

Bangladesh

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International Labour Office

Executive Summary

ILO Technical Recommendations on the Feasibility Assessment of an Employment Injury Insurance Scheme in Bangladesh

Starting in the ready-made garment sector

Global Employment Injury Programme

Enterprises
Department

ILO Country
Office for
Bangladesh

EXECUTIVE SUMMARY

This Technical Report consolidates technical outputs on an Employment Injury Insurance (EII) scheme in Bangladesh that have been produced by the ILO since 2015 to the Government and the social partners. This report recommends a progressive approach to the implementation of a full-fledged scheme by demonstrating feasibility of a pilot-project scheme for the ready-made garment (RMG) sector.

It builds on the following political commitments towards establishing an EII scheme to date, i.e.:

- **Commitment item no. 13 of the July 2013 National Tripartite Plan of Action (NTPA)** in which the Government of Bangladesh and the social partners committed to develop a **tripartite+ protocol for compensation** of the families of workers who die and workers who are injured as a result of occupational accidents and diseases. It is mentioned that the development of this protocol will include a review of the appropriateness of the level of current legal entitlements to compensation, bearing in mind the provisions of ILO Convention No. 121.
- **Letter of Intent signed** in 2015 between the Government of Bangladesh represented by the Ministry of Labour, the Government of Germany and the ILO for introducing an EII System for Bangladesh, in recognition of the need to fulfil the abovementioned item no. 13 of the NTPA.
- **Honourable Prime Minister's commitment to establish a national EII scheme** expressed to the ILO Deputy Director General in April 2015, to the ILO Director General during his mission in Dhaka in December 2016 and at the occasion of the celebrations held on 1 May 2017. In different public occasions, the Prime Minister reiterated her commitment.

This report consolidates the outcomes of extensive public consultations held between 2015 and 2017 on a draft legal framework and a financial assessment prepared by the ILO on the basis of Convention No. 121. It takes also into consideration the discussions held within the High-Level National EII Tripartite Committee, including the official submissions made by the social partners following its second meeting in July 2018. The report lays foundation for furthering national dialogues to establish a national EII scheme to cover all workers in Bangladesh, by starting with the ready-made garment sector in the first phase of implementation.

It is worth mentioning that the commitment to establish an EII scheme is linked to a number of areas covered by the Sustainability Compact for the Bangladesh RMG Sector such as:

- Structural integrity of buildings and occupational safety and health under the Social Compact's pillar 2, where Bangladesh commits to implement the above-mentioned item 13 of the NTPA.
- Achievement of safety and health practices in the workplace under the Social Compact's pillar 2, which an EII scheme support to and provide incentives for.
- Responsible business conduct under the Social Compact's Pillar 3, mentioning that brands/retailers should deepen discussion on responsible business conduct with a view of addressing issues along the supply chain. Business costs of contributions to an EII scheme could be shared by retailers/brands and the suppliers.

This report includes ILO recommendations on the feasibility assessment of an EII scheme in Bangladesh to the Government of Bangladesh and the social partners towards the establishment of an adequate, affordable and sustainable EII scheme for workers who suffer from work-related injuries and occupational diseases.

EII SCHEME VISION

The technical outputs provided by the ILO on establishing an EII scheme in Bangladesh aimed at assisting the Government and social partners to achieving the following:

- Coverage of all workers in Bangladesh
- Adequate, timely, predictable and right-based medical and financial protection to be provided to all work-related injuries and diseases

- Affordable contributions by employers
- Financial sustainability of the fund
- Efficient administration with standardization and professionalism

EII SCHEME GUIDING PRINCIPLES

Following the extensive consultations held with the Government and social partners in Bangladesh, the parties agreed that the following Guiding Principles be the basis on which an EII scheme in Bangladesh should be grounded:

- **No fault.** Employers collectively finance the EII scheme against the risk of work injuries and occupational diseases. In return, they are free from individual compensation responsibilities and court cases related to work-related injuries or diseases. Workers abandon the right to sue their employer when such contingencies occur. Negligence cases are not covered.
- **Rights-based benefits.** Workers suffering from work-related injuries and diseases are entitled to the scheme's benefits stipulated in laws and regulations in line with international standards and good practices.
- **Respect of the current national system.** To the extent possible, the scheme is integrated within existing system and legal framework prevailing in Bangladesh.
- **A single fund.** Benefits are paid out of a single fund.
- **Phased and incremental implementation.** A progressive and incremental approach is proposed in the Technical Report.

PHASE-IN OPTION (GRADUAL IMPLEMENTATION)

The scheme starts with a **pilot project** which provides some of the benefits to some workers, such as RMG-sector workers, and will gradually expand benefits as well as coverage of workers and enterprises.

- The **phase-in option proposed builds on what already exists** and recognises that amendments to the current legal framework might take time and leave to the Government and social partners the necessary leeway to hold a national dialogue on all relevant issues for the implementation of a national EII scheme.
- Administration of the phase-in scheme must be simple, efficient and cost effective and conducive for a more permanent public EII scheme to achieve universal coverage.

Key points of the gradual implementation:

- The design options of the benefit package include major parameters of cash benefits and health and allied care and rehabilitation packages.
- The current system in Bangladesh provides short-term benefits and lump sum payments for death benefits as well as permanent disability benefits. The proposed scheme takes into account the current compensations of lump sum to gradually be phased into a system where death as well as permanent disability compensations will be provided in the form of periodical compensations for lifetime. It is also expected that medical support and rehabilitation services will be provided as needed even for life time in case of necessity. **The design accepts as a transitional measure before introducing a full-fledged EII scheme, a coexistence of employers' liability, group insurance and an EII scheme** in the table below.
- The proposed gradual implementation of the scheme allows also for a **gradual increase in the contribution rate**. It could be expected that currently existing employers' financing to direct employers' compensations as well as contributions to group insurance will be reduced as a result of the covered of the new EII scheme.
- During gradual implementation, essential information on utilization and costs, including number and severity of accidents, medical treatment and duration of incapacity will be gathered. **Cost estimate will be adjusted accordingly based on real experiences in Bangladesh.**
- The tables below use the main elements mentioned above and proposes a timeframe to progressively achieving full compliance with relevant ILO standards and good practices.



