in fact, means to empathize with other persons, while social protection, when taken literally means taking consideration of marginalized and vulnerable sections of society so that the citizens of the country are assured of an umbrella which gives them the safety from hazards and risk generally encountered over the lifetime. Taking cognizance of the prevailing national and international quest for fighting social exclusion, enhanced coverage of social protection, and achieving the SDGs targets by 2030, the Government of AJ&K is placed at the right moment to address the erstwhile neglected area of social protection. While formulating the social protection policy for AJ&K, due consideration has been given to the Ehsaas program, so that the policy circles in AJ&K have their vision set on the horizon provided by the Ehsaas program for the overall social uplift of the masses and mainstreaming of the impoverished, voiceless and vulnerable people of AJ&K.

2.3 Constitutional Provisions of Social Protection in AJ&K

According to the Article 3-I and 3-J of the constitution of AJ&K, state promotes social justice, eradication of social evil, promotion of social and economic well-being of the people of AJ&K. These two articles are reproduced as below".

3-I. Promotion of social justice and eradication of social evils

The State shall,

- a. Promote, with special care, the educational and economic interests of backward classes or areas.



- b. Remove illiteracy and provide free and compulsory education up to secondary within the minimum possible period.
- c. Make technical and professional education generally available and higher education equally accessible to all based on merit.
- d. Ensure inexpensive and expeditious justice.
- e. Make provision for securing just and humane conditions of work, ensuring that children and women are not employed in vocations unsuited to their age or sex, and for maternity benefits for women in employment.
- f. Enable the people of different areas, through education, training, agricultural and industrial development, and other methods, to participate fully in all forms of national activities, including employment in the service of Azad Jammu and Kashmir.
- g. Prevent prostitution, gambling, and taking of injurious drugs, printing, publication, circulation, and display of obscene literature and advertisements.
- h. Prevent the consumption of alcoholic liquor otherwise than for medicinal and, in the case of Non-Muslims religious purposes.
- i. Decentralize the governing administration to facilitate expeditious disposal of its business to meet the convenience and requirements of the public.

3-J. Promotion of social and economic well-being of the people

The State shall,

- a. Secure the well-being of the people, irrespective of sex, caste, creed or race, by raising their standard of living, by preventing the concentration of wealth and means of production and distribution in the hands of a few to the detriment of general interest and by ensuring equitable adjustment of rights between employers and employees, and landlords and tenants.
- b. Provide for all citizens, within the available resources of the State, facilities for work, and adequate livelihood with reasonable rest and leisure.
- c. Provide for all persons employed in the service or otherwise, social security by compulsory social insurance or other means.
- d. Reduce disparity in the income and earnings of individuals, including persons in the various classes of the service.
- e. Eliminate riba as early as possible.



Section 3

Social Protection Policy Recommendations



Social Protection Policy
For Azad Jammu and Kashmir

3.1 Vision for Social Protection

The vision of social protection in Azad Jammu & Kashmir is aligned with the overall national developmental priorities as enshrined in the Ehsaas program, the national social protection framework, the Sustainable Development Goals, and in accordance with the Pakistan Vision 2025. The vision for social protection systems for AJ&K states that:

“By 2030, Azad Jammu and Kashmir will have established a universal social protection system that is built on the pillars of social justice and equality in providing enabling conditions so that no citizen of the State is left behind from pursuing a decent life without social and economic insecurities. The state shall pursue that every citizen of AJ&K shall have guaranteed benefit(s) from social insurance or social assistance through social protection floors.”

Achieving this vision will enable the citizens of Azad Jammu and Kashmir to live with dignity and independence in meeting their essential needs.

3.2 Social Protection Policy: Synchronizing with Demands of the Era

Developed countries adopted social protection systems over the past century, which, with time, have grown into a comprehensive apparatus, enabling their populace with an environment, and conditions to live dignified lives. In the developing world, of which AJ&K is a part, social protection has remained a low priority not only due to the financial and governance constraints but also as a result of societal and state apathy. Over a period of time, along with traditional social protection risks, rapid urbanization, the disintegration of social/family structures, and increasing risks to environmental/natural hazards have made people more vulnerable to social risks and shocks. Therefore, in an era where human beings are confronted with myriad vulnerabilities, a social protection system is required to be resilient enough to respond to the needs of the public at large effectively.

Keeping in view the existing infrastructure, fiscal space, resources, and functionality, the capacity of the existing departments in AJ&K, international best practices, and ideals for achieving Universal Social Protection in AJ&K, comprehensive and gender-responsive social protection policy recommendations are envisaged. The social protection policy shall be for a duration of five years, i.e., from 2020 to 2025 and maybe modified as per the need and resources. Since human beings are exposed to different types of social protection risks at various stages of life; therefore, a life cycle approach has been adopted in formulating the social protection policy for AJ&K.

3.3 Achieving Universal Social Protection in AJ&K



Literature suggests that the developed world started its journey towards social protection quite early. This enabled them to provide a platform to the majority of their citizens to negotiate risks and vulnerabilities in their lives. However, the increasing emphasis on social protection globally has galvanized governments of developing countries also to bring the maximum possible numbers of their population under the aegis of social protection. Therefore, it may be noted that a substantial number of developing countries have nearly achieved universal coverage of social protection despite their fiscal constraints.

Extending coverage gradually prepares countries to achieve the relevant SDGs targets. Therefore, achieving universal social protection will also enable the Government of AJ&K to meet international commitments, particularly achieving the SDGs target 1.3.1. related to social protection.

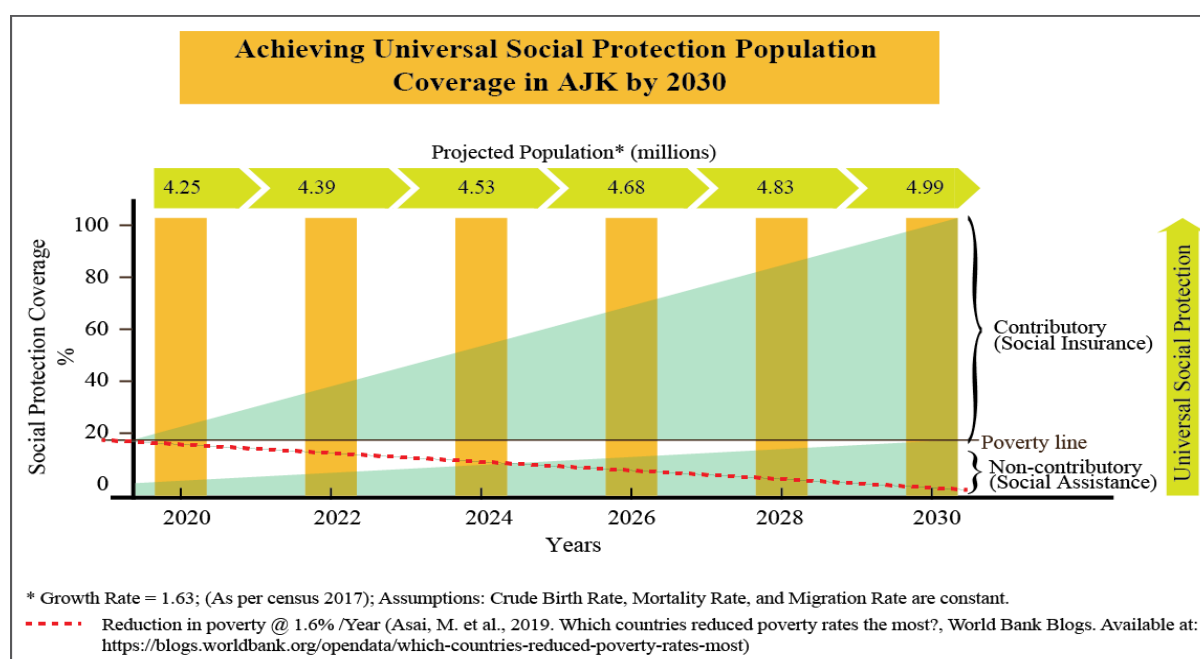


Figure 1. Achieving Universal Social Protection Population Coverage in AJ&K by 2030.

3.3.1 Coverage through Social Assistance

An incremental increase of 9.1% per year in the coverage of non-contributory social assistance to the poor population living below the poverty line (i.e., 18% of the total population below poverty line) of AJ&K may help the Government of AJ&K to achieve universal social protection up to 100% of the AJ&K population by the year 2030; thus, achieving SDGs related to social protection. Due to fiscal constraints, the targeting approach may be adopted for non-contributory social assistance to the poorest of the poor that is the lowest quantile of the poor male and female population. As such, this social assistance may be designed in a way that around 2/3rd of the available budget for social assistance may be allocated for the welfare of poorest of the poor. Social assistance programs like the national flagship Benazir Income Support Programme (BISP), and the Khidmat Card in Punjab are prime examples for the initiation of a social safety net program by the Government of AJ&K targeting the most vulnerable sections of the society.

3.3.2 Coverage through Social Insurance

Increasing the social protection coverage of contributory social insurance would be an uphill task, requiring good governance, trust-building, and a commitment to gender equality by State authorities. With an average increase of 9.1% coverage per year (from the baseline of 6% coverage of social insurance; data proxy to Pakistan as per World Bank 2013 ASPIRE), a universal coverage (100%) of the social insurance in AJ&K may be achieved by 2030. However, the gradual extension of social insurance despite being a daunting challenge may be achieved through the introduction of easily accessible different social insurance schemes tailored to the socio-economic status and needs of general masses, primarily the ones in the informal economy.

3.3.3 Graduation

Further, in order to support the poor population to graduate out of poverty, around 1/3rd of the available budget may be allocated for programs/schemes that enable the poor population to start income generation activities and move toward self-sustenance basis. These schemes may be targets for individuals in the upper quintile of the poor population (having a higher likelihood of coming out of poverty). Innovative graduation approaches like the BISP Direct Cash Model, and a five-layered graduation approach which includes consumption support, skills training, provisioning of the means to jump-start economic activity, access to saving services and financial capability building, and coaching and mentoring (Consultative Group to Assist the Poor by World Bank) may be adopted in this regard. The intervention may be subjected to a time duration usually 24-36 months so as to avoid the recipients' long-term dependence and bring in fold additional eligible households to enrol them for graduation. With an effective graduation strategy, resulting in an average rate of reduction in poverty at 1.6% per year (World Bank data), the State of AJ&K may achieve a 100% reduction in poverty, i.e., from 18% to 0% by 2030 (Figure 1).

3.4 Management Information System

A gender-responsive social protection Management Information System (MIS) may be designed to respond to the 'Life Cycle Approach' to social protection so that different events occurring across all stages of a woman's, man's and transgender's life (birth, childhood, young age, old age) can be addressed. Two ways are recommended for the social protection Management Information System, enabling the vulnerable people to approach and access the social protection programs/initiatives. Firstly, a direct approach to the required social protection scheme where vulnerable people from any segment of the life cycle can apply for social protection services to the department responsible for that particular program/initiative. The department will verify the application through the population/beneficiary's database, after which the eligible applicants will receive the incentives/services from the program/initiative. The MIS should be designed in such a way that disaggregated data at



district and sub-district levels is available mainly for age, gender, and disability. Further, the departments will regularly update the records of the beneficiaries' database.

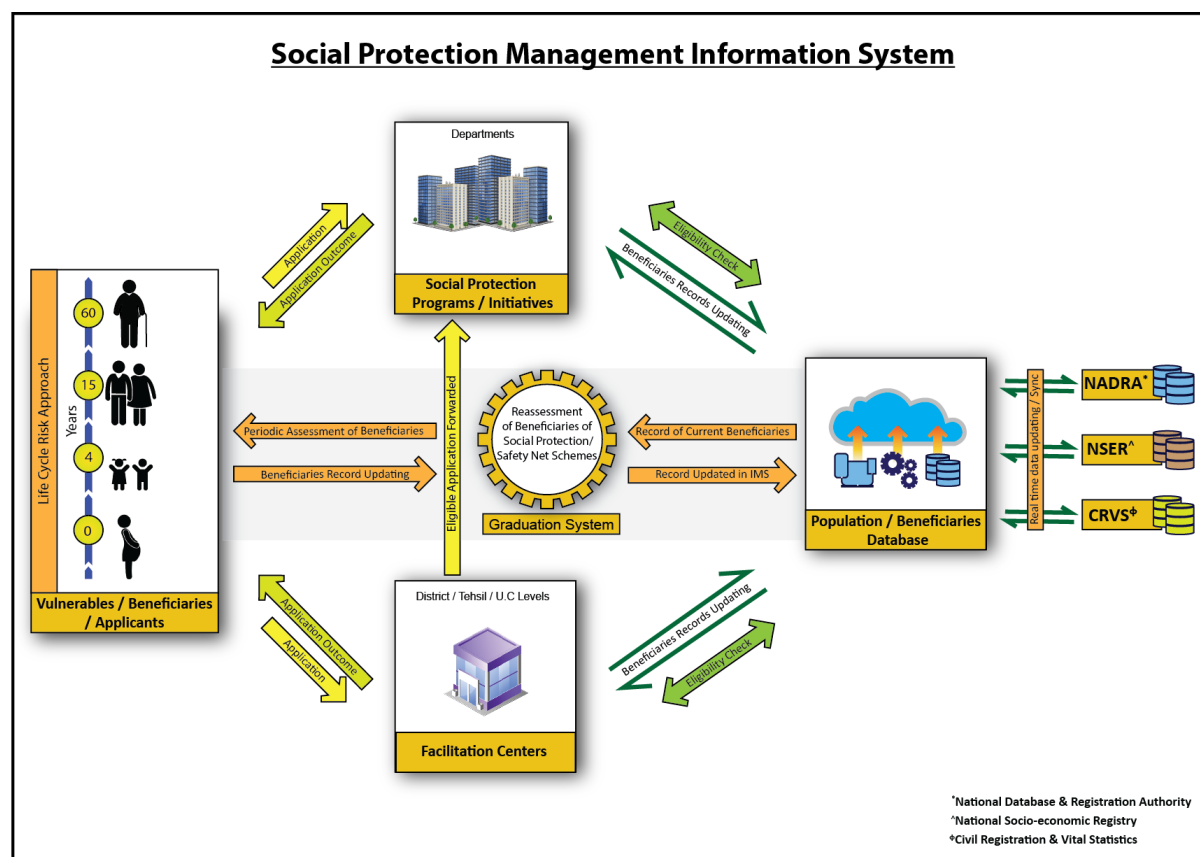


Figure 2. Social Protection Management Information System for AJ&K.

The second method to approach the required social assistance schemes would be to establish facilitation centres at district/tehsil/union council levels (subject to available funds). Applicants will submit their applications in the facilitation centre of their respective areas. After verification from the population/beneficiaries' database, the concerned facilitation centre will share the verification outcome with the applicant. If the applicant is eligible, the centre will forward the application to the concerned department responsible for that particular program/scheme. The beneficiary's database will be integrated with NADRA, the CRVS System of LG&RDD & BISP's National Socio-Economic Registry (NSER). They will regularly synchronize the updated records of the individuals with the beneficiaries' database.

The graduation system for all the social protection programs/initiatives will assess the impact of programs/initiatives periodically. The graduation system will capture the data of current beneficiaries from the population/beneficiary's database. As the beneficiaries are related to different stages of life and programs/initiatives, the graduation system will assess them accordingly, and current records will be updated in the population/beneficiaries' database to assess the impact of a particular social protection program/initiative.

3.4.1 Identification of the Beneficiaries



In order to capture the data of the population on a real-time basis, a live and gender-disaggregated Central Population Data Registry of AJ&K may be created. This registry will be synchronized with the NSER and CRVS systems and will be capable of updating the databases of the population whereby the addition and exclusion of eligible beneficiaries will be made the part of the system. The assessment of the poverty tools may be incorporated with the systems to assess eligibility.

3.5 Redefining the Institutional Arrangements

The appraisal of the existing social protection systems comprising of various stakeholders, as elaborated in Section 2, showed that new institutional arrangements with enhanced capacities, functions, and powers are needed to make the apparatus of social protection in the State of AJ&K respond to the emerging needs in the State. For this purpose, the Social Welfare Department may be transformed and upgraded to the State Social Protection Authority (SSPA).

It is to be understood that social protection at the governmental level has mostly been viewed from the angle of non-contributory social assistance, while a crucial aspect of social insurance has been neglected. This may be witnessed even in case of recently taken initiatives in other provinces where, at prima facie, the exclusive emphasis is on social assistance related interventions. However, as has been emphasized in this policy document, worldwide, the sustainability of social protection regimes lies in the construction of social protection systems where the majority of the population is connected with some sort of contributory social insurance.

Therefore, a paradigm shift is required, whereby the Government of AJ&K may envisage empowering the proposed SSPA as the prime agency providing overall policy and operational guidance for contributory social insurance and non-contributory social assistance. The prime responsibility of the SSPA will be to perform the function of coordination with all departments/stakeholders associated with social protection for the purpose of ensuring the implementation of social protection policy and interventions in the State of AJ&K.

In this regard, legislation may be made to establish SSPA, supervised by a Board of Governors under the Chairmanship of Chief Secretary AJ&K. The in charge of the Social Welfare Department may be designated as the Ex-Officio Director General of SSPA. Similar, other staff of the Social Welfare Department may also be designated as Ex-Officio against to the positions of the SSPA.

The SSPA may provide support to establish an integrated pension fund for private formal and informal sector employees. This fund may be managed on a pattern which makes it fiscally sustainable for future needs.

3.6 Governance Framework

To develop a social protection system that corresponds to international guidelines and standards laid down by the International Social Protection Association (ISPA); it is

imperative that the elements of good governance, particularly transparency, accountability, responsiveness, and equity and gender equality, are adhered to by the concerned in letter and spirit. It is further required that the governance framework for social protection in AJ&K provides a structure whereby access to different social protection benefits is ensured in a dignified, swift, and hassle-free environment. For this purpose, the implementation of various social protection measures may be carried out at the Union Council or Tehsil level (for example, the creation of one window operations). It is emphasized that vulnerable groups such as women, children, and persons with disabilities, are generally voiceless, and are exposed to barriers to participation/access. Therefore, the social protection system needs to be designed in a manner that makes it easier for vulnerable groups to access social protection benefits.

To ensure transparency and accountability, information may be made accessible to the general public. Inculcation of these above-mentioned principals in the structure of social protection will help to address the very critical issue of public trust deficit towards public authorities. It is pertinent to mention that the social protection system envisaged in this document relies heavily on public trust-building, especially in the area of social insurance. Figure 3 elaborates on the governance framework for different tiers of the government, whereby the state government is entrusted with all the three functions viz performance of a regulatory role, financing, and implementation (Figure 3). On the other hand, the district level institutions will perform the financing function of disbursements and implementation of initiatives. The Union Council level may only be responsible for the implementation of social protection initiatives. The aforesaid governance framework provides decentralized management and public service delivery system for social protection in AJ&K.

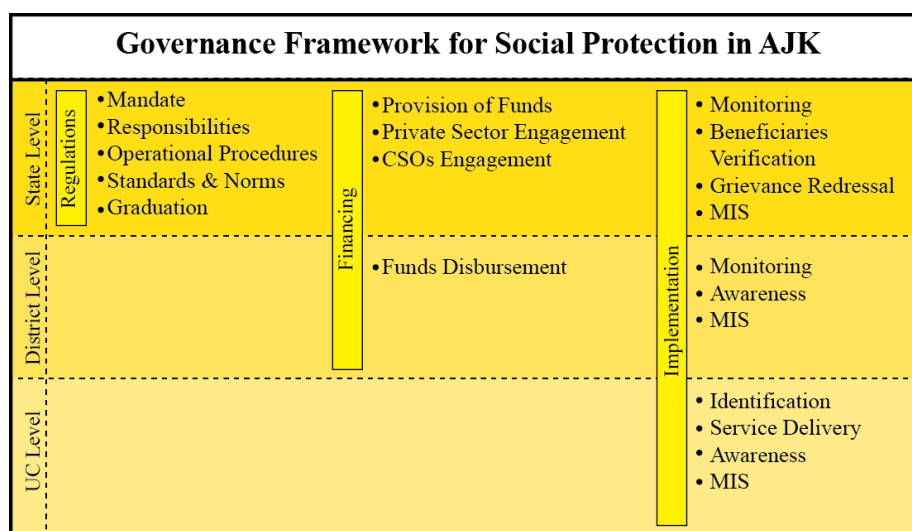


Figure 3. Governance Framework for Social Protection Systems in AJ&K.

3.7 Coordination



Social protection initiatives are generally developed and delivered by several institutions and stakeholders, focusing on certain population groups or delivering specific services (e.g., healthcare). The implementation of a Social Protection Floor will require coordination among all departments and organizations involved in the provision of social protection services and transfers. Social protection is interrelated with health, education, employment, and other fields. It is also linked to economic development policies through its positive impact on local economies, household productivity, and the labour market. Uncoordinated policy implementation may lead to wastage of resources and a limited impact on beneficiaries. This policy, therefore, seeks to harmonize and promote effective coordination and implementation of the various interventions that address different risks and vulnerabilities.

High-level coordination is required to implement social protection policies and strategies. The coordination mechanism should be composed of representatives from all line departments (e.g., Planning and Development, Labour, Social Welfare, Women Development, Zakat and Usher, Education, Agriculture, and Livestock), academia, local bodies, civil societies, and UN agencies. Coordination is very critical among various departments to avoid duplication and overlapping of initiatives, increase efficiency, and improve synergies. The coordination role at the State level is to formulate strategies and mobilize financial resources, have oversight into funds utilization, governance, and operational issues.

3.7.1 Coordination Mechanism

The coordination mechanism will comprise of both horizontal and vertical coordination. Vertical coordination is required between the policy and operational levels. Horizontal coordination is required both at the policy level as well as at the operational level to ensure various policies and programs are designed and implemented in a manner that meet the common objective of implementing the social protection floors in the State of AJ&K.

A State Coordination Council may be formulated, which will be required for coordinating policies, designing programs, implementation, and monitoring and evaluation. The State Coordination Council will have representatives from all ministries, Civil Societies, UN agencies, and Corporate Sector. District Coordination Committees may be formed that will be required for aligning all stakeholder activities at the operational level in a coherent way to reach clearly identified and shared objectives at the policy level.

3.8 Capacity Building

Due to the rapidly changing dynamics of social protection globally and the need to improve the coverage and scope of social protection initiatives, there is a need for well-trained social protection professionals in all relevant departments of the State of AJ&K. Training and capacity building of all departments engaged in social protection initiatives should be a regular on-going process. The training should cover areas of actuarial practices, legislation, approaches on extension of social protection to the informal sector, and policy analysis. It is



of the utmost importance that the Social Welfare Department should have staff trained in designing, implementing, and evaluating their social policy initiatives.

3.9 Social Protection at 0 to 4 years including Mothers

The health of a child from conception to early stages of development before birth depends upon the health of the mother. On the other hand, early childhood has life-long effects on a person's physical and cognitive development. A number of studies reported that the first 1000 days of life starting from conception are the most important because the damage caused by malnutrition during this period has lifelong effects on health, educational achievement, productivity, and well-being. Further, higher under-five mortality rates are associated with low-income households. A similar association is also noted with maternal mortality, which is reported higher in low-income households compared to high-income households.

According to a lifecycle perspective, at the stage of 0-4 years, the most critical vulnerabilities are those associated with access to healthcare facilities for (pregnant) mother and child; and nutritional deficiencies. On the other hand, child and family benefits are the main form of social protection directed at children and their mothers. They may be contributory, tax-financed (non-contributory), or a combination of both. Keeping the socio-economic status of AJ&K, following, social protection measures are recommended for children 0-4 years and mothers in AJ&K.

3.9.1 Non-Contributory Family Assistance for Pregnant Women

The nutritional and health status of a woman during pregnancy determines the health of the neonate(s) as well as of the woman. Therefore, maternity protection for pregnant women should be given some type of legal cover. It is recommended that conditional cash transfer may be provided on a universal basis to all pregnant women for addressing nutritional deficiencies. The cash transfers may be linked with four antenatal visits to a registered healthcare facility and delivery by skilled birth attendants.

3.9.2 Child Food Supplements/Grant

The guardian or mother of the child (birth to 4 years) should receive a child assistance grant, as a nutrition-focused complement, but offered on a universal basis and linked to the fulfilment of particular conditions like attending birth counselling, birth registration of child (CRVS), regular growth monitoring at health facilities, and achieving complete vaccination. These initiatives may improve the development of human capital by improving nutrition, and maternal and child health (for both girls and boys).

3.9.3 Providing Healthcare

Poverty is a significant factor that hinders an individual's access to healthcare services. This nexus between poverty and poor health is primarily financial because poor people are unable



to afford or buy necessary services and things required for quality health, including an ample quantity of quality food and healthcare (World Bank, 2014).

Therefore, children under four years belonging to poor households are generally exposed to healthcare problems due to a lack of access to health facilities. This disproportionately affects poor girls. They are also at a higher risk of communicable and other diseases like pneumonia and diarrhoea etc. To mitigate this risk, access to the healthcare facilities, along with free treatment, may be ensured by providing social assistance.

3.9.4 Children (up to 4 years) with Disabilities

The life cycle approach suggests that during the period of 0-4 years, special arrangements are needed to protect children with disabilities and their families. For AJ&K, it is recommended that the families of children with disabilities should get a child assistance grant, aiming at compensating for the time and financial loss that occurs in the rearing of these children. Besides, necessary institutional arrangements may be made to provide free, prioritized, and easily accessible healthcare facilities to children with disabilities.

3.10 Social Protection for the Children (Age 05-14 years)

The children aged 05-14 years are exposed to multiple social protection risks, mainly associated with child poverty, illiteracy, child labour, gender inequalities, nutritious deficiencies, and child abuse. It is worth mentioning that child poverty, which renders children more vulnerable, is due to the multidimensionality of child poverty, children's peculiar relational status, and dependency upon adults for survival, their voicelessness, and changes over the course of life (UNICEF, 2009). Provision of social protection for children ensures that by way of a reliable source of income for the household, children's education should not suffer and they may not be pulled out of school, expenditure may not be cut on food or children are not forced by their circumstances to be involved in labour (ILO, 2017b). Fulfilment of children's needs for social protection requires an integrated approach of various stakeholders, including Departments of Health, Education, Labour, and Social Welfare. Keeping aforesaid in view following policy interventions are recommended for AJ&K for children age 05-14 years:

3.10.1 Non-contributory Social Assistance for Children

Since childhood deprivations and entrapment in poverty have lifelong repercussions, social transfers targeting children are one of the most effective means of fighting against child poverty and food deficiency. Child dependency is a big issue, while household income is the primary deterrent against child poverty and allied pitfalls. Conditional Cash Transfers (CCTs) are recommended for girls and boys, equally. Therefore, on the basis of CCTs, like the Waseela-e-Taleem of BISP, a stipend for school going children on household Proxy Mean Test (PMT) basis needs to be introduced.



For adequate food intake, worldwide school feeding programs are the most common form of in-kind benefits as they are provided in 131 out of 157 countries for which data is available (World Bank, 2015). Therefore, a broader CCT for food in schools, as is being started by the Government of Punjab, may be initiated in AJ&K to withstand the nutritional deficiencies challenge, particularly amongst the girls.

3.10.2 Contributory Social Insurance for Children

Social security apparatus' reliance upon tax-based social transfers needs to be reduced and complemented by strengthening and operationalization of contributory social insurance schemes for the formal sector employees of the private sector, volunteer enrolment into health and education insurance schemes. These arrangements are already operational in Pakistan, primarily aimed at meeting the educational requirements of children of working people like educational stipends through the Workers Welfare Board, and Social Security Institutions. Similar arrangements are proposed for AJ&K to introduce contributory Social Insurance for children's health and education.

3.10.3 Protection against Child Labour and Illiteracy

The most critical risk for school-aged children is being left behind as illiterates and thus falling victim to child labour or unpaid domestic work and eventually becoming exposed to intergenerational poverty. On the other hand, the principal reasons described for children not attending school are the cost, difficulty of access (particularly for girls' secondary schooling in rural areas), and low expectations of the utility of education. However, for a step forward on children's social protection, universal, free education up-to matriculation should be made an inalienable right. For this purpose, necessary legislative measures may be taken, and fiscal space created.

For child labour prevention in AJ&K, legislation is available, but enforceability, economic dissuasiveness, and social acceptance are formidable challenges. Since child labour has a direct relationship with child poverty, compensation for the income loss to families, due to non-participation of a child in income-generating activities, and ensuring their school attendance relies a lot upon provisioning of income to the household, enabling them to send the child to school and not to a workplace. Hence, CCTs based on school or vocational institute attendance and other child-specific conditionalities are required. For this purpose, the Labour Welfare Department, Education Department, and the State Social Protection Authority may devise CCTs directed at working children to pull them out of child labour and enable them to get education focused on technical skills, so that these children enter the labour market as a skilled workforce.

3.10.4 Children (5-14 years) with Disabilities

Children with disabilities are exposed to risks associated with their disabilities, and as such special measures are required for making them capable of participating in life activities. In fact, social stigma, ignorance, neglect, superstition, and communication barriers for children



with disabilities are among the social factors that explain their discrimination and isolation from society. Acceptance of their special status at the societal and state level is of the essence to address the challenges confronted by children with disabilities. Government of AJ&K is, therefore, recommended the following policy measures for social protection of children with disabilities:

3.10.4.1 Social Assistance for Children with Disabilities

In addition to the mainstream schemes, unconditional cash transfers may be directed at households having children with disabilities in order to account for the extra costs associated with the treatment, care, and mobility of these children. It, therefore, gives the indication that any cash incentives for children with disabilities should be higher than standard cash transfers. Therefore, the Government of AJ&K may start social assistance for households having children with disabilities at least two to three times more than regular cash transfer programs for other households with children.

3.11 Social Protection for Working Age 15 to 60 years

The working-age population (i.e., population group between 15 to 60 years) is confronted by myriad risks associated with its life cycle. These risks generally are unemployment, illness, disability, debt, financial insolvency, and gender discrimination. Therefore, in the working age bracket, the focus of social protection is to maintain and enhance sustainable personal and social potential, chances, and opportunities (García & Gruat, 2003).

3.11.1 Informality: The Challenge of Working Age in the Present Era

The formidable challenge with the social protection system is that the traditional model of social protection in rich countries was based on the assumption that the majority of working people would be in full-time employment for most of their working lives, and as such, they would pay mandatory contributions and payroll (labor) taxes in exchange for their social insurance and coverage. However, with every passing day, the viability of this traditional, employment, and payroll-based insurance model is being challenged by the decline of standard employment contracts (Packard et al., 2019).

Therefore, it is a reality that the majority of the working-age population worldwide is employed in the informal sector, where social protection coverage is minimum. In the same manner, AJ&K is characterized by a working population, where an overwhelming majority is working in the informal sector. As such, there is a need for robust and viable policy interventions to make the working-age population well prepared to cope with many types of adverse shocks to their lives and livelihoods.

By ensuring income security in the event of unemployment, employment injury, disability, sickness, and maternity, as well as in the case of insufficient earnings or other needs, etc., social protection systems support women, men and their families in negotiating with the

financial consequences of life events, to find and sustain decent and productive employment and facilitate adequate access to health care and other services (ILO, 2017b). An inclusive social protection policy that will address the aforementioned risks for the working age population is required.

As elaborated above, AJ&K has a significant number of people engaged in the informal economy and hence, exposed to the risks associated with working-age. Conversely, the ones who are employed in the formal sector are mostly public servants as the formal corporate sector is also absent. Hence, social insurance/contributory social protection schemes, which are the cornerstone of social protection structure for the working-age population are available for very few. Keeping in view the resource constraints and the rapidly changing circumstances, the following social protection measures are recommended to make a comprehensive social protection system for the working-age population in AJ&K:

3.11.2 Protection against Unemployment

Only 39% of the labour force has legal coverage for unemployment protection benefits worldwide, primarily because of high levels of informal employment and the lack of unemployment protection schemes. A few middle and lower-income countries have made progress by strengthening the employment protection policies by introducing employment insurance schemes and other labour market measures (ILO, 2017b).

As far as AJ&K is concerned, it has a very high youth unemployment rate (18%) as compared to other regions and provinces of Pakistan (ILO, 2017a). Therefore, it will be expedient that the Government of AJ&K embarks upon the road of social protection by first having legislation on protection against unemployment.

For proper coverage of social protection against unemployment, the legal coverage should be extended to the informal sector, i.e., it should be extended to all the unemployed, whether in the formal or informal sector, inclusive of domestic and part-time workers. For this purpose, initially, every adult individual of working age should be enrolled in the MIS/registry of State Social Protection Authority, and subsequently, unemployment benefits may be ensured whether as Unemployment Assistance (UA) or Unemployment Insurance (UI).

3.11.3 Unemployment Assistance

Unemployment Assistance (UA) is the non-contributory social assistance for the unemployed. Keeping in view the international best practices and emerging trends for providing assistance to the unemployed, the Government of AJ&K may start an Unemployment Assistance Program where benefits may be extended to the unemployed who have “involuntarily” lost a job in the last three years and are actively looking for work. The eligibility criteria, however, may not preclude unemployed living in the households below the poverty line, receiving the cash transfer. The unemployment/subsistence allowance may be available for a period of 06 months, enabling the recipient to look for and secure some work in this period actively. Keeping in view the resources/budget availability, the minimum UA

maybe half the national minimum wage to encourage recipients to seek employment. Upon exhausting the 06 months period, the UA may be stopped, and the recipient will not be entitled for the next three years at least to receive UA. These conditionalities for receiving UA may be further synchronized and modified by the Government of AJ&K to best suit its fiscal space.

3.11.4 Unemployment Insurance

Meeting SDGs target 1.3.1 requires that unemployment benefits coverage is extended to include those sections of the workforce, which are usually beyond unemployment insurance. Unemployment Insurance (UI) means that employed people have a resource to some livelihood when they lose a job. Usually, this is the case for formal public sector employees who receive remuneration when they lose employment (without a disciplinary action) or proceed for extended medical leaves, etc.

However, the informality of employment renders workers to unemployment risks even when they lose jobs involuntarily. In AJ&K, like other parts of Pakistan, UI for the informal sector is an unfamiliar concept, but meeting SDG target 1.3.1 as well as addressing the challenge of informality, requires that UI may be introduced for all enterprises regardless of their size. In addition, special measures may be taken to bring into the fold the informal sector. It, however, may always be taken into consideration that the prime objective of UI is to enable persons to seek and secure jobs at the earliest. The moral hazard involved in UI may be addressed by limiting the period to receive the UI benefit. The contribution should be at the minimum for 24 months to receive the UI.

3.11.5 Maternity Social Protection

Being one of the essential pillars of social protection, maternity protection ensures that pregnant women and mothers of new-borns and their families have income security and also possess sufficient access to quality maternal and child healthcare facilities. Maternity benefits also help promote equality in employment and occupation. Worldwide, 45% of women in employment are covered by law under mandatory maternity cash benefit schemes, with sizeable regional variation (ILO, 2017b).

Maternity protection has two aspects viz. universal maternity protection, with respect to provisioning of essential healthcare services, and, secondly, maternity protection for working women.

3.11.5.1 Maternity Healthcare Protection

Healthcare-related maternity protection, during prenatal, natal, and postnatal periods, may be the government's responsibility. This should include delivery by a skilled birth attendant, provision of adequate and proper nutrition to every woman irrespective of socio-economic status. In this regard, maternity care has been further elaborated in para 3.7.1 of this policy document.

3.11.5.2 Maternity Protection for Working Women

Article 4(1) of the ILO Convention No.183 states that a woman to whom this Convention applies shall be entitled to a period of maternity leave of not less than 14 weeks (Addati, Cassirer, & Gilchrist, 2014). The aforesaid ILO convention further enshrines that employers should not be individually liable for the cost of maternity benefits payable to women employed by them, and that the benefits should be provided through compulsory social insurance or public funds/tax-financed social assistance.

In this regard, AJ&K has in place the legal cover for working women to get 90 days paid maternity leave during and after pregnancy. However, effective implementation in the private sector is a challenge. In the case of informal workers, including household workers, private school teachers, etc. maternity benefits/maternity leave are not in vogue. Therefore, for adequate coverage of maternity protection, legislation is required to ensure that maternity benefits to the working women in the informal sector are also available. To realize the aforesaid objectives, the following maternity protection policy measures need to be adopted:

3.11.6 Contributory Social Insurance for the Working Women

In AJ&K, maternity protection for working women has a legislative cover, but proper implementation is a challenge. Maternity protection for working women has three facets. Firstly, maternity protection for women employed in government service who are covered for maternity protection, including paid leave for 90 days. Secondly, maternity protection for women employed in the private formal sector. Such women should be guaranteed maternity protection through paid leave. The third, and the most vulnerable category, is women working in informal employment. For such women, the Government of AJ&K may introduce voluntary maternity protection on such a pattern that these women get registered with the Government and contribute towards maternity protection. The contribution may be matched by the state in a set proportion, thereby encouraging participation and thus ensuring maternity benefits to these women.

Though the mandatory maternity leave period may be small, taking 12 weeks leave at the minimum, social insurance, may provide space for extended leaves and additional maternity benefits to women employed in the private sector, including those in informal employment, till their full physical, mental and emotional preparedness to resume their work. To qualify for maternity social insurance, the minimum contribution may be set up for 12 months. Maternity insurance may cover 3-4 pregnancies.

3.11.7 Paternity Leave

Increasingly, the importance of paternity leave is being recognized for assisting mothers and new-borns. For AJ&K, it is recommended that mandatory paid paternity leave for fathers, of at least four weeks for each of the three pregnancies of their spouse, may be sanctioned. A kind of social insurance may also be formulated for paternity leave.



3.11.8 Social Protection against Injury at Workplace

Protection against injury is one of the cornerstones of social protection policies worldwide. The right to protection against injury has been laid down in the Universal Declaration of Human Rights, 1948 and the International Covenant on Economic, Social and Cultural Rights, 1966.

Internationally, higher standards have been set through a number of injury protection ILO conventions (C121, C102, C128, C130, C168, and C183). For instance, the ILO Employment Injury Benefits Convention, 1964 (Convention 121) requires that states take adequate measures for the prevention of employment injuries, provide rehabilitation services, and also ensure that displaced workers find suitable re-employment (ILO, 2017b). Besides, it is also recognized that ill health and injury, irrespective of cause or extent, have the potential to limit the income generation and employability of the affected persons and push them towards poverty especially for those engaged in informal employment or the self-employed.

Keeping this in view, the Government of AJ&K may move towards all-inclusive occupational safety and healthcare measures, effective enforcement of labour inspection and other related laws, and an acceptable level of health support in case of injury and rehabilitation of the injured and their dependents to ensure a decent life as has also been enshrined in the SDG 1.3.

3.11.9 State Employment Injury Insurance Scheme

Government employees usually have recourse to injury protection. State of AJ&K should provide mandatory State Employment Injury Insurance Scheme (SEII) for all workers in private sector as well (both formal or informal employment), especially the daily wagers and construction workers. The SEII may be mandatory for any establishment including formal and informal sectors of the economy. The contribution may be 1-2% of the wage, equally distributed between the employer and the employees. For daily wage labourers and self-employed, the contributions may be set on the basis of the nationally set minimum wage.

3.11.10 Portal for On-line Reporting of Work-related Injuries in Labour Department

The Labour Department should establish a Management Information System for workers where reporting of workplace injury, death, etc. should be swift with minimum procedural handicaps. This will strengthen the institutional framework for registration, assessment, and processing of health and injury claims as well as rehabilitation services and help provide short, medium- and long-term social protection against injury.

3.11.11 Benefits for Persons with Disability



The attainment of education and skills, the right to work, employability, and ultimately the provision of an independent and decent life becomes a perennial challenge in the absence of a robust social protection policy for the disabled members of society.

When considering social protection measures for persons with disabilities, a more realistic approach would be taking a rights-based approach. A rights-based approach enshrines that the focus should be on those persons who do not benefit equally from goods and services, and requires exploring the reasons for such exclusion, which may be linked to specific vulnerabilities such as disability or illiteracy. Since resource deficiency is a predicament always confronting governments, prioritization is required. Therefore, a rights-based approach suggests that it is the entitlements of these individuals and groups that should receive priority, which may require policy or budgetary decisions that favour these specific groups. Therefore, AJ&K may adopt a policy which provides universal coverage for persons with disabilities by employing both contributory and non-contributory methods.

3.11.12 Non-Contributory Social Assistance for Persons with Disabilities

Persons with disabilities, whether the disability is congenital or acquired, need to be given a special status and their needs fulfilled through public funds, if fiscal space permits. However, providing such facilities across the board, irrespective of the financial status, is challenging. Therefore, in working age, if a person is confronting disability by birth, then he/she may be entitled to disability benefits, which will be called an 'Invalid Pension'. This will provide subsistence to the poor persons with permanent disabilities. Disability qualified with poverty may be taken as a measuring rod to provide Disability Social Assistance.

Disability Allowance may be given to anybody for temporary disability due to which the person is not able to work for more than 15 hours in a week. Low-income persons with disabilities, whether they have worked in the past or not, maybe eligible for this assistance.

3.11.13 Contributory Social Insurance for Persons with Disabilities

People with disabilities, above the poverty level, should be enrolled in mandatory Disability Insurance. This Disability Insurance will be like contributory pensions and may be established as a part of the overall Social Protection apparatus, so that fiscal space and sustainability on a long-term basis may be achieved. Disability Insurance may be started for persons who have worked and have contributed to insurance. To receive benefits, a minimum of 12 months of contributions may be a precondition. However, proper actuarial studies will be required to organize the schemes.

3.12 Social Protection for 60 years and Above

The social protection needs of the elderly population in a society are mostly related to health expenditures and the need for a living allowance so that they live a life that is less dependent.



On the other hand, the changing socio-cultural environment due to urbanization and economic challenges poses a threat to the traditional household social protection system. Therefore, the design and construction of a robust and inclusive social protection system for the elderly in AJ&K is required. In this regard, it may be kept in consideration that due to increasing life expectancy, the proportion of the elderly in the overall demographic pie will increase, and as such increased expenditure on social protection will be required. Yet again, the formal sector is negligible, so mandatory contributory pension schemes are for very few. Formalization of the informal sector is the biggest challenge confronted by social protection systems worldwide. In AJ&K, efforts are indeed required to move towards bringing more and more people in some sort of formal employment so that persons are well equipped to withstand the challenges and vulnerabilities in their lives, including the life after working age.

However, global efforts are being taken to address the challenge of informality. Recent trends show a combination of contributory social insurance and non-contributory social assistance. Therefore, in addition to a pension system for formal employees, the following is recommended as a policy intervention for AJ&K.

3.12.1 Old Age Pension

Pension schemes are the primary defence through which social protection is arranged for older people. These schemes may be mandatory contributory, voluntary contributory, and non-contributory. In Pakistan, due to the absence of a public social pension system, the public sector and the formal private sector employees only are attached to a mandatory contributory pension system; hence, the vast majority do not have any pension protection in their old age. The non-contributory BISP cash transfers are given to households on the basis of a PMT score.

3.12.2 State Public Pension Scheme

Since mandatory pension schemes are limited to only formal sector employees, social exclusion is the biggest challenge. Therefore, in order to address the issue of informality, many countries resort to the introduction of voluntary contributory public pension schemes for persons not covered under the mandatory pension schemes through formal employment. For AJ&K, the most important element will be building trust amongst the general public to contribute to a public pension scheme. The State may match the contributions made by employees who opted for the state pension scheme. The Government of AJ&K may consider the following options to make the scheme workable:

- i. Persons aged 18 to 60 years, not engaged in formal employment, should be eligible in the state pension scheme.
- ii. Initially, persons with 15 years' contributions may be eligible to receive pension benefits, depending upon the rate of their contributions.



- iii. A contribution plan may be made in a way that older people, who are above the age bracket which renders them ineligible to complete the contribution period and receive the pension, should be given the option to pay their contributions of lost years in easy instalments and then be eligible for State pension.
- iv. Proper survivors' benefits system should be available in the scheme. The survivor's benefits, like pension payment to the spouse, unmarried child, etc. may be administered in line with survivors' benefits system for public service employees.

3.12.3 Non-contributory Social Pensions

Tax financed non-contributory pension programs have a significant impact on poverty reduction. In the absence of non-contributory pension programs, the incidence of poverty becomes relatively high for households with older people.

In AJ&K, the largest non-contributory cash transfer is BISP, as it is elsewhere in Pakistan. Through integration with the general social safety net, poverty-targeted social assistance for all households, including households with elderly is possible. However, it is characterized by the feature that it does not empower the elderly or guarantee them some financial independence. Besides, it may also create adverse incentive effects on the labour market if it targets households where both the able-bodied and the elderly are living together. Therefore, a social pension for older men and women should be to supplement BISP or any other social transfer. A pension and means-tested system may be used to register the elderly below a financial threshold.

3.12.4 Older Persons with Disabilities

Old age and disability, when combined together, become a formidable challenge to negotiate. It is to be understood that most of the world's population develops a disability as part of the natural aging process. The disability may be addressed by social insurance as well as social assistance, as has been elaborated above. Usually, all formal employments cater to disability benefits, which may be in the form of pensions in case of old people. However, disability benefits are non-existent for informal workers, posing a severe challenge in old age. Therefore, taking into consideration the severity of the disability challenge for senior citizens, disability social assistance should be made available for all old persons in addition to any social pension they receive.

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Annexes



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Annex I. Definitions and Terminologies

- **Conditional Transfers**

Transfers in cash or in-kind that are provided to beneficiaries on condition of meeting specific requirements.

- **Poverty line**

The Planning Commission estimated the poverty line of Rs. 3030 per adult per month in 2013-2014 (using data of HIES), through Cost-Of-Basic Needs. This is updated using CPI-based inflation. The updated poverty line for 2015-16 is Rs.3250.28 per adult equivalent per month.

- **Risk**

An event that may cause loss or damage if it occurs. It is a set of circumstances, which, if and when they occur, will cause damage to vulnerable people. It is also used in the context of livelihood decision making, where higher risk activities usually result in potentially higher yields. However, for vulnerable people, the impact of failure may be so significant that people adopt “risk-averse” strategies that focus on avoiding disaster, rather than seeking growth.

- **Shock**

The occurrence of a risk event causes a shock for vulnerable people.

- **Social Assistance**

Non-contributory programs funded by the Government of Azad Jammu & Kashmir (with development partner support). These include predictable cash transfers as well as in-kind transfers to the poorest and most vulnerable households, fee waivers, and school feeding.

- **Social Insurance**

Contributory programs that enable contributors to manage risk. These include contributory pension schemes and relevant micro-insurance products for workers in the formal and informal sectors.

- **Social Protection**

A package of policies and programs, implemented as part of public action that provides income or consumption transfers to the poorest, protects the most vulnerable against livelihood risks and improves access to economic opportunities, to reduce food insecurity and deprivation, while increasing resilience of vulnerable households and groups to shocks.

- **Social Protection Floor**

A comprehensive national social protection system that provides a minimum level of support to protect against shocks throughout the lifecycle, including in childhood, unemployment, disability, and old age. It is comprised of: Universal access to essential services (such as health, education, housing, water and sanitation, and other services, as nationally defined); Social transfers in cash or in-kind, to ensure income security, food security, adequate nutrition and access to these essential services.

- **Vulnerability**

Vulnerability implies susceptibility to the impact of risk events, as a result of particular weakness or lack of defences, and resulting in a worsened situation for the sufferer(s). The



long-term poor are vulnerable, as are particular groups in society. This is based on both economic and social factors.



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