

DRAFT VOLUNTARY PLEDGE

On

The Pilot on Employment Injury Scheme in the RMG sector of Bangladesh

Of

[NAME OF THE COMPANY]

This document specifies the terms under which [NAME OF THE COMPANY] supports the Pilot to a sustainable national employment injury insurance scheme (EIS) in Bangladesh. [NAME OF THE COMPANY] makes this pledge voluntarily and should not be understood as engaging any form of liability or legal obligation.

The Pilot adopts a pragmatic approach by proposing a temporary and voluntary solution aiming at kick-starting the transformation required towards a full-fledged wage-based contributory Employment Injury Scheme (EIS) in Bangladesh. Therefore, it promotes a transformative process and should be the first stepping-stone towards a full-fledged EIS in Bangladesh. Details on the implementation of the Pilot are laid down in the Framework for a sustainable EIS in Bangladesh ([Annex 1](#)).

The fully-fledged EIS for the RMG sector is the expected outcome of the Pilot and should be introduced at the end of the process. It will materialize by a change in the legislation confirming that employers in Bangladesh will finance an EIS through a wage-based contribution.

The Pilot requires a firm national commitment towards taking over the total amount of recurrent benefit expenditures and administration costs after a maximum of 5 years through contributions based on wages at the enterprise level.

Under the Pilot, long-term benefits for permanent disability and death are payable by the Central Fund (or the Group Insurance) under the same conditions as per the current legal framework. The Pilot steps in to bring the benefits in line with international standards. The gap covered by the Pilot is estimated at 0.13 percent of the RMG sector total wage bill. Based on the estimated total RMG wage bill, this represents USD 7,372,000 per year. Based on the pre-Covid total value of RMG exports (i.e. 39 billion USD), this represents 0,019% of total value of RMG export.

[NAME OF THE COMPANY] agrees to support the Pilot by contributing to its financing, at a level at least equal to 0,019% of the value of its RMG orders in Bangladesh. This contribution will remain strictly confidential and is conditional to the putting into place by the ILO of the necessary safeguards to ensure its non-disclosure.

[NAME OF THE COMPANY] commits to transfer its contribution to the ILO once the ILO considers that the implementation modalities of the Pilot are agreed upon at national level. Furthermore, [NAME OF THE COMPANY] understands that its financial contribution will be kept by the ILO until such time the Bangladesh Government equips the Central Fund with a distinct account for the sole purpose of receiving the voluntary contributions supporting the Pilot. The separate account needs to be managed by a tri-partite committee comprised of representatives from Government, Workers and Employers with guidance and support from the ILO and respects the International Social Security Association (ISSA) Guidelines on Good Governance listed in [Annex 2](#). The management of the funds should ensure, amongst other things, accountability, transparency, predictability and participation.

On an annual basis and for a maximum period of five years, [NAME OF THE COMPANY] will renew its contribution subject to the consideration of the realization of the indicators mentioned below.

The costs of Employment Injury Scheme services and benefits related to temporary incapacity and rehabilitation continue to be regulated by the current system (employers' liability) and disbursed at the factory level. To increase the scheme's efficiency for benefits related to temporary incapacity and rehabilitation, [NAME OF THE COMPANY] agrees to provide support for selecting national suppliers participating to this part of the Pilot. In doing so, it will bring particular attention to the suppliers' willingness and capacity to participate in the registration of their workers and the gathering of employment injury-relevant data.

[NAME OF THE COMPANY] understands that the ILO and GIZ have gathered more than 12 M USD to ensure the costs of international development cooperation support and that the ILO will do its utmost efforts to guarantee the quality of the process gauged against international standards and best practices. For example, the ILO, together with GIZ, will provide technical assistance to the MoLE, the EIS Tripartite Committee and its main operational components (Central Fund, BGMEA/BKMEA) in implementing the Pilot (namely recruitment processes, training, capacity building, data management structures, awareness, and advocacy) as well as monitor the claims and disbursement processes. The ILO and GIZ will gather data on short-term benefits, including medical care, rehabilitation services, and financial compensation for temporary inability to work resulting from injury at work and will foster a continuous tripartite dialogue to reach a consensus on the way forward (sustainability).

Finally, [NAME OF THE COMPANY] understands that its contribution will be reimbursed if the Pilot does not start as agreed upon during the stipulated timeframe. In the case that the Pilot does start but a permanent employment injury insurance scheme is not in place at the end of the five-year period, [NAME OF THE COMPANY] understands that its contribution will serve to pay benefits according to the Pilot as well as administration expenses, up to the available funds, and that any surplus will be shared equitably amongst the participating companies. To monitor progress and results, the implementation of the Pilot is based on progress indicators. A detailed timeline with milestone is attached as [Annex 3](#).

<b>Time</b>	<b>Indicators</b>
Dec 2021	1. The development partners (ILO and GIZ) have signed agreements on project funding with NL (ILO) and BMZ (GIZ)
March 2022	2. The Tripartite EII Committee has finalised and agreed on the final design of the Pilot
June 2022	3. EIS Pilot has been launched officially
Dec 2022	4. Essential staff hired and staff planning ready (EIS Special Unit in place) 5. The GoB has notified a tripartite EIS Pilot Governance Board
June 2023	6. The total number of international brands supporting the Pilot financially has increased to 15 7. At least 100 factories have signed an MoU to register their workers and report all employment incidents and accidents (covering a representative sample of at least 150.000 workers) 8. The GoB has established a separate bank account or similar structure for receiving deposits for the Pilot with an agreed governance structure 9. Institution is processing claims (death and disability) 10. The Management Information System for the Pilot is used for claims management

Dec 2023	<ul style="list-style-type: none"> <li>11. At least 200 medical/paramedical staff from selected factories have been trained</li> <li>12. 90% of accidents occurring within the factories that have been registered are reported using the prescribed channels</li> <li>13. 100% of relevant data on workers in registered factories are processed</li> </ul>
June 2024	<ul style="list-style-type: none"> <li>14. The total number of international brands supporting the Pilot financially has increased to 30</li> <li>15. 90+% of claims processed via the institution</li> <li>16. Discussions on legal framework are being held</li> </ul>
Dec 2024	<ul style="list-style-type: none"> <li>17. Costing of employers' liability component (i.e. medical care and temporary incapacity income replacement) done</li> <li>18. Data collection has provided useful information for EIS model adjustment</li> <li>19. A project mid-term review has been published taking into consideration project adjustments, if required</li> <li>20. An exit strategy (if required) has been agreed upon</li> </ul>
June 2025	<ul style="list-style-type: none"> <li>21. An actuarial analysis has been provided to adjust the necessary costs for an EIS</li> <li>22. The GoB has presented an extension strategy on a national EIS roll out</li> </ul>
Dec 2025	<ul style="list-style-type: none"> <li>23. A legal framework in line with International Labour Standards has been presented to legislature</li> </ul>
June 2026	<ul style="list-style-type: none"> <li>24. A law is adopted</li> <li>25. Factories are paying directly to the EIS institution</li> </ul>

On behalf of

[NAME OF THE COMPANY]

Date

Annex 1 – Framework of an EII in Bangladesh  
Annex 2 – Guidelines on Good Financial Governance  
Annex 3 – Detailed timeline