

Roadmap for Setting up Social Security Systems in Azad Jammu and Kashmir

Azad Jammu and Kashmir has a population hovering around 4.1 million (2018) representing an equal men and women ratio with only 1/6th dwelling in Urban areas¹. The Labour force participation rate in AJK is 30.7% with only 8.2% of female LFPR. Among industrial sectors, the employment share of community/social & personal services is the highest at 26.5% followed by construction (17.8%), Agriculture & allied activities (19.8%), wholesale & retail trade (17.9%), manufacturing (8.9%) and transport/storage & communication (7.4%). Almost around 82% of those employed work in occupational categories that are categorised as non-managerial workers. This group of workers is semi or unskilled. By employment status, employees constitute the largest group (52.4%) followed by own account workers (40.7%), contributing family workers (6.4%) and employers (0.5%). Women make up three times more (17%) of contributing family workers as opposed to men at 5%. Overall unemployment rate is 10.7% (2018).

The budget allocated for social protection in AJK in 2022-2023 is 1766 million Rupees. This is a slight increase (3.8%) from the budget in 2020-21 which was 1701 million Rupees.

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. The social protection landscape in AJK is characterised by two streams; (1) social assistance that is aimed at pro-poor and destitute, the four active social assistance non-contributory schemes are Zakat, Baitul Maal, BISP and (2) social welfare and social security benefits available to those employed in public sector. In the absence of social insurance-based social security system, the private sector, small retailers, community or personal services, traders, manufacturers etc are all left out of the cover of any social security scheme. The available social assistance schemes are neither all inclusive or universal nor are they adequately covering all possible contingencies and risks that people face over their life cycles. Contributory-based social security schemes are non-existent in the formal sector and there are no systems equivalent Employees Social Security Institutions that are available in Pakistan.

In pursuance of its Constitutional obligation, in 2022, the Govt of AJK finalised and launched a Social Protection Policy that aims to provide social protection to all on the principles of universality by 2023 while leaving no one behind. The policy incorporates the principles of international labour standards on social protection, namely the ILO Convention No. 102 on minimum standards of social security and ILO Recommendation No.202 on social protection floors.

¹ AJ&K Bureau of Statistics P&DD

It is a policy that provides direction for the Government of AJK to design social protection schemes that through mix of contributory and non-contributory financing models will cover all the contingencies that people come across during their life cycles.

In the current context, there are many challenges such as complete absence of social security (contributory) schemes and institutions of work to support such schemes for private sector workers. This has resulted into the lack of social insurance culture and behaviour of individuals which is not prepared and is unaccepting towards contributory insurance programmes.

To achieve the above, the Government of AJK needs a robust social protection system that is well coordinated and synchronised. Without anchoring social protection initiatives under one umbrella that provides oversight and guidance, there will always be fragmentation and exclusions with regards to coverage. Hence, it is important to consider an institutional mechanism where one body/government entity governs social protection initiatives (social assistance, social insurance or labour market programme). Because the Government of AJK is just starting out, it is an opportunity to design social protection in a way that it is aimed at preventing or alleviating poverty, vulnerability and social exclusion. While these guarantees should ensure at a minimum that, over the life cycle, all those in need have access to essential health care and basic income security.

According to the ILO Recommendation No.202, social protection floors should comprise at least the following four social security guarantees:

1. Access to essential health care, including maternity care.
2. Basic income security for children, providing access to nutrition, education, care and any other necessary goods and services.
3. Basic income security for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability.
4. Basic income security for older persons.

Such guarantees should be provided to all residents and all children, as a statutory obligation and fiscal space should be created in ensuring that these are sustainable over life cycle. In doing so, concrete steps will be taken that will define how social protection needs to be designed and managed. In principle, it is the state that has the overall responsibility to guarantee the proper administration of the social security system including by securing financial sustainability through periodical actuarial valuations and has the obligation to ensure that benefits are duly provided. The cost of benefits and the costs associated with administering the delivery of all benefits should

Annex -1
Status of Social Protection and Social Safety Net in AJK

Tier 3	
Initiative	Status
BISP Unconditional Cash Grants	Operational
BISP External Shocks schemes	Non-existing
PBM PSH	Operational in two districts only
PBM Individual Financial Assistance	Operational
PBM Child Support Program - Conditional Cash Transfer (CCT)	Operational
PBM Direct Relief Services in Emergencies/Natural Calamities	Non-existing
PBM Special Friends Program (Disables)	Small scale
Zakat Cash Grants	Operational
AJK ERRA Cash Grant Programme (AJK)	Only in Earthquake Rehabilitation
Tier 3&2 (Labour Safety Nets)	
EOBI Old Age pension	Non-existing
EOBI survivors pension	Non-existing
EOBI Invalidity pensions (cross btw 3 & 2)	Non-existing
EOBI Old Age grants	Non-existing
WWF Health Sector	Non-existing
WWF Death grant	Non-existing
Tier 2	
BISP Waseela-e-Sehet (Health/ Accident & Life Insurance)	Stopped in 2014
BISP Waseela-e-Taleem (Co-responsibility Cash Transfer for Education)	Operational
PBM National Center for Rehabilitation of Child Labour (NCsRCL)	Two centers operational
PBM Great Home	Non-existing
WWF Housing estates or construction of houses	Non-existing
WWF Education Sector	Non-existing
Zakat education and deeni madaris	Operational
Zakat Health care	Operational

Zakat marriage assistance grant	Operational
Zakat Social welfare and rehabilitation grants	Small Scale
AJK Child Protection Unit (orphan boys)	Non-existing
AJK Kashana Centre (for orphan girls)	Operational in 9 districts
AJK National Special Education Center	Operational (one in regular budget and one in ADP)
AJK Legal Assistance programs	Operational
AJK Dar-ul-Falah (Mother and Child Homes)	Operational in 5 districts
AJK Rural household education centres	Operational in 5 districts
AJK – Shaheed Benazir Bhutto Women Development Centers	Operational in 2 districts
AJK protection cells/women specific complaint centers/violence and abuse complaint centers	Non-operational
AJK -ERRA Psycho-Social support counseling and trauma counseling unit	Non-operational
AJK Shelter Home (Destitute women)	Operational in 2 districts
BISP Waseela-e-Haq (Microfinance)	Non- Operational
BISP Waseela-e-Rozgar (Vocational & Technical Training)	Non- Operational
PBM Women Empowerment and Development Centers (WEDC)	Operational in 7 districts
WWF Technical and Vocational Training Centres	Non-existing
Zakat technical and professional education grants	Operational
AJK Vocational training centers (needy women)	Operational
AJK ERRA house construction schemes	Operational during EQ rehabilitation

Additional Initiative on Social Protection in AJK

PBM Health Support	Operational
PBM Education Support (Graduation and above)	Operational
SWD Persons with Disability Support (Provision of Assistive devices e.g. limbs, wheelchairs etc)	Operational (ADP)
SWD Education Support (Scholarship to Orphans /needy)	Operational (ADP)
SWD Marriage Assistance program (Orphans/needy)	Operational (ADP)