

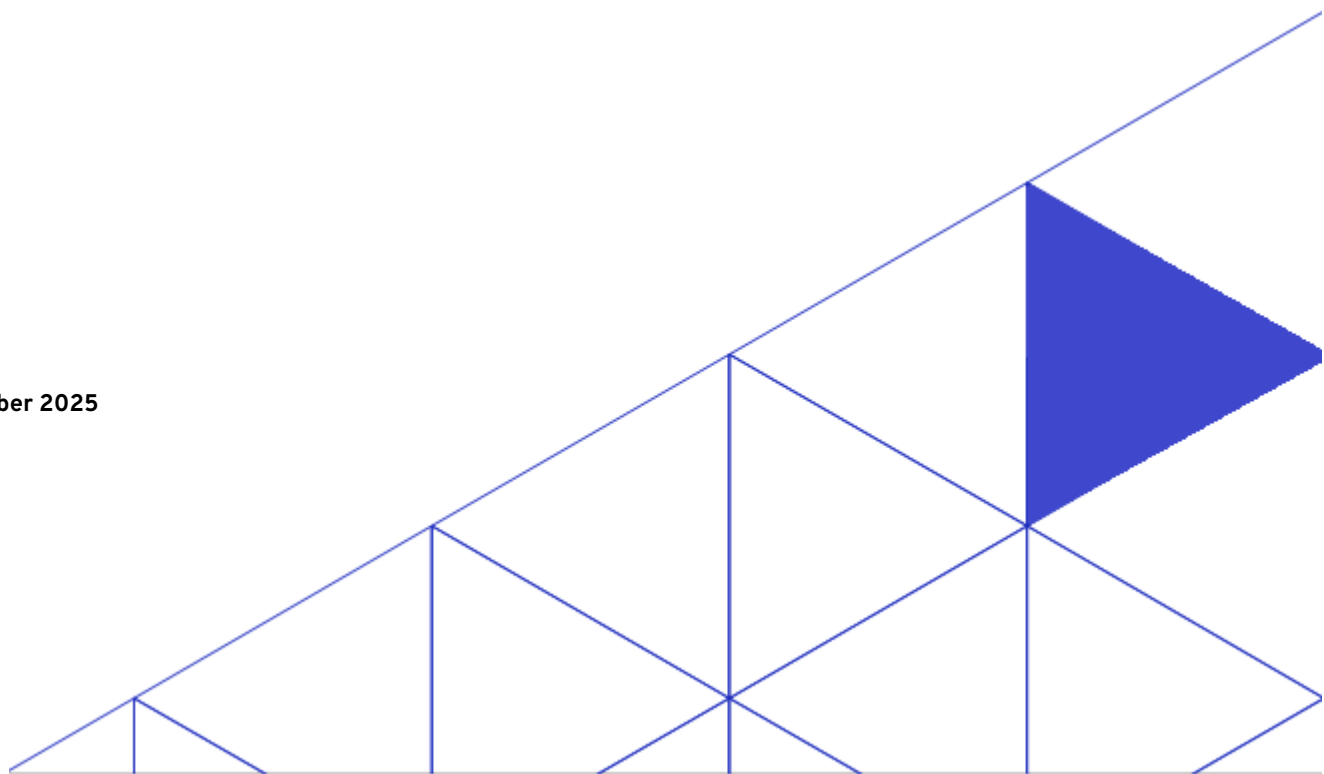


BANGLADESH

► Report to the Governance Board

**Actuarial Valuation of the Employment
Injury Scheme Pilot for the Export-Oriented
Ready-Made Garment Sector as of
30 June 2025**

September 2025



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► Abbreviations and acronyms

BBS	Bangladesh Bureau of Statistics
BDT	Taka (Bangladesh)
BEPZA	Bangladesh Export Processing Zones Authority
BGTB	Bangladesh Government Treasury Bonds
BLA	Bangladesh Labour Act
BoB	Bank of Bangladesh
CF	Central Fund
DGUV	<i>Deutsche Gesetzliche Unfallversicherung</i>
DLP	Disability Level Percentage
EIS	Employment Injury Scheme
EIS-PSU	Pilot Special Unit (of the EIS)
EPZ	Export Processing Zone
FCIA	Fellow of the Canadian Institute of Actuaries
FSA	Fellow of the Society of Actuaries
GB	Governance Board
GIZ	<i>Deutsche Gesellschaft für International Zusammenarbeit GmbH</i>
IBNR	Incurred But Not Reported
ILO	International Labour Organization
IMF	International Monetary Fund
LAA	<i>Loi sur l'assurance-accidents</i> (Switzerland)
MfAD	Margin for Adverse Deviation
RMG	Ready-Made Garment
SOC/ASU	Actuarial Service Unit (of the Social Protection Department)
SOCPRO	Social Protection Department
UN	United Nations
USD	Dollars (United States)
WEO	World Economic Outlook (IMF)
WPP	World Population Prospects (the 2024 Revision)

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The ILO entrusted the Universal Social Protection Department (SOCPRO) with the completion of this mandate. The ILO mandated Mr Raphaël Imbeault, FSA, FCIA to undertake the assignment. Dr. Anne Marie La Rosa, senior EIS Pilot project technical expert assumed responsibility for the technical review supervision, and the edition of this ILO technical report. Mr André Picard, FSA, FCIA, head of the Actuarial Service Unit (SOC/ASU) of SOCPRO, provided technical backstopping for this actuarial valuation.

The ILO project team worked in close collaboration with the EIS Pilot Special Unit composed of Md. Shafiqul Islam (Special advisor), Ms Sujana Tabassum (Coordinator), Md. Ali (Administration and finance officer), Mr Salah Uddin Kader (Verification, documentation and correspondence officer) and Mr Faruque Hasan (MIS Officer). The project team was also supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH team in Bangladesh composed of Dr. Silvia Popp (Commission Manager) and Mr Syed Moazzem Hussain (Senior social protection advisor).

► Executive summary

Review of the experience of the EIS Pilot

Context of the EIS Pilot

The Employment Injury Scheme (EIS) Pilot is the culmination of various stakeholders' efforts to implement an adequate assurance-based employment injury protection scheme in Bangladesh. The Pilot has two components:

- Data gathering and capacity-building component on occupational accidents, diseases and rehabilitation based on a sample reference of representative factories; and
- Compensation component for long-term benefits: payment of compensations to the level of the ILO Convention No. 121 in case of permanent disability/death for the entire export-oriented RMG sector.

To manage the compensation component of the EIS Pilot, a tripartite Governance Board (GB) was established. It adopted rules for benefit entitlement and adopted governance measures, which include the mandatory drafting of financial statements and actuarial valuations of the EIS Pilot for its duration. The EIS Pilot started in June 2022 and will end in June 2027.

Compensation paid under the EIS Pilot

The EIS Pilot provides a monthly top-up compensation for the duration of the contingency in case of permanent disability or for survivors of a deceased worker. The top-up compensation is determined by carving-out the compensation paid by the Central Fund (CF) and/or group insurance policy, whichever is applicable at the factory of the worker.

At the inception, only accidents at the workplace were compensated under the Pilot. On 13 May 2024, the GB approved the prospective compensation of commuting accidents occurring from 1 July 2024 under the Pilot.

There is no mandatory requirement for automatic indexing benefits in payment. However, article 2.2.2 of the compensation provisions adopted by the GB states that *"Top-up benefits will be reviewed following substantial changes in the general level of earnings where these result from substantial changes in the cost of living. The EIS Pilot Governance Board will conduct this review, and upon recommendation of an actuary, will approve the percentage of indexation of top-up benefits."* On 1 December 2023, the minimum wage for RMG workers in Bangladesh increased significantly going from BDT 8,000 to BDT 12,500 per month. After a review and upon recommendation of an actuary, the GB has approved an indexation of 25% of top-up benefits for accidents that occurred prior to 1 December 2023.

Financial structure of the EIS Pilot

The EIS Pilot is voluntary financed by international brands sourcing their ready-made garment (RMG) from Bangladesh. The contribution from brands participating in the Pilot is proposed to be 0.019 percent of their value of RMG orders.

The voluntary contributions are made in United States dollars (USD) by the brands to a specific ILO passthrough bank account. The sole purpose of that bank account is to provide for compensation to victims of workplace accidents under the EIS Pilot and to cover the administrative expenditures of the Pilot, excluding the international development cooperation support (i.e. ILO and GIZ's fees). At national level, a specific EIS Pilot account within the CF is administered by the Pilot Special Unit (PSU). This account is fed with USD funds coming from the ILO pass-through account on the basis of budgeted compensation and administrative

expenses endorsed by the EIS Pilot GB. Moreover, with the recent extension of the effective coverage to the EPZ, an additional local bank account was created to manage the transactions related to these specific workers. The source of fund for this new account is still the ILO pass-through account.

Due to the voluntary nature of the Pilot and the market in which the brands operate, the confidentiality required by the brands for their voluntary participation, and to add a safeguard on the brands' fund, the value of the contribution made by each international buyer is not publicly available. However, for the current actuarial valuation, the value of the ILO pass-through account is made available.

Due to the Pilot's short duration, it is important to note that its funds are not invested during its operation.

Extension of effective coverage under the EIS Pilot

Based on the success of the implementation of the EIS Pilot and the advocacy toward a comprehensive and internationally compliant work injury compensation system, a Letter of Intent was signed between the Bangladesh Export Processing Zones Authority (BEPZA) and the ILO. The impact of this is assessed in this current actuarial valuation.

Financial statement of the EIS Pilot specific account for factories not located in the EPZ

Table ES.1 shows the statement of financial position of the EIS specific account for factories not located in the EPZ as of 30 June 2025.

► **Table ES.1. Statement of financial position, EIS Pilot specific account for factories not located in the EPZ, 2023/24 and 2024/25 (in BDT)**

	2024/25	2023/24
Assets		
Cash at bank	15 295 837	6 774 973
Property, plant and equipment-net	189 216	103 010
Total - Assets	15 485 053	6 877 984
Reserved Fund and liabilities		
Reserve fund for benefits	14 143 426	6 791 734
Payable for expenses	1 341 627	86 250
Total - Fund and liabilities	15 485 053	6 877 984

Source: Draft financial statements of the EIS Pilot specific account for factories not located in the EPZ as of 30 June 2025

Financial statement of the EIS Pilot specific account for factories located in the EPZ

This bank account was just recently set in Bangladesh, and no financial audit is expected for the current financial year. The approach retained for the current actuarial valuation is to maintain this USD transfer in the ILO pass-through account. It is expected that detailed financial information will be made available for the next actuarial valuation.

ILO pass-through account

For the current actuarial valuation, the actuarial team was given permission to publish figures related to the account, whilst maintaining the confidential nature of the voluntary contributions provided to the EIS Pilot by international buyers.

Bank statements since the inception of the EIS Pilot were provided to the actuarial team. It should be noted that no financial statement is made for the account; the actuarial team conducted an exercise of estimating the fund position for the current actuarial valuation. ***The work presented in this section of the report is based on the best knowledge of the actuarial team on accounting standards but in no case can be construed as an audited financial statement of the ILO pass-through account nor be construed as fully compliant with all applicable international accounting standards.***

Table ES.2 presents an estimated accrued value of the ILO pass-through account on 30 June 2025.

► **Table ES.2. Estimated accrued value of the ILO pass-through account on 30 June 2025 (in USD)**

	Accrued basis
Cash inflow	
Beginning cash flow	0
Voluntary contributions received	5 394 771
Gain on currency exchange ¹	2 791
Total – Cash inflow	5 397 562
Cash outflow	
Transfers to the EIS Pilot account	249 205
Transfers to the EIS Pilot account for EPZ	0
Salary and other professional fees	69 906
Bank and other fees	840
Total – Cash outflow	319 951
Net cashflow	5 077 611
Cash and cash equivalents (closing balance)	5 077 611

¹ An excess voluntary contribution was provided by an international buyer in foreign currency that was converted in USD. The international buyer was reimbursed in the same foreign currency a few days later. Due to the increase in the value of the USD against the foreign currency during the period, the EIS Pilot made a financial gain out of that transaction.

Source: Bank statement of the ILO pass-through account and author's calculations

Administrative records of the EIS Pilot

Table ES.3 shows the number of claims reported to the EIS-PSU during the financial year since the inception of the Pilot by type of claims for factories not located in the EPZ. These claims are further separated by the status of their evaluation by the EIS GB as of valuation date.

► **Table ES.3. Claims to the EIS Pilot by financial year for factories not located in the EPZ, per type of claim**

Accident happening during FY	2022/23	2023/24	2024/25	Total
Total death claims at workplace submitted to the EIS-PSU	13	12	11	36
Claims approved by the EIS GB	11	11	8	30
Claims denied by the EIS GB	2	0	0	2
Claims pending evaluation	0	1	3	4
<i>% of claims approved</i>	85	92	73	83
Total death claims from commuting submitted to the EIS-PSU	0	0	63	63
Claims approved by the EIS GB	0	0	39	39
Claims denied by the EIS GB	0	0	1	1
Claims pending evaluation	0	0	23	23
<i>% of claims approved</i>	N/A	N/A	62	62
Total death claims from RTA submitted to the EIS-PSU	1	4	6	11
Claims approved by the EIS GB	1	4	5	10
Claims denied by the EIS GB	0	0	0	0
Claims pending evaluation	0	0	1	1
<i>% of claims approved</i>	100	100	83	91
Total permanent disability claims at workplace submitted to the EIS-PSU	8	15	11	34
Claims approved by the EIS GB	8	13	8	29
Claims denied by the EIS GB	0	0	0	0
Claims pending evaluation	0	2	3	5
<i>% of claims approved</i>	100	87	73	85
Total permanent disability claims from commuting submitted to the EIS-PSU	0	0	7	7
Claims approved by the EIS GB	0	0	3	3
Claims denied by the EIS GB	0	0	0	0
Claims pending evaluation	0	0	4	4
<i>% of claims approved</i>	N/A	N/A	43	43
Total permanent disability claims from RTA submitted to the EIS-PSU	0	2	2	4
Claims approved by the EIS GB	0	2	1	3
Claims denied by the EIS GB	0	0	0	0
Claims pending evaluation	0	0	1	1
<i>% of claims approved</i>	N/A	100	50	75

Source: Administrative records of the EIS-PSU

The report presents various analysis of the profile of claimants to the EIS Pilot, and these characteristics are considered when setting up the assumptions for this actuarial valuation.

Furthermore, information on the workplace accidents for factories located in the EPZ were provided for the current actuarial valuation. No claims were formally approved as of valuation date; they are all considered as pending claims that will be approved. More details on these potential beneficiaries can be found in chapter 3 of this report.

Data and assumptions specific to the EIS Pilot

- The general mortality table used for this actuarial valuation is based on the United Nations' World Population Prospects, 2024 Revision. Adjustments are made for the mortality of disabled pensioners.
- It is assumed that the difference between the higher mortality of disabled pensioners against the general population leads to the entitlement of survivors' benefits.
- The marriage and remarriage rate assumptions are the same as the one used for the calculation of the carve-out of CF benefits by the EIS PSU. The assumed family structure (used for presumed death of invalidity pensioners and pending claimants with no family structure provided) is based on the experience of the EIS Pilot. These are described in the report.
- Incurred but not reported (IBNR) claims' provisions are made for each type of pensioners. The assumption is based on the experience between the accident date and approval by the EIS GB for the Pilot.
- Economic assumptions are based on short-term projections made by the International Monetary Fund (IMF) and other historical information provided by the Bank of Bangladesh. Main economic assumptions are summarized in table ES.4.

► **Table ES.4. Summary of economic assumptions (in percentage)**

Year	Inflation	Real discount rate	Nominal discount rate	Indexation of pensions
2025/26	7.6	-7.0	0.0	0.0
2026/27	5.0	-4.8	0.0	0.0
2027/28	5.0	-3.1	1.8	1.3
2028/29	5.4	2.0	7.5	5.4
2029/30	5.6	2.0	7.7	5.6
2030/31 and later	5.5	2.0	7.6	5.5

Source: Authors' calculation

Financial situation of the EIS Pilot

Financial situation of the EIS Pilot on 30 June 2025

Table ES.5 presents a summary of the financial situation of the EIS Pilot on 30 June 2025. The financial situation of the Pilot is also shown as of 30 June 2024 for illustration purposes.

► Table ES.5. Financial situation of the EIS Pilot as of 30 June 2024 and 2025 (in BDT)

	30 June 2024	30 June 2025
Reserve		
Reserve available in the BDT account in Dhaka	6 878 000	14 143 000
Reserve available in the USD account in Geneva	330 128 000	622 642 000
Total - Reserve	337 006 000	636 785 000
Liabilities		
Permanent disability pensioners	23 427 000	108 144 000
Survivor pensioners	48 222 000	239 253 000
Future lump sum payments ¹	82 000	2 036 000
Retroactive payments ²	250 000	4 042 000
IBNR liability	10 349 000	51 387 000
Margin for Adverse Deviation	12 350 000	59 818 000
Total - Liabilities	94 680 000	464 680 000
Surplus (deficit)	242 326 000	172 105 000

¹ These payments represent the value of benefit that will be disbursed for approved cases that were commuted to a lump sum instead of a pension. These values were provided by the EIS-PSU.

² These payments represent the value of monthly cashflows that will be disbursed for pending cases that are assumed to be approved by the GB for the IBNR cases. The detail on these payments can be found in chapter 3 of this report.

Source: Author's calculations

While the EIS Pilot is still in surplus, the excess of reserve to liability has diminished in the last financial year. This is mainly due to the increase in liability related to the extension of coverage for commuting accident, as well as the effective coverage of the RMG factories in EPZ and the indexation of 25% of top-up pensions provided for accidents prior to 1 December 2023. The surplus position indicates that if the scheme were to be suspended on the valuation date, there would be sufficient assets to cover the accrued (real and presumed) liability under the EIS Pilot.

The liabilities shown in table ES.5 are further detailed in chapter 4 of this report.

Reconciliation of the financial situation with the last actuarial valuation

Table ES.6 presents a summary of the reconciliation of the financial situation of the EIS Pilot since the last actuarial valuation.

► **Table ES.6. Reconciliation of the financial situation of the EIS Pilot since the last actuarial valuation (in BDT)**

Item	Value
Surplus on 30 June 2024	242 326 000
Expected impact of interest on surplus	-
Expected impact of payments on surplus	-
Expected impact of change in MfAD on surplus	532 000
Projected surplus on 30 June 2025	242 858 000
Real surplus on 30 June 2025	172 105 000
<i>Gains (losses) since the last valuation</i>	<i>-70 753 000</i>
Source of gains and losses	
Experience of the scheme	-100 392 000
Change in actuarial valuation assumptions	-954 000
Change in methodologies	-4 245 000
Impact of new cases	-280 580 000
New voluntary contributions received	315 365 000
Other elements	53 000
Total – Gains (losses) since the last actuarial valuation	-70 753 000

Source: Author's calculations

Sensitivity scenarios

Sensitivity analyses are conducted in chapter 4 on the following assumptions of the EIS Pilot:

- Discount rate;
- Mortality rate;
- Inflation rate (which impacts the indexation of pension);
- USD to BDT exchange rate;
- IBNR; and
- Investment of the reserve during the EIS Pilot

In all the scenarios presented, the EIS Pilot remains in a surplus position.

► 1. Introduction

This report presents the results of the actuarial valuation of the Employment Injury Scheme (EIS) Pilot for the export-oriented ready-made garment (RMG) sector as of 30 June 2025. This actuarial valuation is made as per the Pilot's Governance Board rules where it is stated that not later than three months before the financial year-end, an audited financial statement and actuarial valuation should be produced. It is the second actuarial valuation conducted for the EIS Pilot (S. 22). The report is divided as follows:

- Chapter 2 is a review of the experience of the EIS Pilot since the last actuarial valuation (30 June 2024).
- Chapter 3 presents the data and assumptions used to perform the actuarial valuation.
- Chapter 4 presents the financial situation of the EIS Pilot as of 30 June 2025 and includes a reconciliation of the results of the current and last actuarial valuation. Various sensitivity analyses of the financial situation of the Pilot are also presented in this chapter.
- Chapter 5 contains the conclusion of the report.

Appendix 1 presents a summary of the provisions of the EIS Pilot while Appendix 2 describes the methodology used to perform the actuarial valuation.

► 2. Review of the experience of the EIS Pilot

This chapter reviews the financial experience of the EIS Pilot since the last actuarial valuation as of 30 June 2024. It also explains the context in which the Pilot operates, including the roadmap to the implementation of a full-fledge nationally owned EIS in Bangladesh at the end of the Pilot.

2.1. Context of the EIS Pilot

The Pilot is the culmination of various stakeholders' efforts to implement an adequate employment injury protection scheme in Bangladesh. As stated on the Pilot's website:¹

As a decisive step towards adequate protection, the Government of Bangladesh, the ILO and the German Social Accident Insurance (DGUV) agreed in September 2019 to initiate a pilot of an EIS for the RMG sector. It was agreed that the ILO and GIZ would work in close cooperation on establishing the administrative processes and support the implementation as well as the transition to a permanent EIS after 3–5 years.

On 18 February 2021, the Government of Bangladesh established a tripartite committee tasked to piloting an employment injury insurance scheme in Bangladesh. The committee's working group met at the end of 2021 to discuss the details and main elements of the Pilot, which were finally endorsed by national stakeholders in early 2022. Accordingly, the EIS Pilot is conceptualised as a transformative approach, leading to the introduction of a permanent statutory EIS. In March 2022, the Government of Bangladesh notified that the Central Fund will administer the Pilot and open a separate fund account as well as establish a governance system. The EIS Pilot was officially launched on 21 June 2022.

The Pilot has two components:

1.data gathering and capacity-building component on occupational accidents, diseases and rehabilitation, based on a sample of representative factories

Research is carried out on the average medical care costs for workers in case an injury occurs. This will help identify the resources necessary to ensure that the obligation to provide medical care enshrined in the Bangladesh Labour Act (BLA) is effectively met.

The research extends to the process adhered to and the benefits provided in case of temporary incapacity. This will allow to demonstrate, based on reliable evidence, the viability, feasibility and cost efficiency of a comprehensive EIS in Bangladesh and ensure the affordability of employers' contributions by testing the impact of a sharing-of-responsibility approach. Approximately 150 factories will be participating in this component, covering at least 150,000 workers

2.risk-sharing component for long-term benefits: payment of compensations to the level of the ILO Convention 121 in case of permanent disability / death for the entire export-oriented RMG sector

Under component 2, the Pilot provides income replacements for the permanently disabled and the dependents of deceased workers, covering all factories contributing to the export-oriented RMG sector. This takes the form of periodical payments / pensions as top-ups to the lump-sum payments of the Central Fund, rendering the level of benefits compatible with ILO Convention No. 121. These payments are financed by international brands.

The Pilot thus contributes to a better understanding of how the future system should work to ensure that workers are compensated adequately and expeditiously regardless of an accident's magnitude.

The Pilot's tripartite governance mechanism strengthens national governance structures and ownership and provides a clear exit strategy after 3–5 years.

¹ The Pilot of an Employment Injury Scheme for Bangladesh's RMG Sector, [EIS Pilot website](#)

A tripartite Governance Board (GB) was established to oversee the operationalization and management of the component 2 of the EIS Pilot. The GB is responsible for making administrative decisions including the endorsement of the relevant rules and regulations, ensuring a transparent audit process, confirming the compensation of eligible cases, adopting financial reports and the annual budget for the EIS Pilot. To that effect, the GB has established the following rules:

- The financial year of the EIS Pilot runs from 1st July to the 30 June of the next year, with a special exception for the first year when it runs from 21 June 2022 to 30 June 2023;
- Within the first three months of the end of the financial year, an independently audited financial statement of the EIS Pilot must be approved by the GB.
- Within the same time period, an actuarial valuation with an actuarial opinion made by a qualified actuary must be presented to the GB.

2.1.1. Compensation paid under the EIS Pilot

The EIS Pilot provides a monthly top-up compensation for the duration of the contingency in case of permanent disability or for survivors of a deceased worker. The top-up compensation is determined by carving-out the compensation paid by the Central Fund (CF) and/or group insurance policy, whichever is applicable at the factory of the worker. More details on the compensation provided under the Pilot can be found in appendix 1 of this report.

At the inception, only accidents at the workplace were compensated under the Pilot. On 13 May 2024, the GB approved the prospective compensation of commuting accidents occurring from 1 July 2024 under the Pilot.² This GB decision was taken under the guidance of a qualified actuary who provided cost estimates based on the experience on commuting accidents that was available at national and international level.

It is important to note that under the current rules of the EIS Pilot, there is no mandatory requirement for automatic indexing benefits in payment. As stated in section 2.2.2. of the document called *Detailed calculation of the Employment Injury Scheme (EIS) Pilot top-up benefit*:

Top-up benefits will be reviewed following substantial changes in the general level of earnings where these result from substantial changes in the cost of living. The EIS Pilot Governance Board will conduct this review, and upon recommendation of an actuary, will approve the percentage of indexation of top-up benefit.

The minimum wage for RMG workers in Bangladesh increased significantly on 1 December 2023, going from BDT 8,000 to BDT 12,500 per month³. The actuary who performed the last actuarial valuation was requested to perform various calculations to consider the financial sustainability of providing indexation to pensioners who had an accident prior to 1 December 2023 to reflect the substantial changes in the general level of earnings in the RMG sector. The GB endorsed a recommendation to increase the pension of beneficiaries of workplace accident prior to 1 December 2023 by 25 percent for the pension payable since 1 December 2023. The retroactive indexation payments were provided to the beneficiaries in May 2025 and the pension since that month is 25 percent higher than it was at the accident date. It should also be noted that an adjustment to the benefit paid in lump sum in lieu of pension for accident date prior to 1 December 2023 was also made.

2.1.2. Financial structure of the EIS Pilot

The EIS Pilot is voluntary financed by international brands sourcing their RMG from Bangladesh. The contribution from brands participating in the Pilot is proposed to be 0.019 percent of their value of RMG export. This cost is based on the calculation made in the prior cost assessment of a full-fledge EIS for the RMG

² As per the decision of the 8th EIS_GB and in line with Convention No. 121 a commuting accident within the ambit of the Pilot is an accident sustained while on the direct way between the place of work and the workers' local residence.

³ Bangladesh hikes minimum wage for garment workers after protests, 7 November 2023, [Reuters](#)

sector of Bangladesh, with the necessary adjustments (i.e. removal of benefits not covered under the Pilot, carving-out of payments by CF in case of death and permanent disablement).

The voluntary contributions are made in United States dollars (USD) by the brands to a specific ILO pass-through bank account. The sole purpose of that bank account is to provide for compensation to victims of workplace accidents under the EIS Pilot and to cover for the administrative expenditures of the Pilot, excluding the international development cooperation support (i.e. ILO and GIZ's fees). At national level, a specific EIS Pilot account is administered through the Pilot Special Unit (PSU) of the CF. This account is fed with USD funds coming from the ILO pass-through account on the basis of budgeted compensation and administrative expenses endorsed by the EIS Pilot GB. These funds are then converted into takas (BDT) for the operationalization of the Pilot.

Due to the voluntary nature of the Pilot and the market in which the brands operate, the confidentiality required by the brands for their voluntary participation and to add a safeguard of the brands' fund, the value of the contribution and the ILO's pass-through is not publicly available. For the purpose of determining the sufficiency of the total Pilot's accounts, the actuary performing the valuation was presented the value of the accounts and was tasked to assess the financial sustainability of the Pilot based on the presented figures.

Due to the Pilot's short duration, it is important to note that its funds are not currently invested. This non-investment can be justified by the short period the EIS Pilot is covering. The non-investment of funds during the Pilot period will have an impact on the discount rate used to calculate the liabilities under the Pilot. This is further explained in chapter 3 of this report.

2.1.3. Extension of effective coverage under the EIS Pilot

Based on the success of the implementation of the EIS Pilot and the advocacy toward a comprehensive and internationally compliant work injury compensation system, a Letter of Intent was signed between the Bangladesh Export Processing Zones Authority (BEPZA) and the ILO for a Two-Year Action Plan on Labour Reform (2025-2027) in three key areas: labour administration, responsible business conduct, and the EIS.⁴ The impact of this is assessed in this current actuarial valuation.

2.2. Financial statements

As stated in section 2.1 of this report, there are three bank accounts that support the EIS Pilot in Bangladesh:

- EIS Pilot specific account for export-oriented RMG factories not located in EPZ, currency is in BDT and the account is located in Bangladesh;
- EIS Pilot specific account for export-oriented RMG factories located in EPZ, currency is in BDT and the account is located in Bangladesh; and
- ILO's pass-through account in USD located in Switzerland.

2.2.1. EIS Pilot specific account for factories not located in the EPZ

On 28 August 2025, a draft financial statement of the EIS Pilot account for factories not located in the EPZ was provided to the ILO by the EIS-PSU. The draft financial statement covers the period from 1 July 2024 to 30 June 2025. This period covers the time since the last actuarial valuation of the EIS Pilot.

Table 2.1 shows the statement of financial position of the EIS Pilot specific account for factories not located in the EPZ at the end of financial year 2024/25 and at the end of financial year 2023/24.

⁴ Implemented Activities, [EIS Pilot website](#)

► **Table 2.1. Statement of financial position, EIS Pilot specific account for factories not located in the EPZ, 2023/24 and 2024/25 (in BDT)**

	2024/25	2023/24
Assets		
Cash at bank	15 295 837	6 774 973
Property, plant and equipment-net	189 216	103 010
Total - Assets	15 485 053	6 877 984
Reserved Fund and liabilities		
Reserve fund for benefits	14 143 426	6 791 734
Payable for expenses	1 341 627	86 250
Total – Fund and liabilities	15 485 053	6 877 984

Source: Draft financial statements of the EIS Pilot specific account for factories not located in the EPZ as of 30 June 2025

The objective of the EIS Pilot specific account located in Bangladesh is to cover the financial transactions of the Pilot, i.e. providing compensation to the victims and to cover for the administrative expenditures of the Pilot. As such, there are no investment made of the money in the account; all assets are very liquid.

Table 2.2 presents the statement of income and expenditure of the EIS Pilot specific account for the financial year 2024/25 and financial year 2023/24.

► **Table 2.2. Statement of income and expenditure, EIS Pilot specific account for factories not located in the EPZ, 2023/24 and 2024/25 (in BDT)**

	2024/25	2023/24
Income		
Grant received (from the ILO)	10 643 588	3 579 313
Total - Income	10 643 588	3 579 313
Expenses		
Top-up benefit expenses	9 999 181	3 089 907
Administrative and program support expenses	644 407	489 407
Total – Expenses	10 643 588	3 579 313
Excess of income over expenditures	0	0

Source: Draft financial statements of the EIS Pilot specific account for factories not located in the EPZ as of 30 June 2025

Table 2.2 shows that the grants provided by the ILO from its pass-through account to the local EIS Pilot specific account was sufficient to cover the expenditures of the Pilot since its inception.

Table 2.3 presents the statement of receipt and payment of the EIS Pilot specific account for factories not located in the EPZ for financial years 2024/25 and 2023/24.

► **Table 2.3. Statement of receipt and payment, EIS Pilot specific account for factories not located in the EPZ, 2023/24 and 2024/25 (in BDT)**

	2024/25	2023/24
Cash inflow		
Beginning cash flow	6 774 973	0
Fund received from ILO	17 995 281	10 371 047
Total – Cash inflow	24 770 254	10 371 047
Cash outflow		
Benefit cost		
Death claims top-up benefit	6 102 080	2 015 472
Disability claims top-up benefit	2 641 725	1 074 435
Sub-total – Benefit cost	8 743 804	3 089 907
Admin and program support cost		
Stationary, supply, postal and printing material	154 777	66 253
Travel, food, nighthold allowance	0	10 141
Local conveyance allowance	0	320
Governance board (GB) meeting expense	98 510	156 877
Sub committee & other meeting expense	164 653	123 269
Disability assessment expenditure	63 638	33 092
Bank charge	11 290	3 840
Fixed asset purchase	130 265	112 375
Audit fees	86 250	0
Repair, maintenance and servicing	21 230	0
Sub-total – Admin and programme support cost	730 613	506 167
Total – Cash outflow	9 474 417	3 596 074
Net cashflow	15 295 837	6 774 973
Cash and cash equivalents (closing balance)	15 295 837	6 774 973

Source: Draft financial statements of the EIS Pilot specific account for factories not located in the EPZ as of 30 June 2025

Table 2.3 shows that the vast majority of outflow are related to benefit payment. Administrative expenditures represent less than 8 percent in financial year 2024/25.

Table 2.4 presents the transaction details for the grants received from the ILO pass-through account into the EIS Pilot specific account for factories not located in the EPZ since the inception of the EIS Pilot by financial year.

► **Table 2.4. Grants from the ILO pass-through account, EIS Pilot specific account for factories not located in the EPZ, 2023/24 and 2024/25 (in BDT)**

Date of the transaction	2024/25	2023/24
7 July 2023	0	425 282
28 August 2023	0	3 857 925
16 May 2024	0	6 087 840
11 December 2024	6 087 840	0
24 May 2025	11 907 441	0
Total grants	17 995 281	10 371 047

Source: Draft financial statements of the EIS Pilot specific account for factories not located in the EPZ as of 30 June 2025

2.2.2. EIS Pilot specific account for factories located in the EPZ

This account was recently opened in Dhaka, and a first transfer was made from the ILO pass-through account. However, as this is a new account and that no other cashflow were made in the last financial year, it is not expected that a financial statement will be drafted for this account.

For the purposes of this actuarial valuation, the method retained to account for the amount of this account is to withhold the transfer amount in the ILO pass-through account. In the next actuarial valuation, it is expected that a full analysis of the transactions and its value will be conducted similarly to the exercise that was conducted for the Dhaka account for factories not located in the EPZ.

2.2.3. ILO pass-through account

For the current actuarial valuation, the actuarial team was given permission to publish figures related to the account, whilst maintaining the confidential nature of the voluntary contributions provided to the EIS Pilot by international buyers.

Bank statements since the inception of the EIS Pilot were provided to the actuarial team. It should be noted that no financial statement is made for the account; the actuarial team conducted an exercise of estimating the fund position for the current actuarial valuation. ***The work presented in this section of the report is based on the best knowledge of the actuarial team on accounting standards but in no case can be construed as an audited financial statement of the ILO pass-through account nor be construed as fully compliant with all applicable international accounting standards.***

Table 2.5 presents the statement of receipt and payment of the ILO pass-through account since the inception of the EIS Pilot by financial year. It should be noted that the ILO pass-through account covers all voluntary contributions made by brand to various EIS Pilot in Bangladesh, including the recently established EIS Pilot for the leather and footwear sector of Bangladesh. Considerations for these leather and footwear transactions will be given later in this section of the report.

► Table 2.5. Statement of receipt and payment since inception, ILO pass-through account (in USD)

	2022/23	2023/24	2024/25	Total
Cash inflow				
Beginning cash flow	0	1 086 121	2 807 093	0
Voluntary contributions received	1 090 373	1 815 951	2 571 787	5 478 111
Gain on currency exchange ¹	0	0	2 791	2 791
Total – Cash inflow	1 090 373	2 902 072	5 381 671	5 480 902
Cash outflow				
Transfers to the EIS Pilot account	4 134	94 510	150 561	249 205
Transfers to the EIS Pilot account for EPZ	0	0	37 732	37 732
Salary and other professional fees	0	0	74 882	74 882
Bank and other fees	118	469	253	840
Total – Cash outflow	4 252	94 979	263 428	362 659
Net cashflow	1 086 121	2 807 093	5 118 243	5 118 243
Cash and cash equivalents (closing balance)	1 086 121	2 807 093	5 118 243	5 118 243

¹ An excess voluntary contribution was provided by an international buyer in foreign currency that was converted in USD. The international buyer was reimbursed in the foreign currency a few days later. Due to the increase in the value of the USD against the foreign currency during the period, the EIS Pilot made a financial gain out of that transaction.

Source: Bank statement of the ILO pass-through account and author's calculations

Table 2.5 shows a significant increase in the value of the bank account of the ILO pass-through account since the inception of the EIS Pilot. This is mainly due to the commitment of international buyers adhering to the principles of the EIS Pilot for the export-oriented RMG sector of Bangladesh.

Table 2.5 shows the value of the bank account on a cash basis, i.e. the transaction is shown on the day it is received. However, some transactions shown in table 2.5 are related to future financial year of the EIS Pilot and transactions for other EIS Pilot not related to the RMG sector; they should not be accounted for when evaluating the financial sustainability as of valuation date. Also, the actuarial team were made aware of transactions that occurred after 30 June 2025 that are related to the financial year covered by the current actuarial valuation. Hence, it is important to determine the value of the ILO pass-through account using the accrual basis principles.

Table 2.6 presents the adjustment made to table 2.5 to account for the accrual basis principles previously mentioned.

► Table 2.6. Estimated accrued value of the ILO pass-through account on 30 June 2025 (in USD)

	Cash basis	Adjustment	Accrued basis
Cash inflow			
Beginning cash flow	0	0	0
Voluntary contributions received	5 478 111	-83 340	5 394 771
Gain on currency exchange ¹	2 791	0	2 791
Total – Cash inflow	5 480 902	-83 340	5 397 562
Cash outflow			
Transfers to the EIS Pilot account	249 205	0	249 205
Transfers to the EIS Pilot account for EPZ	37 732	-37 732	0
Salary and other professional fees	74 882	-4 976	69 906
Bank and other fees	840	0	840
Total – Cash outflow	362 659	-42 708	319 951
Net cashflow	5 118 243	-40 632	5 077 611
Cash and cash equivalents (closing balance)	5 118 243	-40 632	5 077 611

¹ An excess voluntary contribution was provided by an international buyer in foreign currency that was converted in USD. The international buyer was reimbursed in the same foreign currency a few days later. Due to the increase in the value of the USD against the foreign currency during the period, the EIS Pilot made a financial gain out of that transaction.

Source: Bank statement of the ILO pass-through account and author's calculations

Below are explanations for the adjustments made in table 2.6:

- Some international buyers provided their total contribution to the EIS Pilot in a one-time payment instead of providing their voluntary contributions on a yearly basis. An adjustment was made to remove these payments received in advance. Furthermore, voluntary contributions were made by international buyers for an EIS Pilot in the leather and footwear sector of Bangladesh. An adjustment was also made to remove these voluntary contributions as they do not serve to cover the liabilities of the EIS Pilot for the RMG sector.
- The transfer to the EIS Pilot account in Bangladesh for the EPZ is not accounted for in the other national EIS account. In fact, a new national account was recently created for that specific purpose and is not currently covered under financial audit.
- The salary cost for the EIS-PSU staff covered 10 months, from November 2024 to August 2025. The last 2 months were removed on an accrued basis since they are related to the next financial year.
- The professional fees related to the current actuarial valuation are considered in the adjustment.

2.3. Administrative records of the EIS Pilot – Factories not located in the EPZ

The EIS-PSU administers the claims covered under the Pilot. It is also in contact with various stakeholders in Bangladesh, mainly the CF, that administers among other things compensation related to workplace accidents. As such, its role is critical in understanding the Pilot's transactions and the impact of potential changes that could be brought to the EIS Pilot.

Administrative records for beneficiaries covered under the RMG sector of the EIS Pilot were transmitted to the actuary performing the valuation. Analysis and checks were made to ensure the soundness of the information

provided. In general, the information provided is a good quality to perform the actuarial valuation of the EIS Pilot in Bangladesh.

The claims made to EIS Pilot are separated in six categories:

- Death claims
 - i) At workplace
 - ii) Commuting (from and to work)
 - iii) Road traffic accidents (RTA) on duty
- Permanent disability
 - i) At workplace
 - ii) Commuting (from and to work)
 - iii) RTA on duty

Table 2.7 shows the number of claims reported to the EIS-PSU during the financial year since the inception of the Pilot by type of claims for factories not located in the EPZ⁵. These claims are further separated by the status of their evaluation by the EIS GB as of valuation date.

⁵ Claims related to factories located in the EPZ were provided to the EIS-PSU and the actuary conducting the valuation. However, these claims are not yet approved by the EIS GB. These EPZ specific claims are dealt in chapter 3 of this report.

► **Table 2.7. Claims to the EIS Pilot by financial year for factories not located in the EPZ, per type of claim**

Accident happening during FY	2022/23	2023/24	2024/25	Total
Total death claims at workplace submitted to the EIS-PSU	13	12	11	36
Claims approved by the EIS GB	11	11	8	30
Claims denied by the EIS GB	2	0	0	2
Claims pending evaluation	0	1	3	4
<i>% of claims approved</i>	85	92	73	83
Total death claims from commuting submitted to the EIS-PSU	0	0	63	63
Claims approved by the EIS GB	0	0	39	39
Claims denied by the EIS GB	0	0	1	1
Claims pending evaluation	0	0	23	23
<i>% of claims approved</i>	N/A	N/A	62	62
Total death claims from RTA submitted to the EIS-PSU	1	4	6	11
Claims approved by the EIS GB	1	4	5	10
Claims denied by the EIS GB	0	0	0	0
Claims pending evaluation	0	0	1	1
<i>% of claims approved</i>	100	100	83	91
Total permanent disability claims at workplace submitted to the EIS-PSU	8	15	11	34
Claims approved by the EIS GB	8	13	8	29
Claims denied by the EIS GB	0	0	0	0
Claims pending evaluation	0	2	3	5
<i>% of claims approved</i>	100	87	73	85
Total permanent disability claims from commuting submitted to the EIS-PSU	0	0	7	7
Claims approved by the EIS GB	0	0	3	3
Claims denied by the EIS GB	0	0	0	0
Claims pending evaluation	0	0	4	4
<i>% of claims approved</i>	N/A	N/A	43	43
Total permanent disability claims from RTA submitted to the EIS-PSU	0	2	2	4
Claims approved by the EIS GB	0	2	1	3
Claims denied by the EIS GB	0	0	0	0
Claims pending evaluation	0	0	1	1
<i>% of claims approved</i>	N/A	100	50	75

Source: Administrative records of the EIS-PSU

The previous table shows the significant impact in the number of claims reported to the EIS Pilot since the inclusion of commuting accidents into the coverage provided. This is especially significant with regards to the number of death claims made to the Pilot, where 56 cases were reported to the EIS-PSU during the last financial year. The previous table also shows that the number of claims denied is low over the observed period.

Table 2.8 shows the time (expressed in financial year of the EIS Pilot) from the date of accident and the time the claim is approved by the EIS GB for each type of claims for factories not located in the EPZ.

► **Table 2.8. Time from accident to approval of claims to the EIS Pilot for factories not located in the EPZ, per type of claim**

Accident happening during FY	2022/23	2023/24	2024/25	Total
Death at workplace approved by the EIS GB	11	11	8	30
Claims approved within the same FY	4	9	8	21
Claims approved in the subsequent FY	7	2	N/A	9
Claims approved in the second subsequent FY	0	N/A	N/A	0
Death from commuting approved by the EIS GB	0	0	39	39
Claims approved within the same FY	0	0	39	39
Claims approved in the subsequent FY	0	0	N/A	0
Claims approved in the second subsequent FY	0	N/A	N/A	0
Death from RTA approved by the EIS GB	1	4	5	10
Claims approved within the same FY	0	0	5	5
Claims approved in the subsequent FY	1	4	N/A	5
Claims approved in the second subsequent FY	0	N/A	N/A	0
Permanent disability at workplace approved by the EIS GB	8	13	8	29
Claims approved within the same FY	0	4	8	12
Claims approved in the subsequent FY	8	9	N/A	17
Claims approved in the second subsequent FY	0	N/A	N/A	0
Permanent disability from commuting approved by the EIS GB	0	0	3	3
Claims approved within the same FY	0	0	3	3
Claims approved in the subsequent FY	0	0	N/A	0
Claims approved in the second subsequent FY	0	N/A	N/A	0
Permanent disability from RTA approved by the EIS GB	0	2	1	3
Claims approved within the same FY	0	0	1	1
Claims approved in the subsequent FY	0	2	N/A	2
Claims approved in the second subsequent FY	0	N/A	N/A	0

Source: Administrative records of the EIS-PSU

Table 2.8 shows that no claims were approved after the second financial year after the accident. Approval of claims in the next financial year is not special in the case of an EIS, as the treatment of a claim takes a certain time. This particularity will be considered in setting the liability for the claims that are incurred but not

reported (IBNR). However, it should be noted that with recent pending cases provided by the EIS-PSU to the actuary, some claims related to financial year 2023/24 will be submitted (and might be also approved) to the EIS GB during financial year 2025/26. Hence, the probability of having claims approved 2 financial years after the accident exists.

Table 2.9 shows the average loss of earning capacity percentage assessed for the permanent disability claims that are approved or pending by financial year.

► **Table 2.9. Average loss of capacity earning percentage assessed for permanent disability claims, by financial year and type of claim (in percentage)**

	2022/23	2023/24	2024/25	2022/25
All approved and pending claims	24	40	51	42
At workplace	24	32	40	33
From commuting	N/A	N/A	69	69
From RTA	N/A	100	44	72

Source: Administrative records of the EIS-PSU

The addition of commuting accidents leads to an increase in the average degree of incapacity for permanent disability cases in financial year 2024/25.

Table 2.10 shows the ratio of total death benefits provided to total family of survivors of workplace accidents to the salary of the deceased worker (expressed in percentage). This value is driven by the family structure of the deceased worker.

► **Table 2.10. Ratio of total death benefits provided to the survivors to the salary of the deceased worker, by financial year, 2022/23–2023/24 (in percentage)**

	2022/23	2023/24	2024/25	2022/25
All approved claims¹	46	47	49	48
At workplace	46	45	44	45
From commuting	N/A	N/A	50	50
From RTA	45	55	50	52

1 Family structure for pending claims was not provided for the purposes of this actuarial valuation

Source: Administrative records of the EIS-PSU

It should be noted that the maximum percentage that can be allowed for all survivors of a deceased worker is 60 percent.

As stated in the document called *Detailed calculation of the Employment Injury Scheme (EIS) Pilot top-up benefits* adopted by the EIS GB, small benefits can be commuted to a lump-sum instead of being paid over the contingency. Table 2.11 shows the number of approved cases that were paid in pension and lump-sum form by financial year, along with the value of the top-up benefits determined at the time of the accident.

► **Table 2.11. Number and average present value of EIS benefits at the incidence date for approved case, per type of payment and by financial year of approval by the EIS GB**

	2022/23	2023/24	2024/25	2022/25
Permanent disability				
Number of approved cases	0	12	23	35
Number of approved cases paid as pension	0	7	15	22
<i>Average present value at the incidence date of total EIS Pilot benefits for pension cases (in thousand BDT)</i>	<i>N/A</i>	<i>1 272.9</i>	<i>1 888.1</i>	<i>1 692.3</i>
Number of approved cases paid in lump-sum	0	5	8	13
<i>Average present value at the incidence date of total EIS Pilot benefits for lump-sum cases (in thousand BDT)</i>	<i>N/A</i>	<i>164.7</i>	<i>201.0</i>	<i>187.0</i>
Death				
Number of approved cases	4	17	58	79
Number of approved cases paid as pension	4	17	58	79
<i>Average present value at the incidence date of total EIS Pilot benefits for pension cases (in thousand BDT)¹</i>	<i>1 788.2</i>	<i>1 419.2</i>	<i>2 061.9</i>	<i>1 909.7</i>
Number of approved cases paid in lump-sum ²	1	1	6	8
<i>Average present value at the incidence date of total EIS Pilot benefits for lump-sum cases (in thousand BDT)</i>	<i>85.5</i>	<i>259.6</i>	<i>297.5</i>	<i>266.2</i>

¹ The value of the lump-sum paid to certain survivors are subtracted from the value shown in this line.

² Family unit containing at least one member paid as a lump-sum are included. However, they remain in the cases paid as pension as other family members of the unit are still provided with a pension.

Source: Administrative records of the EIS-PSU

Table 2.11 shows that the value for the duration of the benefit is a key driver in the determination of eligibility to a lump-sum benefit for permanent disability. As for survivors' benefit, there are few dependants outside of widow and orphans (i.e. parents and siblings) who may receive a low pension due to the current benefit entitlement rules. These cases are the one that can be (and usually are) commuted to a lump-sum. In general, most survivors are entitled to a pension that will be paid over the contingency period.

Table 2.12 shows the average age of claimants at accident date by gender and by type of claim since the inception of the EIS Pilot.

► **Table 2.12. Average age at accident date, gender ratio and average wage of claimants to the EIS Pilot, by type of approved claims, 2022/25**

	Male			Female		
	Avg. Age	Ratio (in %)	Avg. Wage	Avg. Age	Ratio (in %)	Avg. Wage
Permanent disability claims	37.2	83	17 250	32.6	17	13 046
At workplace	37.3	90	16 236	35.7	10	12 604
From commuting	N/A	N/A	N/A	29.4	100	13 488
From RTA	36.8	100	26 032	N/A	N/A	N/A
Death claims	35.1	76	19 162	33.2	24	14 303
At workplace	30.8	90	17 590	37.9	10	13 795
From commuting	38.3	59	20 767	32.3	41	14 398
From RTA	39.6	100	19 716	N/A	N/A	N/A

Source: Administrative records of the EIS-PSU

Table 2.12 will help project the financial situation of the EIS Pilot over the remaining period by providing a basis of the profile of future estimated claimants. However, due consideration is required with regards to the wage at the time of the accident, since the minimum wage in the RMG sector significantly increased in December 2023. Table 2.13 illustrates the average wage of claimants since 1 January 2024 to the EIS Pilot.

► **Table 2.13. Average wage of claimants to the EIS Pilot since 1 January 2024, by type of approved claims (in BDT)**

	Male	Female
Permanent disability claims	18 199	13 657
At workplace	16 191	13 912
From commuting	N/A	13 488
From RTA	31 250	N/A
Death claims	22 369	14 303
At workplace	25 605	13 795
From commuting	20 767	14 398
From RTA	23 118	N/A

Source: Administrative records of the EIS-PSU

Table 2.14 presents statistics on the survivors that are entitled to the EIS Pilot's compensation at the time of death of the worker. These statistics will help project the financial situation of the EIS Pilot over the remaining period by providing a basis of the profile of future estimated survivors.

► Table 2.14. Family structure of survivors' beneficiaries, average per approved death claim

	Avg. number	Age difference ¹
All types		
Widow(er)	0.65	-6.48
Orphans	0.82	-27.16
Father	0.46	29.38
Mother	0.65	22.40
Other – Males	0.05	-13.51
Other – Females	0.07	-10.74
Workplace		
Widow(er)	0.56	-6.61
Orphans	0.50	-27.29
Father	0.47	30.86
Mother	0.47	22.27
Other – Males	0.03	-13.98
Other – Females	0.06	-7.59
Commuting		
Widow(er)	0.63	-5.58
Orphans	1.03	-25.34
Father	0.48	27.72
Mother	0.75	22.45
Other – Males	0.08	-13.35
Other – Females	0.08	-10.68
RTA		
Widow(er)	1.00	-8.49
Orphans	1.00	-34.41
Father	0.40	31.70
Mother	0.80	22.49
Other – Males	0.00	N/A
Other – Females	0.10	-17.23

¹ For all beneficiaries except widow(er), the difference is expressed as the survivors' age minus the deceased age. For widow(er), the age difference is expressed as the female's age minus the male's age (i.e. negative age means male are older than female).

Source: Administrative records of the EIS-PSU

2.4. Administrative records of the EIS Pilot – Factories located in the EPZ

Workers of the RMG industry for factories in the EPZ were always considered for coverage under the EIS Pilot. With a recent agreement between the authorities of the EPZ and the EIS GB, the workers of the EPZ were effectively covered under the Pilot. The EIS-PSU is still gathering information as of publication of this report of the cases that will be potentially covered by this retroactive coverage of the EIS Pilot. BEPZA identified 29 accident cases that could be entitled to compensation under the EIS Pilot: 5 death cases and 24 disability cases. The following information was provided by the EIS-PSU to the actuary for these potential 29 cases of workplace accidents for factories located in the EPZ:

- Gender;
- Date of birth;
- Salary at the time of the accident;
- Type of accident (workplace, commuting or RTA); and
- The result of the accident (permanent disability or death).

This information will be used to build the database for pending cases related to the EPZ.

► 3. Data and assumptions specific to the EIS Pilot

The purpose of this actuarial projection is to determine the adequacy of the current reserve against the accrued liability of the Pilot. The projection of these liabilities is only possible with the usage of an actuarial model that integrates calibrated data and assumptions. Significant effort must be made by the actuary to check the consistency of the data used against the financial statements and to develop relevant assumptions for the projection.

This chapter presents the demographic and economic assumptions that are retained to perform the actuarial valuation of the EIS Pilot as of 30 June 2025.

3.1. Demographic assumptions

3.1.1. General mortality table

The estimated and projected mortality rates of the general population of Bangladesh have been determined using the United Nations' World Population Prospects, 2024 Revision (UN WPP). The future mortality improvement pattern has been determined so that it matches as closely as possible the UN medium projection over the projection period. This is the same assumption that was used in the last actuarial valuation.⁶

The life expectancy at birth is assumed to increase from 73.4 years in 2024/25 to 87.5 years in 2100/01 for males, and from 76.8 years in 2024/25 to 89.1 years in 2100/01 for females. Table 3.1 presents life expectancies at different age for selected years. Sample mortality rates for selected age and years are presented in table 3.2.

► Table 3.1. Residual life expectancy at selected ages, by sex, 2024/25, 2050/51, 2075/76 and 2100/01

Year	Male				Female			
	At birth	At 20	At 40	At 60	At birth	At 20	At 40	At 60
2024/25	73.4	55.6	36.6	19.7	76.8	59.0	39.9	22.3
2050/51	79.6	60.5	41.1	23.1	82.3	63.3	43.9	25.4
2076/76	84.5	65.0	45.3	26.6	86.2	66.7	47.1	28.1
2100/01	87.5	67.8	48.1	28.9	89.1	69.5	49.7	30.4

Source: UN WPP, 2024 Revision and author's calculations

⁶ Bangladesh – Report to the Governance Board: Actuarial Valuation of the Employment Injury Scheme Pilot for the Export-Oriented Ready-Made Garment Sector as of 30 June 2024, ILO, 2024

► **Table 3.2. Sample mortality rates, by age and sex, 2024/25, 2050/51, 2075/76 and 2100/01**
(percentages)

Age	Males				Females			
	2024/25	2050/51	2075/76	2100/01	2024/25	2050/51	2075/76	2100/01
0	1.731	0.625	0.310	0.205	1.560	0.612	0.361	0.247
5	0.075	0.029	0.013	0.007	0.085	0.035	0.018	0.010
10	0.036	0.016	0.008	0.004	0.038	0.017	0.009	0.005
15	0.082	0.038	0.018	0.010	0.085	0.040	0.021	0.011
20	0.097	0.050	0.026	0.015	0.089	0.047	0.026	0.015
25	0.083	0.045	0.025	0.015	0.071	0.041	0.025	0.015
30	0.116	0.063	0.034	0.020	0.089	0.052	0.032	0.020
35	0.128	0.072	0.040	0.024	0.100	0.060	0.038	0.025
40	0.180	0.102	0.058	0.035	0.174	0.103	0.064	0.040
45	0.298	0.171	0.097	0.060	0.234	0.141	0.089	0.057
50	0.561	0.318	0.179	0.110	0.411	0.242	0.151	0.094
55	0.941	0.532	0.299	0.183	0.586	0.344	0.214	0.133
60	1.472	0.838	0.469	0.288	0.837	0.493	0.307	0.191
65	1.823	1.090	0.636	0.410	1.422	0.840	0.523	0.327
70	2.892	1.795	1.089	0.734	2.190	1.357	0.884	0.583
75	4.792	3.086	1.931	1.334	3.461	2.266	1.542	1.061
80	7.429	5.139	3.426	2.491	5.652	3.982	2.879	2.094
85	12.024	8.952	6.342	4.782	9.112	6.913	5.271	4.000
90	18.899	15.139	11.396	8.895	14.899	12.016	9.545	7.441
95	29.984	25.453	20.357	16.440	24.040	20.514	17.031	13.735
100	42.527	38.794	33.587	28.708	35.614	32.493	28.655	24.306

Source: UN WPP, 2024 Revision and author's calculations

3.1.2. Mortality of survivors' pensioners

It is assumed that the mortality of survivors' pensioners is the same as per the general mortality table developed for Bangladesh. It is the same assumption that was used in the last actuarial valuation.⁷

3.1.3. Mortality of permanent incapacity pensioners

Many studies and statistics indicate that mortality rates of permanently injured persons are higher than those of the general population. Based on information from the report on the actuarial valuation as of 31 December 2012 of the Quebec Workers Compensation Board, from a Canadian study on the mortality of victims of traumatic brain injury and from mortality statistics of Suva and the *Loi sur l'assurance-accidents* (LAA) in Switzerland, adjustment factors have been determined, based on the disability level percentage (DLP). The formula to obtain the mortality rate of a disabled worker ($q_x(d)$) is the following: $q_x(d) = a * q_x + b$, where q_x is

⁷ [Bangladesh – Report to the Governance Board: Actuarial Valuation of the Employment Injury Scheme Pilot for the Export-Oriented Ready-Made Garment Sector as of 30 June 2024](#), ILO, 2024

the mortality rate of the general mortality table and the parameters a and b vary depending on DLP. Table 3.3 shows the parameters of the formula according to the DLP.

► **Table 3.3. Mortality adjustment factors for permanent incapacity pensioners**

DLP	a	b
1 to 25 percent	1.10	0.00021
26 to 50 percent	1.12	0.00052
51 to 75 percent	1.15	0.00118
76 percent and above	1.20	0.00388

Source: Author's calculations

In no case the application of the adjustment formula can lead to a mortality rate above 100 percent. In this case, the mortality rate is set at 100 percent.

This assumption is the same as the one used for the determination of the value of the *total benefit* under the EIS Pilot and the same as per the last actuarial valuation.⁸

3.1.4. Mortality rates related to the injury after the date of calculation

Under the EIS Pilot, if the permanently injured worker dies after the date of calculation from a cause related to the injury, the dependents at time of death are entitled to the survivor benefits. For the calculation of the present value of benefits payable to a permanently injured worker, an assumption is required on mortality rates after the date of calculation from a cause related to the injury.

The assumption is that the mortality rates related to the injury are equal to the difference between the mortality rates adjusted for disability as per section 3.1.3 and the general mortality rates. It is the same assumption as per last actuarial valuation.⁹

3.1.5. Assumed family structure of deceased workers

Under the EIS Pilot, if the permanently injured worker dies after the date of calculation from a cause related to the injury, the dependents at time of death are entitled to the survivor benefits. For the calculation of the present value of benefits payable to a permanently injured worker, an assumption is required on the number and age of the injured worker's dependents.

Based on the experience of the EIS Pilot, the following family structure is assumed:

- 25 percent: One widow and one orphan;
- 30 percent: One mother;
- 45 percent: One widow, one orphan and one mother.

This family structure is based on data analysis performed in chapter 2 of this report and on the observed concurrence of parents and widow(er) in the current EIS Pilot beneficiaries. For the age difference between the married male and female, it is assumed that the male is 6 years older than the female. For the orphan, it is assumed that she will be a female 25 years younger than the deceased worker. Finally, the surviving parent will be a mother 22 years older than the deceased worker.

⁸ [Bangladesh – Report to the Governance Board: Actuarial Valuation of the Employment Injury Scheme Pilot for the Export-Oriented Ready-Made Garment Sector as of 30 June 2024](#), ILO, 2024

⁹ [Bangladesh – Report to the Governance Board: Actuarial Valuation of the Employment Injury Scheme Pilot for the Export-Oriented Ready-Made Garment Sector as of 30 June 2024](#), ILO, 2024

3.1.6. Marriage rate (for female orphans)

Table 3.4 shows the assumed marriage rate used for female orphans for the liability calculation. This assumption is necessary to calculate the end of the payment contingency for female orphans as the marriage is an event that leads to the end of benefit entitlement (aside from death).

► **Table 3.4. Marriage rate assumption** (in percentage)

Age	Rate
0 to 15	0
16	5
17	10
18	35
19	55
20 to 24	30
25 to 29	25
30 to 34	20
35 to 39	15
40 to 44	10
45 to 49	5
50 & over	0

Source: Authors' calculation

This assumption is the same as the one used for the determination of the value of the *total benefit* under the EIS Pilot and is the same as per last actuarial valuation.¹⁰

3.1.7. Remarriage rate (for widows)

For widows, it is assumed that the applicable remarriage rate is 25 percent of the equivalent marriage rate for orphans. This assumption is the same as the one used for the determination of the value of the total benefit under the EIS Pilot and is also the same as per last actuarial valuation.¹¹

3.1.8. Permanent incapacity pensioners as of 30 June 2025 – Factories not located in the EPZ

Table 3.5 presents the distribution of monthly top-up pensions paid to male and female permanent disability pensioners from the factories not located in the EPZ of the EIS Pilot. The distribution assumes that pending cases will be approved as-is by the EIS Pilot GB.

¹⁰ [Bangladesh – Report to the Governance Board: Actuarial Valuation of the Employment Injury Scheme Pilot for the Export-Oriented Ready-Made Garment Sector as of 30 June 2024](#), ILO, 2024

¹¹ [Bangladesh – Report to the Governance Board: Actuarial Valuation of the Employment Injury Scheme Pilot for the Export-Oriented Ready-Made Garment Sector as of 30 June 2024](#), ILO, 2024

► **Table 3.5. Permanent disability monthly pensions in payment¹, Factories not located in the EPZ, by age and gender, 30 June 2025 (in BDT)**

Age group	Male		Female	
	Number	Average monthly pension	Number	Average monthly pension
15-19	-	-	-	-
20-24	3	3 456	1	7 236
25-29	1	2 310	1	8 465
30-34	6	8 043	1	2 167
35-39	5	2 865	-	-
40-44	4	3 852	2	3 761
45-49	3	4 928	-	-
50-54	1	27 980	-	-
55-59	4	7 245	-	-
60-64	-	-	-	-
65-69	-	-	-	-
70-74	-	-	-	-
75-79	-	-	-	-
80-84	-	-	-	-
85-89	-	-	-	-
90-94	-	-	-	-
95+	-	-	-	-
Total	27	6 015	5	5 078

¹ For pending cases, the top-up benefit entitlement is calculated using the EIS-PSU total benefit calculation tools and by assuming a payment of BDT 50,000 from the CF if the benefit entitlement was not provided to the actuarial team.

Source: Administrative records of the EIS-PSU and author's calculations

For the pending cases, the information related to the ten cases were provided to the SOC/ASU department by the EIS-PSU for peer review. The information found in these calculation files were used to establish the pensioner profile of these claims pending approval. For these four pending claims, the amount to be disbursed for retroactive monthly payments since the accident date is estimated at BDT 430,534 on 30 June 2025.

Furthermore, the amount of outstanding payments to permanent disability beneficiaries paid in lump-sum as of 30 June 2025 is BDT 350,116. This information was provided by the EIS-PSU to the ILO.

3.1.9. Survivors' pensioners as of 30 June 2025 – Factories not located in the EPZ

Table 3.6 presents the distribution of monthly top-up pensions paid to survivors' pensioners from the factories not located in the EPZ of the EIS Pilot per type of beneficiaries. The distribution assumes that pending cases will be approved as-is by the EIS Pilot GB.

► **Table 3.6. Survivors' pensions in payment¹, Factories not located in the EPZ, by age, gender and type, 30 June 2025 (in BDT)**

Age group	Widow		Widower		Orphan - Male		Orphan - Female		Others	
	Nbr.	Avg. month. pens.	Nbr.	Avg. month. pens.	Nbr.	Avg. month. pens.	Nbr.	Avg. month. pens.	Nbr.	Avg. month. pens.
0-4	-	-	-	-	8	1 288	15	1 257	-	-
5-9	-	-	-	-	12	2 181	15	1 507	3	1 751
10-14	-	-	-	-	15	1 369	11	1 477	2	2 318
15-19	5	8 206	-	-	9	921	5	1 092	4	1 358
20-24	9	7 629	-	-	-	-	3	792	2	3 022
25-29	12	11 139	2	5 007	-	-	-	-	-	-
30-34	8	15 435	2	4 552	-	-	-	-	-	-
35-39	11	8 116	3	10 071	-	-	1	576	4	1 188
40-44	8	5 586	2	4 782	-	-	-	-	10	2 554
45-49	5	5 156	2	5 038	-	-	-	-	22	1 755
50-54	1	7 101	1	5 386	-	-	-	-	17	2 880
55-59	-	-	-	-	-	-	-	-	24	2 202
60-64	1	5 127	-	-	-	-	-	-	10	4 560
65-69	-	-	1	4 608	-	-	-	-	13	1 596
70-74	-	-	-	-	-	-	-	-	-	-
75-79	-	-	-	-	-	-	-	-	6	2 868
80-84	-	-	-	-	-	-	-	-	4	2 730
85-89	-	-	-	-	-	-	-	-	-	-
90-94	-	-	-	-	-	-	-	-	-	-
95+	-	-	-	-	-	-	-	-	-	-
Total	60	8 980	13	6 110	44	1 484	50	1 323	121	2 361

¹ For pending cases, some claims calculation files were provided to SOC/ASU for peer-review. For the cases where no beneficiary information was provided, the top-up benefit entitlement is calculated using the EIS-PSU total benefit calculation tools, assuming a payment of BDT 200,000 from the CF and a family structure as per the assumption in section 3.1.5 of this report.

Source: Administrative records of the EIS-PSU and author's calculations

For the pending cases, the information related to 17 cases were provided to the SOC/ASU department by the EIS-PSU for peer review. The information found in these calculation files were used to establish the pensioners profile of these claims pending approval. Another 11 cases were provided in a listing by the EIS-PSU. However, the information was limited to the salary at the time of the accident, the CF compensation, the gender, date of death, date of birth and marital status of the deceased. For these 11 claims, the family assumption mentioned in section 3.1.5 of this report was retained to establish a profile of the potential pensioners. For all these pending claims, the amount to be disbursed for retroactive monthly payments since the accident date is estimated at BDT 1,004,087 on 30 June 2025.

Furthermore, the amount of outstanding payments to survivors paid in lump-sum as of 30 June 2025 is BDT 1,685,677. This information was provided by the EIS-PSU to the ILO.

3.1.10. Incurred but not reported permanent incapacity pensioners as of 30 June 2025 – Factories not located in the EPZ

Table 2.8 of this report provides the experience related to the delay between an accident and its approval by the EIS GB for the factories not located in the EPZ. With this information, combined with the pending claims provided, it is possible to establish an assumption with regards to the claims incurred but not reported (IBNR).

From table 2.8, the experience of financial year 2022/23 was excluded for the following reasons:

- As this was the first year of the EIS Pilot, the EIS-PSU was put in place, including its various operations. It is expected that this situation would delay treatment of claims.
- During that financial year, the GB was put in place, and all its governance procedure was laid out progressively. Now that this very important exercise is completed, the GB and its subcommittees are more agile to process the claims to the EIS Pilot.

For financial year 2023/24, 15 permanent disability accidents occurred. Out of these 15 accidents, 4 were approved in the same financial year (27 percent of cases) and 11 in the subsequent financial year (73 percent of cases).

Table 3.7 presents the development of the estimated IBNR cases as of 30 June 2025 for permanent disability.

► **Table 3.7. Estimation of IBNR cases for permanent disability**

Type	Approved cases in 2024/25	Estimated cases for 2024/25 ¹	Cases pending	Estimated IBNR cases
Workplace	8	16	5	3
Commuting	3	6	4	0
RTA	1	2	1	0
Total	12	24	10	3

¹ Assumes that 50 percent of the cases were reported and approved in 2024/25, the balance (50 percent) being approved in the subsequent financial year. The 50 percent assumption assumes that the process to approve permanent disability has been streamlined since the implementation of the EIS Pilot.

Source: Authors' calculation

Using the experience of the EIS Pilot shown in tables 2.9, 2.12 and 2.13, the distribution of the 3 IBNR cases for permanent disability are as follows:

- 3 cases of male having a permanent disability following a workplace accident;
 - i) Age: 37
 - ii) Degree of disability: 33 percent
 - iii) Monthly wage at the time of the accident: BDT 16,200

For all the cases mentioned above, it is assumed that the CF will provide a lump-sum compensation of BDT 50,000. Furthermore, it is assumed that the accidents occurred during the month of April 2025 (i.e. 3 pension payments for financial year 2024/25). Using this information, the calculation sheet of the EIS-PSU was used to determine the monthly top-up compensation to be paid by the EIS Pilot since the accident time. Retroactive payments since the accident time for these IBNR cases for financial year 2024/25 is estimated at BDT 27,470.

3.1.11. Incurred but not reported survivors' pensioners as of 30 June 2025 – Factories not located in the EPZ

Table 2.8 of this report provides the experience related to the delay between an accident and its approval by the EIS GB for the factories not located in the EPZ. With this information, combined with the pending claims provided, it is possible to establish an assumption with regards to the claims incurred but not reported (IBNR).

From table 2.8, the experience of financial year 2022/23 was excluded for the following reasons:

- As this was the first year of the EIS Pilot, the EIS-PSU was put in place, including its various operations. It is expected that this situation would delay treatment of claims.
- During that financial year, the GB was put in place, and all its governance procedure was laid out progressively. Now that this very important exercise is completed, the GB and its subcommittees are more agile to process the claims to the EIS Pilot.

For financial year 2023/24, 15 deadly accidents occurred. Out of these 15 accidents, 9 were approved in the same financial year (60 percent of cases) and 6 in the subsequent financial year (40 percent of cases).

Table 3.8 presents the development of the estimated IBNR cases as of 30 June 2025 for death cases.

► **Table 3.8. Estimation of IBNR cases for death cases**

Type	Approved cases in 2024/25	Estimated cases for 2024/25 ¹	Cases pending	Estimated IBNR cases
Workplace	8	13	4	1
Commuting	39	65	23	3
RTA	5	8	0	3
Total	52	86	27	7

¹ Assumes that 60 percent of the cases were reported and approved in 2024/25, the balance (40 percent) being approved in the subsequent financial year.

Source: Authors' calculation

Using the experience of the EIS Pilot shown in tables 2.12 and 2.13, the distribution of the 7 IBNR cases for death cases are as follows:

- 1 case of male dying following a workplace accident;
 - i) Age: 31
 - ii) Monthly wage at the time of the accident: BDT 25,600
- 2 cases of male dying following a commuting accident:
 - i) Age: 38
 - ii) Monthly wage at the time of the accident: BDT 20,800
- 1 case of female dying following a commuting accident:
 - i) Age: 32
 - ii) Monthly wage at the time of the accident: BDT 14,400
- 3 cases of male dying following a RTA;
 - i) Age: 40
 - ii) Monthly wage at the time of the accident: BDT 23,100

For all the cases mentioned above, it is assumed that the CF will provide a lump-sum compensation of BDT 200,000. Furthermore, it is assumed that the accidents occurred during the month of April 2025 (i.e. 3 pension payments for financial year 2024/25) and that the family composition is the same as assumed in section 3.1.5. Using this information, the calculation sheet of the EIS-PSU was used to determine the monthly top-up compensation to be paid by the EIS Pilot to the presumed survivors since the accident time. Retroactive payments since the accident time for these IBNR cases for financial year 2024/25 is estimated at BDT 199,234.

3.1.12. Permanent incapacity pensioners (pending cases) and IBNR as of 30 June 2025 – Factories located in the EPZ

Potential cases of permanent disability in the factories located in the EPZ were provided to the ILO by the EIS-PSU. These 24 cases can be further separated by type of accident:

- 18 workplace accidents;
- 3 commuting accidents; and
- 3 RTA.

Date of accident, date of birth, gender and salary at time of the accident was provided for all these cases. Also, the EPZ are governed by different regulations with regards to work injury compensation. According to the Bangladesh EPZ Labour Act of 2019¹², an amount of BDT 200,000 is payable to the heirs of a deceased worker (74(a) and Fifth Schedule) and an amount of BDT 250,000, proportionally reduced to reflect the level of incapacity, is payable to a permanently disabled worker (74(b), (c) and Fifth Schedule). It should be noted that no compensation is payable from the CF for workers of factories located in the EPZ.

With all the information above, it is possible to calculate the pension payable under the EIS Pilot using the calculation tool of the EIS-PSU and using the following assumptions:

- The degree of incapacity is assumed to be equal to the historical average degree of incapacity assessed for the workers of the RMG sector of the same type of accident, namely:
 - i) 33 percent for workplace accidents;
 - ii) 69 percent for commuting accidents; and
 - iii) 72 percent for RTA.
- The compensation that offsets the total pension payable under Convention No. 121 is the compensation stated in the Bangladesh EPZ Labour Act of 2019, where the reduction in the total permanent incapacity payment is based on the average degree of incapacity previously stated.
- For accident that took place before 1 December 2023, an indexation of 25 percent is payable from that date to reflect the increase in wages for the RMG sector.

Table 3.9 presents the distribution of monthly top-up pensions assumed to be paid to male and female permanent disability pensioners from the pending claim of the factories located in the EPZ of the EIS Pilot.

¹² An English copy of the Act can be consulted on the [website of the Legislative and Parliamentary Affairs Division](#)

► **Table 3.9. Assumed permanent disability monthly pensions for pending cases, Factories located in the EPZ, by age and gender, 30 June 2025 (in BDT)**

Age group	Male		Female	
	Number	Average monthly pension	Number	Average monthly pension
15-19	-	-	-	-
20-24	2	4 227	2	4 194
25-29	4	4 185	1	7 812
30-34	3	3 907	3	5 247
35-39	2	3 269	4	5 077
40-44	-	-	-	-
45-49	3	3 449	-	-
50-54	-	-	-	-
55-59	-	-	-	-
60-64	-	-	-	-
65-69	-	-	-	-
70-74	-	-	-	-
75-79	-	-	-	-
80-84	-	-	-	-
85-89	-	-	-	-
90-94	-	-	-	-
95+	-	-	-	-
Total	14	3 843	10	5 225

Source: EIS-PSU and author's calculations

The total amount of retroactive payment for these pending cases is estimated at BDT 1,380,031.

For the IBNR, experience specific to the factories located in the EPZ is not available as it is a new group. As such, a methodology similar to the factories not located in the EPZ is retained. The IBNR liability for the permanent disability case is set equal to the liability of all permanent disability cases of the factories located in the EPZ for financial year 2024/25. Implicitly, it means that 50 percent of the cases were reported as of valuation date, which is similar to the 50 percent IBNR case assumption set in section 3.1.10 of this report. For the amount of retroactive pension to be paid for these IBNR cases, it is assumed that this value is equivalent to that of pending case for accident that occurred during financial year 2024/25. This amount to BDT 451,387.

3.1.13. Survivors' pensioners (pending case) and IBNR as of 30 June 2025 – Factories located in the EPZ

Potential cases of death in the factories located in the EPZ were provided to the ILO by the EIS-PSU. These 5 cases can be further separated by type of accident:

- 3 workplace accidents; and
- 2 RTA.

Date of accident, date of birth, gender and salary at time of the accident was provided for all these cases. Also, the EPZ are governed by different regulations with regards to work injury compensation. According to the Bangladesh EPZ Labour Act of 2019¹³, an amount of BDT 200,000 is payable to the heirs of a deceased worker (74(a) and Fifth Schedule) and an amount of BDT 250,000, proportionally reduced to reflect the level of incapacity, is payable to a permanently disabled worker (74(b), (c) and Fifth Schedule). It should be noted that no compensation is payable from the CF for workers in the EPZ.

With all the information above, it is possible to calculate the pension payable under the EIS Pilot using the calculation tool of the EIS-PSU and using the following assumptions:

- The family structure is assumed to be equivalent to that proposed in section 3.1.5 of this report.
- The compensation that offsets the total pension payable under Convention No. 121 is the compensation stated in the Bangladesh EPZ Labour Act of 2019 (BDT 200,000).
- For accident that took place before 1 December 2023, an indexation of 25 percent is payable from that date to reflect the increase in wages for the RMG sector.

Table 3.10 presents the distribution of monthly top-up pensions paid to presumed survivors' pensioners of the pending cases from factories located in the EPZ of the EIS Pilot per type of beneficiaries.

¹³ An English copy of the Act can be consulted on the [website of the Legislative and Parliamentary Affairs Division](#)

► Table 3.10. Assumed survivors' pensions in payment, Factories located in the EPZ, by age, gender and type, 30 June 2025 (in BDT)

Age group	Widow		Widower		Orphan - Male		Orphan - Female		Others	
	Nbr.	Avg. month. pens.	Nbr.	Avg. month. pens.	Nbr.	Avg. month. pens.	Nbr.	Avg. month. pens.	Nbr.	Avg. month. pens.
0-4	-	-	-	-	-	-	1	627	-	-
5-9	-	-	-	-	-	-	-	-	-	-
10-14	1	4 478	-	-	-	-	1	1 001	-	-
15-19	1	5 559	-	-	-	-	-	-	-	-
20-24	-	-	-	-	-	-	1	876	-	-
25-29	1	8 010	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	1	842	-	-
35-39	1	7 010	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-	1	2 484
45-49	-	-	-	-	-	-	-	-	1	3 073
50-54	1	6 734	-	-	-	-	-	-	-	-
55-59	-	-	-	-	-	-	-	-	1	4 337
60-64	-	-	-	-	-	-	-	-	-	-
65-69	-	-	-	-	-	-	-	-	1	3 650
70-74	-	-	-	-	-	-	-	-	-	-
75-79	-	-	-	-	-	-	-	-	-	-
80-84	-	-	-	-	-	-	-	-	1	3 072
85-89	-	-	-	-	-	-	-	-	-	-
90-94	-	-	-	-	-	-	-	-	-	-
95+	-	-	-	-	-	-	-	-	-	-
Total	5	6 358	-	-	-	-	4	836	5	3 323

Source: EIS-PSU and author's calculations

The total amount of retroactive payment for these pending cases is estimated at BDT 473,548.

For the IBNR, experience specific to the factories located in the EPZ is not available as it is a new group. As such, a methodology similar to the factories not located in the EPZ is retained. The IBNR liability for the permanent disability case is set equal to two-third (66,67 percent) of the liability of all death cases of factories located in the EPZ for financial year 2024/25. Implicitly, it means that 60 percent of the cases were reported as of valuation date, which is similar to the 40 percent IBNR case assumption set in section 3.1.11 of this report. For the amount of retroactive pension to be paid for these IBNR cases, it is assumed that this value is equivalent to two-third of that of death pending case of factories located in the EPZ for accident that occurred during financial year 2024/25. This amount to BDT 75,457.

3.2. Economic assumptions

3.2.1. Inflation rate

Figure 3.1 shows the historical and projected inflation in Bangladesh as per the World Economic Outlook (WEO), published by the International Monetary Fund (IMF) in April 2025. It should be noted that the historical information is taken directly from the Bangladesh Bureau of Statistics (BBS) up until financial year 2023/24, which becomes IMF's projections afterward.

► **Figure 3.1. Historical and projection inflation rate in Bangladesh as per WEO, 2014/15–2029/30**
(in percentage)



Note: Historical information provided in the WEO is based on the BBS' data

Source: WEO, April 2025

For the purposes of the actuarial valuation of the EIS Pilot as of 30 June 2025, the inflation assumption retained is the same as per the WEO of April 2025 for the projection period of the WEO. Afterward, an ultimate inflation rate of 5.5 percent is retained, which is the same as the last few years of WEO's projection. A table detailing various economic assumptions, including inflation, is shown in section 3.2.5 of this report.

3.2.2. Real discount rate

The Bank of Bangladesh (BoB) publishes an annual report on the Government securities. It shows the yield of newly sold Bangladesh Government Treasury Bonds (BGTB) on the market. This publication can be used to calculate the historical spread of BGTB yield against the inflation. An analysis on that spread was conducted in the last actuarial valuation of the EIS Pilot.¹⁴ It supported the historical use of a real discount rate of 2 percent in various compensation schemes developed for Bangladesh and for the last actuarial valuation.

However, considerations have to be made for the short-term assumption due to the following elements:

¹⁴ [Bangladesh – Report to the Governance Board: Actuarial Valuation of the Employment Injury Scheme Pilot for the Export-Oriented Ready-Made Garment Sector as of 30 June 2024](#), ILO, 2024

- The ILO's pass-through account and the local EIS Pilot account are not invested. It is not planned that investments will be made for these two accounts considering the short duration of the Pilot.
- The ILO's pass-through account is exposed to the currency risk, as its value is denominated in USD and that liabilities are expressed in BDT. While the exchange rate varies over time, it is important to link this variation with the inflation at national level, as the net exchange rate influences the financial situation of the EIS Pilot. Historically, variation in the exchange rate of USD to BDT is linked with period of inflation. As such, the exchange rate could play for or against the Pilot's financial sustainability.
- There will be a transition period in the next months following the end of the Pilot. The ILO has experienced a similar transition period for the Ali Enterprise's fire compensation scheme in Pakistan and it is reasonable to assume the same for the EIS Pilot.

Due to the previous elements, it is assumed that during the EIS Pilot duration and the first 9 months out of the Pilot, the accumulated reserve will not generate any investment return (i.e. nil nominal rate of return). After that period, it is assumed that the real rate of return of the reserve will be the long-term assumption mentioned previously (2.0 percent).

To capture the impact of the currency risk, an analysis of the historical USD to BDT exchange rate was performed. Figure 3.2 shows the historical exchange rate between the two currencies over the last 20 years.

► **Figure 3.2. Historical USD to BDT exchange rate**



Source: Google Finance as of 9 July 2025

In general, the exchange rate between the USD and the BDT was fairly stable over the last 20 years, except in the more recent year. However, these changes were associated with higher inflation in Bangladesh which nets no gain from holding USD instead of BDT; while the USD can afford more BDT, more BDT are required to buy the same basket of goods in Bangladesh. As such, no adjustment for currency fluctuations on the nominal rate of return is retained for this actuarial valuation.

The real nominal rate of return for the short-term period will be determined once the indexation assumption is set. Section 3.2.5 will summarize the real return assumption retained for the projection period of this actuarial valuation.

3.2.3. Indexation of benefits in payment

Convention No. 121 states that the benefits paid to victim of workplace accidents must keep its purchasing power over the contingency period. It is assumed that indexation will be provided to the beneficiaries, although special financial circumstances could justify lower indexation if required.

The long-term assumption retained for this actuarial valuation is that top-up benefits provided under the EIS Pilot will be fully indexed to the inflation rate. The inflation rate assumption is set in section 3.2.1 of this report.

For this actuarial valuation, it is assumed that the EIS Pilot GB will not provide indexation of EIS Pilot's top-up pension for the duration of the Pilot and during a transition period of 9 months. This is the same assumption that was used in the last actuarial valuation.¹⁵

3.2.4. Dollar to taka exchange rate on 30 June 2025

To convert the value of the funds held in the Geneva account or any cashflow expressed in USD, the exchange rate of 122.625 is retained for this actuarial valuation.¹⁶

3.2.5. Margin for adverse deviation

Due to the specific nature of the EIS Pilot, such as its voluntary nature of financing, the absence of a national scheme that is able to take the accrued liability in case of its termination and the fact that an insurance company might take the liabilities under its responsibility after the end of the Pilot, a margin for adverse deviation (MfAD) is added to the value of the liability. Its value is equivalent to 15 percent of all the liabilities (excluding retroactive payments for pending cases and future lump-sum payments) of the EIS Pilot. This is the same assumption that was used in the last actuarial valuation.¹⁷

3.2.6. Summary of economic assumptions

Table 3.11 summarises the various economic assumptions used for the current actuarial valuation of the EIS Pilot.

► **Table 3.11. Summary of economic assumptions (in percentage)**

Year	Inflation	Real discount rate	Nominal discount rate	Indexation of pensions
2025/26	7.6	-7.0	0.0	0.0
2026/27	5.0	-4.8	0.0	0.0
2027/28	5.0	-3.1	1.8	1.3
2028/29	5.4	2.0	7.5	5.4
2029/30	5.6	2.0	7.7	5.6
2030/31 and later	5.5	2.0	7.6	5.5

Source: Authors' calculation

¹⁵ [Bangladesh – Report to the Governance Board: Actuarial Valuation of the Employment Injury Scheme Pilot for the Export-Oriented Ready-Made Garment Sector as of 30 June 2024](#), ILO, 2024

¹⁶ Source: xe.com, average daily exchange rate for 30 June 2025

¹⁷ [Bangladesh – Report to the Governance Board: Actuarial Valuation of the Employment Injury Scheme Pilot for the Export-Oriented Ready-Made Garment Sector as of 30 June 2024](#), ILO, 2024

► 4. Financial situation of the EIS Pilot

The objective of this actuarial valuation is to assess the ability of the EIS Pilot to meet its current obligations towards the beneficiaries and their families. For this purpose, liabilities are calculated on a closed-group basis as at valuation date. The methodology retained for this actuarial valuation is shown in Appendix 2 together with the data and assumptions presented in chapter 3 of this report. The provisions of the scheme are summarized in Appendix 1.

Calculations are performed using best-estimate assumptions, which is intended to be a likely “average” view of what may be expected in the long run. A reconciliation of the financial situation from the last to the current valuation is performed to explain the changes that occurred during the last financial year. Finally, this chapter also presents sensibility scenarios where assumptions are changed to illustrate the capacity of the EIS Pilot to face its obligations in case of change in experience.

4.1. Financial situation of the EIS Pilot on 30 June 2025

Table 4.1 presents a summary of the financial situation of the EIS Pilot on 30 June 2025. The financial situation of the Pilot is also shown as of 30 June 2024 for illustration purposes.

► **Table 4.1. Financial situation of the EIS Pilot as of 30 June 2024 and 2025 (in BDT)**

	30 June 2024	30 June 2025
Reserve		
Reserve available in the BDT account in Dhaka	6 878 000	14 143 000
Reserve available in the USD account in Geneva	330 128 000	622 642 000
Total - Reserve	337 006 000	636 785 000
Liabilities		
Permanent disability pensioners	23 427 000	108 144 000
Survivor pensioners	48 222 000	239 253 000
Future lump sum payments ¹	82 000	2 036 000
Retroactive payments ²	250 000	4 042 000
IBNR liability	10 349 000	51 387 000
Margin for Adverse Deviation	12 350 000	59 818 000
Total - Liabilities	94 680 000	464 680 000
Surplus (deficit)	242 326 000	172 105 000

¹ These payments represent the value of benefit that will be disbursed for approved cases that were commuted to a lump sum instead of a pension. These values were provided by the EIS-PSU.

² These payments represent the value of monthly cashflows that will be disbursed for pending cases that are assumed to be approved by the GB for the IBNR cases. The detail on these payments can be found in chapter 3 of this report.

Source: Author's calculations

While the EIS Pilot is still in surplus, the excess of reserve to liability has diminished in the last financial year. This is mainly due to the increase in liability related to the extension of coverage for commuting accident, as well as the effective coverage of the RMG factories in EPZ and the indexation of 25% of top-up pensions provided for accidents prior to 1 December 2023. The surplus position indicates that if the scheme were to be

suspended on the valuation date, there would be sufficient assets to cover the accrued (real and presumed) liability under the EIS Pilot.

Table 4.2 details the pensioners' liability by type of pension, type of accident and by status (approved or pending approval) on 30 June 2024 and 2025.

► **Table 4.2. Pensioners' liability per type of accident and approval status, 30 June 2024 and 2025 (in BDT)**

	30 June 2024	30 June 2025
Permanent disability pensioners' liability		
Approved claims – Workplace accidents	13 040 000	28 532 000
Pending claims – Workplace accidents	3 596 000	30 805 000
Total – Workplace accidents	16 636 000	59 337 000
Approved claims – Commuting accidents	N/A	7 969 000
Pending claims – Commuting accidents	N/A	19 272 000
Total – Commuting accidents	N/A	27 241 000
Approved claims – RTA	3 622 000	9 639 000
Pending claims – RTA	3 169 000	11 927 000
Total – RTA	6 791 000	21 566 000
Approved claims – All type of accidents	16 662 000	46 140 000
Pending claims – All type of accidents	6 765 000	62 004 000
Total – All type of accidents	23 427 000	108 144 000
Survivor pensioners' liabilities		
Approved claims – Workplace accidents	34 840 000	64 581 000
Pending claims – Workplace accidents	1 209 000	14 883 000
Total – Workplace accidents	36 049 000	79 464 000
Approved claims – Commuting accidents	N/A	79 293 000
Pending claims – Commuting accidents	N/A	50 862 000
Total – Commuting accidents	N/A	130 155 000
Approved claims – RTA	5 555 000	23 964 000
Pending claims – RTA	6 618 000	5 670 000
Total – RTA	12 173 000	29 634 000
Approved claims – All type of accidents	40 395 000	167 838 000
Pending claims – All type of accidents	7 827 000	71 415 000
Total – All type of accidents	48 222 000	239 253 000

Source: Author's calculations

Table 4.3 splits the figures of table 4.3 of 30 June 2025 per sector of the EIS Pilot.

► **Table 4.3. Pensioners' liability by sector, per type of accident and approval status, 30 June 2025 (in BDT)**

	Outside EPZ	Inside EPZ	Total
Permanent disability pensioners' liability			
Approved claims – Workplace accidents	28 532 000	-	28 532 000
Pending claims – Workplace accidents	4 046 000	26 759 000	30 805 000
Total – Workplace accidents	32 578 000	26 759 000	59 337 000
Approved claims – Commuting accidents	7 969 000	-	7 969 000
Pending claims – Commuting accidents	11 361 000	7 911 000	19 272 000
Total – Commuting accidents	19 330 000	7 911 000	27 241 000
Approved claims – RTA	9 639 000	-	9 639 000
Pending claims – RTA	3 132 000	8 795 000	11 927 000
Total – RTA	12 771 000	8 795 000	21 566 000
Approved claims – All type of accidents	46 140 000	-	46 140 000
Pending claims – All type of accidents	18 539 000	43 465 000	62 004 000
Total – All type of accidents	64 679 000	43 465 000	108 144 000
Survivor pensioners' liabilities			
Approved claims – Workplace accidents	64 581 000	-	64 581 000
Pending claims – Workplace accidents	8 654 000	6 229 000	14 883 000
Total – Workplace accidents	73 235 000	6 229 000	79 464 000
Approved claims – Commuting accidents	79 293 000	-	79 293 000
Pending claims – Commuting accidents	50 862 000	-	50 862 000
Total – Commuting accidents	130 155 000	-	130 155 000
Approved claims – RTA	23 964 000	-	23 964 000
Pending claims – RTA	2 287 000	3 383 000	5 670 000
Total – RTA	26 251 000	3 383 000	29 634 000
Approved claims – All type of accidents	167 838 000	-	167 838 000
Pending claims – All type of accidents	61 803 000	9 612 000	71 415 000
Total – All type of accidents	229 641 000	9 612 000	239 253 000

Source: Author's calculations

Table 4.4 details the IBNR liability by sector per type of pension and type of accidents on 30 June 2025. It should be noted that this exercise cannot be conducted for 30 June 2024 as the approach to set the IBNR liability in the last actuarial valuation was different and could not allow for this separation of liability.

► Table 4.4. IBNR liability by sector, per type of accident, 30 June 2025 (in BDT)

	Outside EPZ	Inside EPZ	Total
Permanent disability pensioners' IBNR liability			
Workplace accidents	3 549 000	12 042 000	15 591 000
Commuting accidents	-	5 928 000	5 928 000
RTA	-	8 795 000	8 795 000
Total - All type of accidents	3 549 000	26 765 000	30 314 000
Survivor pensioners' IBNR liabilities			
Workplace accidents	2 965 000	1 626 000	4 591 000
Commuting accidents	6 613 000	-	6 613 000
RTA	7 613 000	2 255 000	9 868 000
Total - All type of accidents	17 191 000	3 881 000	21 072 000
Total - All type of pensions	20 740 000	30 646 000	51 386 000

Source: Author's calculations

4.2. Reconciliation of the financial situation of the EIS Pilot since the last actuarial valuation

As part of international actuarial standards of practice, a reconciliation of the financial situation of the EIS Pilot was conducted for the current valuation. The financial situation of the EIS Pilot is first projected using the same assumptions as per last actuarial valuation and is compared to the actual financial situation as shown in section 4.1 of this report. Any major discrepancies must be explained either through the experience of the scheme or changes in assumptions and methodologies.

Table 4.5 presents the projected expected financial situation of the EIS Pilot on 30 June 2025 based on the calculations and assumptions of the last actuarial valuation.

► Table 4.5. Projection of the expected financial situation of the EIS Pilot as of 30 June 2025 (in BDT)

	30 June 2024	Exp. Interest	Exp. Payment	Exp. Adjust.	30 June 2025
Reserve					
Reserve available in the BDT account in Dhaka	6 878 000	-	-3 549 000	-	3 329 000
Reserve available in the USD account in Geneva	330 128 000	-	-	-	330 128 000
Total - Reserve	337 006 000	-	-3 549 000	-	333 457 000
Liabilities					
Permanent disability pensioners	23 427 000	-	-740 000	-	22 687 000
Survivor pensioners	48 222 000	-	-2 074 000	-	46 148 000
Future lump sum payments	82 000	-	-82 000	-	-
Retroactive payments	250 000	-	-250 000	-	-
IBNR liability	10 349 000	-	-403 000	-	9 946 000
Margin for Adverse Deviation	12 350 000	-	-	-532 000	11 818 000
Total - Liabilities	94 680 000	-	-3 549 000	-532 000	90 599 000
Surplus (deficit)	242 326 000	-	-	532 000	242 858 000

Source: Author's calculations

Below are a few elements worth noting from the projection made in table 4.5:

- The expected benefit payments were allocated to the BDT account in Dhaka, in line with the current administrative practice of providing the benefits from that account.
- The expected payment from the IBNR liabilities is the multiplication of the percentage of IBNR retained on the liability per type of pension on the expected payment of that particular type of pension.
- Without the required adjustment on the MfAD, the expected surplus would be the same as the one determined last actuarial valuation. This is due to the fact that there is no interest credited on the reserve and liability.
- The adjustment of the MfAD is required due to the change in the projected liabilities on 30 June 2025. It should be noted that there are no cashflows associated with the MfAD, which is composed exclusively of a margin related to the liabilities of the scheme. This margin tries to ensure the sufficiency of the reserve in case the liabilities are transferred to another entity (for example, a private insurance company in case of annuity purchase).

Table 4.6 presents a summary of the reconciliation of the financial situation of the EIS Pilot since the last actuarial valuation.

► **Table 4.6. Reconciliation of the financial situation of the EIS Pilot since the last actuarial valuation (in BDT)**

Item	Value
Surplus on 30 June 2024	242 326 000
Expected impact of interest on surplus	-
Expected impact of payments on surplus	-
Expected impact of change in MfAD on surplus	532 000
Projected surplus on 30 June 2025	242 858 000
Real surplus on 30 June 2025	172 105 000
<i>Gains (losses) since the last valuation</i>	<i>-70 753 000</i>
Source of gains and losses	
Experience of the scheme	-100 392 000
Change in actuarial valuation assumptions	-954 000
Change in methodologies	-4 245 000
Impact of new cases	-280 580 000
New voluntary contributions received	315 365 000
Other elements	53 000
Total – Gains (losses) since the last actuarial valuation	-70 753 000

Source: Author's calculations

The source of gains and losses on the financial situation of the EIS Pilot can be further explained by the following elements:

- **Experience of the scheme:** This element is composed of a loss on decrement experience [mortality, marriage and remarriage] (-1,008,000), the removal of a pending case that will not be presented (+1,275,000), of pending cases that were paid in lump sum in lieu of pensions (+359,000), of pending cases with approved pensions different than what was provided for the last valuation (+1,573,000), the net change in the IBNR provision prior to its change in assumption (-42,480,000), the impact of the indexation and small change in pension payment due to changes in the VBA tool (-10,681,000), the change in the MfAD before the change in its methodology (-48,912,000), the net gain in exchange rate (+8,997,000), the gain on the currency transaction (+342,000) and the impact of the administrative fees supported the EIS Pilot (-9,857,000).
- **Change in actuarial assumptions:** This element is composed of the change in economic assumptions (+2,000), the change in the presumed family structure of a disabled pensioner at the time of his/her death (+362,000) and the change in the IBNR assumption (--1,318,000).
- **Change in methodologies:** This element is composed of a change in the actuarial projection code related to the benefit entitlement of widower (-88,000), of the usage of accrual basis for the USD bank account in Geneva (+912,000), the change in the opening value of the reserve for the funds held in BDT in Dhaka (-86,000) and the change in the methodology for the MfAD calculation (-4,983,000).
- **Impact of new cases:** This element is composed of the new liability accrued since the last actuarial valuation (-269,511,000), including the payment of their benefit since the last actuarial valuation (-3,736,000), projected retroactive payment for pending cases (-5,297,000) and future lump sum approved to be paid in 2025/26 (-2,036,000).

- **New voluntary contributions received:** This element is only composed of the value of the voluntary contributions received from international buyers that participate in EIS Pilot. The amount of this item is on a cash basis, and its adjustment to an accrual basis is fully captured in the *change in methodologies* mentioned above.
- **Other elements:** It is composed of a discrepancy between the amount of pension paid shown in the financial statements of the account held in Dhaka versus the expected payment of the last actuarial valuation for 5 specific cases (+53,000).

4.3. Sensitivity scenarios

The results presented so far are those from the best estimate assumptions of the actuaries. The financial situation intends to represent a likely average view of what may be expected for the duration of the accrued liabilities. It is important to analyse how future results would be impacted if the actual experience were to deviate from this best estimate scenario.

Modifications to each of the following liabilities' assumptions are considered in this chapter and done in isolation (i.e. there is no change to other assumptions):

- Discount rate;
- Mortality rate;
- Inflation rate (which impacts the indexation of pension);
- USD to BDT exchange rate;
- IBNR; and
- Investment of the reserve during the EIS Pilot

4.3.1. Discount rate

Under the best estimate scenario, the discount rate used is a real discount rate of 2 percent after the end of the EIS Pilot period and the 9-months institutionalization process period. In the sensitivity scenarios, the real discount rate is 1 and 3 percent respectively. Table 4.7 shows the financial situation of the EIS Pilot under the sensitivity scenarios and compares it against the value of the best estimate scenario.

► **Table 4.7. Financial situation of the EIS Pilot as of 30 June 2025 under the discount rate sensitivity scenarios** (in BDT)

	Real Disc. -1%	Best estimate	Real disc. +1%
Reserve			
Reserve available in the BDT account in Dhaka	14 143 000	14 143 000	14 143 000
Reserve available in the USD account in Geneva	622 642 000	622 642 000	622 642 000
Total - Reserve	636 785 000	636 785 000	636 785 000
Liabilities			
Permanent disability pensioners	132 143 000	108 144 000	91 059 000
Survivor pensioners	279 375 000	239 253 000	209 308 000
Future lump sum payments	2 036 000	2 036 000	2 036 000
Retroactive payments ¹	4 042 000	4 042 000	4 042 000
IBNR	62 258 000	51 387 000	43 595 000
Margin for Adverse Deviation	71 066 000	59 818 000	51 594 000
Total - Liabilities	550 920 000	464 680 000	401 634 000
Surplus (deficit)	85 865 000	172 105 000	235 151 000

¹ These payments represent the value of monthly cashflows that will be disbursed for pending cases that are assumed to be approved by the GB.

Source: Author's calculations

As expected with the funding method retained for the EIS Pilot, the actuarial liabilities of the scheme are sensible to the interest rate used. It should be noted that the EIS Pilot remains in a surplus under both sensitivity scenarios.

4.3.2. Mortality

Under the best estimate scenario, the general mortality table used is the one from the UN WPP: The 2024 Revision. Various adjustments to the mortality table are brought to invalid pensioners as described in chapter 3 of this report. In the sensitivity scenarios, the general mortality rates are decreased and increased by 25 percent. Table 4.8 shows the financial situation of the EIS Pilot under the sensitivity scenarios and compares it against the value of the best estimate scenario.

► **Table 4.8. Financial situation of the EIS Pilot as of 30 June 2025 under the mortality rate sensitivity scenarios** (in BDT)

	Mort. Rate -25%	Best estimate	Mort. Rate +25%
Reserve			
Reserve available in the BDT account in Dhaka	14 143 000	14 143 000	14 143 000
Reserve available in the USD account in Geneva	622 642 000	622 642 000	622 642 000
Total - Reserve	636 785 000	636 785 000	636 785 000
Liabilities			
Permanent disability pensioners	112 585 000	108 144 000	104 499 000
Survivor pensioners	248 477 000	239 253 000	231 836 000
Future lump sum payments	2 036 000	2 036 000	2 036 000
Retroactive payments ¹	4 042 000	4 042 000	4 042 000
IBNR	53 339 000	51 387 000	49 794 000
Margin for Adverse Deviation	62 160 000	59 818 000	57 919 000
Total - Liabilities	482 639 000	464 680 000	450 126 000
Surplus (deficit)	154 146 000	172 105 000	186 659 000

¹ These payments represent the value of monthly cashflows that will be disbursed for pending cases that are assumed to be approved by the GB.

Source: Author's calculations

Table 4.8 shows that the liabilities of the EIS Pilot are not significantly sensitive to the mortality rate. It should be noted that the EIS Pilot remains in a surplus under both sensitivity scenarios.

4.3.3. Inflation rate

Under the best estimate scenario, the inflation rate follows the projection of the IMF in the short-term and then is set at 5.5 percent on the long-term. This assumption impacts the rate of return and the indexation of pension provided after the transition period out of the EIS Pilot. In the sensitivity scenarios, the inflation rate is 1 percent less and more than in the best estimate. Table 4.9 shows the financial situation of the EIS Pilot under the sensitivity scenarios and compares it against the value of the best estimate scenario.

► **Table 4.9. Financial situation of the EIS Pilot as of 30 June 2025 under the inflation rate sensitivity scenarios** (in BDT)

	Inflation -1%	Best estimate	Inflation +1%
Reserve			
Reserve available in the BDT account in Dhaka	14 143 000	14 143 000	14 143 000
Reserve available in the USD account in Geneva	622 642 000	622 642 000	622 642 000
Total - Reserve	636 785 000	636 785 000	636 785 000
Liabilities			
Permanent disability pensioners	107 447 000	108 144 000	108 784 000
Survivor pensioners	238 130 000	239 253 000	240 371 000
Future lump sum payments	2 036 000	2 036 000	2 036 000
Retroactive payments ¹	4 042 000	4 042 000	4 042 000
IBNR	51 103 000	51 387 000	51 656 000
Margin for Adverse Deviation	59 502 000	59 818 000	60 122 000
Total - Liabilities	462 260 000	464 680 000	467 011 000
Surplus (deficit)	174 525 000	172 105 000	169 774 000

¹ These payments represent the value of monthly cashflows that will be disbursed for pending cases that are assumed to be approved by the GB.

Source: Author's calculations

Table 4.9 shows that the liabilities of the EIS Pilot are not significantly sensitive to the inflation rate. This is due to the fact that both indexation of pensions and investment returns after the end of the transition period are impact by the same amplitude by the inflation rate assumption. It should be noted that the EIS Pilot remains in a surplus under both sensitivity scenarios.

4.3.4. USD to BDT exchange rate

Under the best estimate scenario, the USD to BDT exchange rate is assumed to remain at its current level for the duration of the EIS Pilot. In the sensitivity scenarios, the average exchange rate is assumed to be 13 percent less and more than in the best estimate scenario. 13 percent represents the appreciation of the USD against the BDT since the inception of the EIS Pilot. Table 4.10 shows the financial situation of the EIS Pilot under the sensitivity scenarios and compares it against the value of the best estimate scenario.

► **Table 4.10. Financial situation of the EIS Pilot as of 30 June 2025 under the exchange rate sensitivity scenarios** (in BDT)

	Exch. Rate -13%	Best estimate	Exch. Rate +13%
Reserve			
Reserve available in the BDT account in Dhaka	14 143 000	14 143 000	14 143 000
Reserve available in the USD account in Geneva	551 011 000	622 642 000	703 585 000
Total - Reserve	565 154 000	636 785 000	717 728 000
Liabilities			
Permanent disability pensioners	108 144 000	108 144 000	108 144 000
Survivor pensioners	239 253 000	239 253 000	239 253 000
Future lump sum payments	2 036 000	2 036 000	2 036 000
Retroactive payments ¹	4 042 000	4 042 000	4 042 000
IBNR	51 387 000	51 387 000	51 387 000
Margin for Adverse Deviation	59 818 000	59 818 000	59 818 000
Total - Liabilities	464 680 000	464 680 000	464 680 000
Surplus (deficit)	100 474 000	172 105 000	253 048 000

¹ These payments represent the value of monthly cashflows that will be disbursed for pending cases that are assumed to be approved by the GB.

Source: Author's calculations

The EIS Pilot is fairly sensible to the exchange rate. This is due to the fact that most of the reserve is held in USD, while the liabilities are determined in BDT. The exchange rate at the time of the transfer from Geneva to Dhaka plays a role in the financial sustainability of the EIS Pilot. As part of the institutionalization of the Pilot, this financial risk will be managed by the conversion of all the reserve to BDT.

4.3.5. IBNR

Under the best estimate scenario, the IBNR is set by assuming a certain number of incurred cases prior to 30 June 2025 were not yet reported to the EIS-PSU but that these cases that will be reviewed by the GB during the next financial year. In the sensitivity scenarios, the IBNR liability is 25 percent less and more than in the best estimation scenario. Table 4.11 shows the financial situation of the EIS Pilot under the sensitivity scenarios and compares it against the value of the best estimate scenario.

► **Table 4.11. Financial situation of the EIS Pilot as of 30 June 2025 under the IBNR liability sensitivity scenarios** (in BDT)

	IBNR -25%	Best estimate	IBNR +25%
Reserve			
Reserve available in the BDT account in Dhaka	14 143 000	14 143 000	14 143 000
Reserve available in the USD account in Geneva	622 642 000	622 642 000	622 642 000
Total - Reserve	636 785 000	636 785 000	636 785 000
Liabilities			
Permanent disability pensioners	108 144 000	108 144 000	108 144 000
Survivor pensioners	239 253 000	239 253 000	239 253 000
Future lump sum payments	2 036 000	2 036 000	2 036 000
Retroactive payments ¹	4 042 000	4 042 000	4 042 000
IBNR	38 540 000	51 387 000	64 234 000
Margin for Adverse Deviation	59 818 000	59 818 000	59 818 000
Total - Liabilities	451 833 000	464 680 000	477 527 000
Surplus (deficit)	184 952 000	172 105 000	159 258 000

¹ These payments represent the value of monthly cashflows that will be disbursed for pending cases that are assumed to be approved by the GB.

Source: Author's calculations

Table 4.11 shows that the financial situation of the EIS Pilot is less sensitive to the IBNR than it was in the last actuarial valuation. This is due to the fact that its value is lower in relative term against the liability of the approved and pending case. The assumption used for this actuarial valuation assumes that a majority of the cases are dealt within the same accident year. It is advised to continue monitoring this assumption for the remainder of the EIS Pilot.

4.3.6. Investment of the reserve during the EIS Pilot

Under the best estimate scenario, it is assumed that no investment and indexation will be provided during the EIS Pilot and the few months preceding its full institutionalization. In the sensitivity scenario, it is assumed that the reserve of the EIS Pilot will be invested, and that in turn, top-up pensions are going to be indexed on a yearly basis as per the inflation rate assumption. The assumption retained for the assumptions during the EIS Pilot and its transition period under the investment sensitivity scenario are the following:

- **Indexation rate:** The inflation rate assumption is used. The inflation rate retained is the same as per the IMF's projections (7.6 percent in 2025/26, 5.0 percent in 2026/27 and 5.0 percent in 2027/28).
- **Real return on investment:** The real return of the reserve is assumed to be 2 percent, which is the same assumption retained in the long-term.

Table 4.12 shows the financial situation of the EIS Pilot under the sensitivity scenario and compares it against the value of the best estimate scenario.

► **Table 4.12. Financial situation of the EIS Pilot as of 30 June 2025 under the investment of reserve sensitivity scenario** (in BDT)

	Inv. Reserve	Best estimate
Reserve		
Reserve available in the BDT account in Dhaka	14 143 000	14 143 000
Reserve available in the USD account in Geneva	622 642 000	622 642 000
Total - Reserve	636 785 000	636 785 000
Liabilities		
Permanent disability pensioners	103 051 000	108 144 000
Survivor pensioners	228 307 000	239 253 000
Future lump sum payments	2 036 000	2 036 000
Retroactive payments ¹	4 042 000	4 042 000
IBNR	48 975 000	51 387 000
Margin for Adverse Deviation	57 050 000	59 818 000
Total - Liabilities	443 461 000	464 680 000
Surplus (deficit)	193 324 000	172 105 000

¹ These payments represent the value of monthly cashflows that will be disbursed for pending cases that are assumed to be approved by the GB.

Source: Author's calculations

While the investment of the reserve during the EIS Pilot helps improve the financial situation of the scheme, it does not provide a substantial increase in surplus. This is mainly due to the fact that the EIS Pilot period is getting shorter each year, which reduces the impact of the non-investment of the reserve on the calculation of the liabilities.

► 5. Conclusion

This actuarial valuation shows that the accrued liabilities of the EIS Pilot are fully funded against the total value of the accumulated reserve. The EIS GB should conduct the next actuarial valuation on 30 June 2026 to ensure the good governance of the scheme. The current and future actuarial valuations will help provide insight for national stakeholders to implement a full-fledged EIS for all workers in Bangladesh.

The liabilities of the scheme are now more clearly defined, particularly as the indexation of pensions for accidents occurring before 1 December 2023 and the inclusion of commuting accidents have been formally integrated into the scheme's coverage.

In addition, the scope of coverage has been clarified: the scheme now effectively extends to workers in the EPZ as well as part of the domestic supply chain. While this also implies an increase in the number of workers effectively covered, the effective scope of coverage appears far more clearly delineated than it did in 2024.

The question of reliable data remains. The scheme appears substantially robust with respect to accidents resulting in death or severe permanent disability. However, it remains considerably less reliable concerning occupational diseases and partial permanent disabilities. For occupational diseases, it is important to acknowledge the efforts currently underway to strengthen nascent institutional capacity. For partial permanent disabilities, more significant efforts will be required to incentivize stakeholders to report such cases systematically.

The full integration of partial permanent disabilities and occupational diseases will likely only occur once the national scheme is established. However, national stakeholders should already be made aware that these elements will have a significant impact on the actual financial performance and long-term sustainability of the future national scheme.

► Actuarial Opinion

In our opinion,

- the data upon which the report is based are sufficient and reliable;
- the assumptions used for the report are reasonable and appropriate both in aggregate and individually; and
- the methodology employed is appropriate and consistent with accepted actuarial practice.

Based on the results of this valuation, we hereby certify that the EIS Pilot in Bangladesh is financially sustainable based on the terminal funding method retained for this scheme, for all accidents incurred prior to 30 June 2025.

This report and the opinions given have been prepared in accordance with the internationally accepted actuarial practice as provided under the *International Standard of Actuarial Practice 2 – Financial Analysis of Social Security Programs* of the International Actuarial Association.



Raphaël Imbeault, FSA, FCIA

External collaborator of the ILO and Actuary



André Picard, FSA, FCIA

Chief Technical Advisor and Actuary

16 September 2025

► Appendix 1. Summary of the provisions of the EIS Pilot

A1.1. Regulations

A document called *Detailed calculation of the Employment Injury Scheme (EIS) Pilot top-up benefits* was adopted by the EIS Pilot GB on 10th May 2023. The document is inspired by the *Framework for a sustainable employment injury insurance scheme in Bangladesh*, that was endorsed by national stakeholders on 10 March 2022.

Benefits payable under the EIS Pilot are not payable under any law or regulations and do not create any obligations for contributing brands or other stakeholders involved.

This appendix summarises the content of the detailed calculation methodology adopted by the GB.

A1.2. General definitions

Eligible dependents: The term *eligible dependents* is used as defined in S. 2 §30 of the Bangladesh Labour Act and encompasses any of the following relatives, namely:

- A widow, minor child, unmarried daughter, or a widowed mother; and
- If wholly or partly dependent on the earnings of the worker at the time of his/her death, a widower, father, daughter if widowed, minor brother, unmarried or widowed sister, widowed daughter-in-law, minor son of a deceased son, minor child of a deceased daughter where his/her father is not alive or, where no parent of the worker is alive, the paternal grandparent, son born out of wedlock, and unmarried daughter born out of wedlock.

In line with the Bangladesh Labour Act and the Tripartite National Technical Workshop, the dependency status ends at:

- Death for all dependents;
- Marriage for: widow, unmarried or widowed daughter, unmarried or widowed sister, widowed daughter-in-law, unmarried daughter born out of wedlock;
- Attainment of age of majority for: son and daughter, brother and sister, son born out of wedlock, and minor child of a deceased daughter, except for disabled children, where it ends when disability ends or at death whichever comes first.

In the case of death of a permanently disabled worker receiving a top-up benefit, who dies from a cause related to the work-related injury, the eligible dependents become entitled to receive a benefit in line with the above criteria.

Reference wage: As agreed during the Tripartite National Technical Workshop, the reference wage used for the calculation of the total benefit is the gross salary (basic salary plus allowances for housing, medical, food and transport) paid to the worker in the month prior to the work-related injury (excluding overtime). If a worker has not worked a full month in the month prior to the work-related injury, the reference wage is adjusted upward to reach the equivalent of a full month.

A1.3. Coverage

Benefits are paid under the EIS Pilot in case of work-related injury occurring from 21 June 2022 resulting in permanent disability or death to all workers contributing to RMG sold to international buyers in Bangladesh or their eligible dependents. As agreed at the Tripartite National Technical Workshop held in December 2021,

the EIS Pilot did not compensate work-related injuries happening while commuting to or from the workplace. Since 1 July 2024, commuting accidents are now covered under the EIS Pilot.

Although workers in RMG factories in EPZ were covered under the EIS Pilot since 21 June 2022, it is only in March 2025 that an administrative arrangement was concluded to effectively cover them (due to different legal framework and stakeholders). This effective coverage is for employment injuries that happened since 21 June 2022.

A1.4. Financing

The EIS Pilot is financed by brands on a voluntary basis renewed every year. Benefits payable under the EIS Pilot is therefore subject to the availability of funds.

Voluntary contributions from brands are determined at 0.019 percent of the value of the export.

A1.5. Permanent disability benefits

Under the EIS Pilot, compensation for permanent disability is still payable by the CF (or group insurance, if any) under the same conditions as per the legal framework. The CF (or group insurance, if any) continues to act as the first payer for long-term benefits. A top-up benefit is then paid by the EIS Pilot to ensure that the value of long-term work-related injury benefits is equivalent to the actuarial value of benefits as defined in the ILO Convention No. 121. The top-up benefit is paid in lieu and place of the lump sum otherwise payable (if any) by the employers under the Fifth Schedule of the Bangladesh Labour Act (BLA), 2006 (see BLA, S. 151). The value of the top-up benefit should at least cover the value of this employers' liability.

The benefits payable under the EIS Pilot are benefits payable as long as the contingency of the disabled worker lasts. Benefits are first calculated as if no lump sum was payable from the CF (or other similar entity) (*total benefit*). Thereafter, the total benefit is reduced to consider the lump sum payable by the CF (or group insurance) (*top-up benefit*).

The total benefit is determined as 60 percent of the reference wage multiplied by degree of permanent partial disability (or 100 percent in case of permanent total disability).

The top-up benefit is equal to the total benefit reduced by a benefit having a value actuarially equivalent to the value of the lump sum paid by the CF (or other similar entity). For this actuarial value calculation, the following assumptions are made:

- Discount rate: 8.1% per year;
- Indexation of the benefits: 6.0% per year;
- Mortality rates: United Nation World Population Project revision for Bangladesh (most recent revision).

When calculating the top-up benefit, if the CF or any other institutions have not yet paid the lump sum, the EIS Pilot assumes that a lump sum of BDT 200,000 will be paid, in line with known practice. Thereafter, if it is demonstrated that the CF or any other institutions have paid less (or more) than BDT 200,000, the top-up benefit will be adjusted accordingly (upward or downward).

The approval procedures for the lump sum payable by the CF or any other institutions and the top-up benefit payable by the EIS Pilot are two separate procedures that are processed in parallel. The approval of a top-up benefit by the EIS Pilot GB is not conditional to the approval of a lump sum payment by the Board of the CF and vice-versa.

A1.6. Death benefits

Under the EIS Pilot, compensation for death is still payable by the CF (or group insurance, if any) under the same conditions as per the legal framework. The CF (or group insurance, if any) continues to act as the first

payer for long-term benefits. A top-up benefit is then paid by the EIS Pilot to ensure that the value of long-term work-related injury benefits is equivalent to the actuarial value of benefits as defined in the ILO Convention No. 121. The top-up benefit is paid in lieu and place of the lump sum otherwise payable (if any) by the employers under the Fifth Schedule of the Bangladesh Labour Act (BLA), 2006 (see BLA, S. 151). The value of the top-up benefit should at least cover the value of this employers' liability.

The benefits payable under the EIS Pilot are benefits payable for as long as there are eligible dependents, as defined in BLA (see S. 2 §30). Benefits are first calculated as if no lump sum was payable from the CF (or other similar entity) (*total benefit*). Thereafter, the total benefit is reduced to consider the lump sum payable by the CF (or group insurance) (*top-up benefit*).

The total benefit varies depending on the status of dependents and their number and respects the following rules:

- The standard beneficiary is a widow/er with two children and their level of total benefit should amount to 50 percent of the deceased's reference wage. In case there is only a widow/er or an orphan, the level of total benefit should amount to 40 percent;
- Widow/er and orphans have priority over parents and other dependents;
- In case of multiple eligible dependents the total benefit cannot exceed 60 percent of the deceased's reference wage.

The top-up benefit is equal to the total benefit reduced by a benefit having a value actuarially equivalent to the value of the lump sum paid by the CF (or other similar entity). For this actuarial value calculation, the following assumptions are made:

- Eligible dependents for the lump sum paid by the CF or any other institutions are the same as the one used to calculate the total benefit;
- Discount rate: 8.1% per year;
- Indexation of the benefits: 6.0% per year;
- Mortality rates: United Nation World Population Project revision for Bangladesh (most recent revision).

When calculating the top-up benefit, if the CF or any other institutions have not yet paid the lump sum, the EIS Pilot assumes that a lump sum of BDT 200,000 will be paid, in line with known practice. Thereafter, if it is demonstrated that the CF or any other institutions have paid less (or more) than BDT 200,000, the top-up benefit will be adjusted accordingly (upward or downward).

The approval procedures for the lump sum payable by the CF or any other institutions and the top-up benefit payable by the EIS Pilot are two separate procedures that are processed in parallel. The approval of a top-up benefit by the EIS Pilot GB is not conditional to the approval of a lump sum payment by the Board of the CF and vice-versa.

A1.7. Commutation of small benefits

In order to avoid payment of small benefits and when this is particularly advantageous for the beneficiary(ies) concerned, the GB of the EIS Pilot can approve the payment of lump sums equal to the commuted value of such small top-up benefits. Such decision is subject to the sufficiency of funds in the EIS Pilot separate account and a positive advice from an actuary.

A1.8. Indexation of top-up benefits

Top-up benefits will be reviewed following substantial changes in the general level of earnings where these result from substantial changes in the cost of living. The EIS Pilot GB will conduct this review, and upon

recommendation of an actuary, will approve the percentage of indexation of top-up benefit.

► Appendix 2. Methodology of the actuarial valuation

This actuarial valuation is based on a model that was specifically developed for the projection of the EIS Pilot. The model performs the calculation of the accrued liability as of the valuation date. The model was developed by the actuary in R and shared with the ILO for future reference and usage in the next actuarial valuations.

The model projects cashflows per year for each of the pensioners, and for each of the projected pensioners for the next financial year. The following methodology and assumptions are retained in the model:

- Deaths of invalid pensioners that lead to the payment of survivors' benefits are assumed to happen at mid-year.
 - i) Accordingly, cashflows of survivors in their first year of entitlement begins at mid-year.