EIS EMPLOYMENT INJURY SCHEME PILOT

Tripartite Technical Workshop 3

Funding and Financial Sustainability of the National Employment Injury Scheme (EIS)

27-28 September 2025
Day-1

Validation of Workshop No. 1 and agreed principles and *rules of the game RECAP*

- All workers in formal sectors are covered, with implementation to be rolled out progressively
- A comprehensive national Employment Injury Scheme (EIS) will be established in the long term. Immediate implementation will focus on long-term benefits, while short-term benefits will be introduced in phases
- Cost of protection will be calculated for each industry separately depending on its risks.
- The decision on commuting accidents still lacks availability of data to be considered (to be evaluated in workshop 3)
- Precedents set by EIS Pilot for coverage & benefits will be followed

Validation of Workshop No. 2 and agreed principles

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- Governance Board should be composed of 11 to 15 members, ensuring equal representation from the government, employers, and workers (head of administration should be a non-voting member), with economic sectors of national significance duly represented
- Continued oversight by MoLE and establishment of an independent appeals tribunal
- A new administrative entity needs to run the EIS national scheme. During the transition, the current EIS Special Unit and set up should continue operating
- The Governance Board should be strategically focused, with claims handling moved to the administration
- Leverage institutional linkages with DIFE, MoHFW, the CF, BLWF, BRTA, etc. is vital
- Ensuring regional presence through limited regional establishments or co-location with existing offices as the EIS expands
- Concrete investment approach is needed for the national EIS to ensure long-term sustainability and expansion

Why this workshop on funding and financial sustainability?

- **Overall Objective:**
  - To build a shared understanding among tripartite stakeholders of the financial architecture required for a sustainable national **EIS**

- **Focus Areas:**
  - Cost projections for long-term benefits
  - Funding mechanisms
  - Investment strategies
  - Governance models
  - Phased expansion aligned with international standards and national context

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Specific Objectives

1. Examine actuarial cost estimates for long-term benefits
2. Identify and evaluate potential funding sources
3. Discuss financial oversight and governance structure
4. Initiate reflection on prudent reserve and investment strategies

Structure of Worshop 3

- **Day 1: Setting the Financial Foundation**
  - Opening, validation, and objectives
  - Flash-focus on governance and funding policies
  - Deep dive into cost projections and rating systems
- **Day 2: Ensuring Sustainability & Strategic Expansion**
  - Deep dive into funding sources and legal pathways
  - Group work on funding scenarios
- Closing with summary and way forward

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Expected Outputs

- Consensus on cost estimates for long-term benefits
- Validated risk-rating model and industry cost scenarios
- Draft roadmap for funding structure and legal integration
- Principles for funding and investment policy

Next steps

- Preparation for Pilot-to-National Transition Plan:
  - Final tripartite technical framework summarizing consensus and open questions (to elected government)
  - Continued modelling on short-term benefits
  - Development of financial oversight structures


Thank you!!

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Tripartite technical Workshop 3

Session 1 – Financial oversight & Governance

27-28 September 2025

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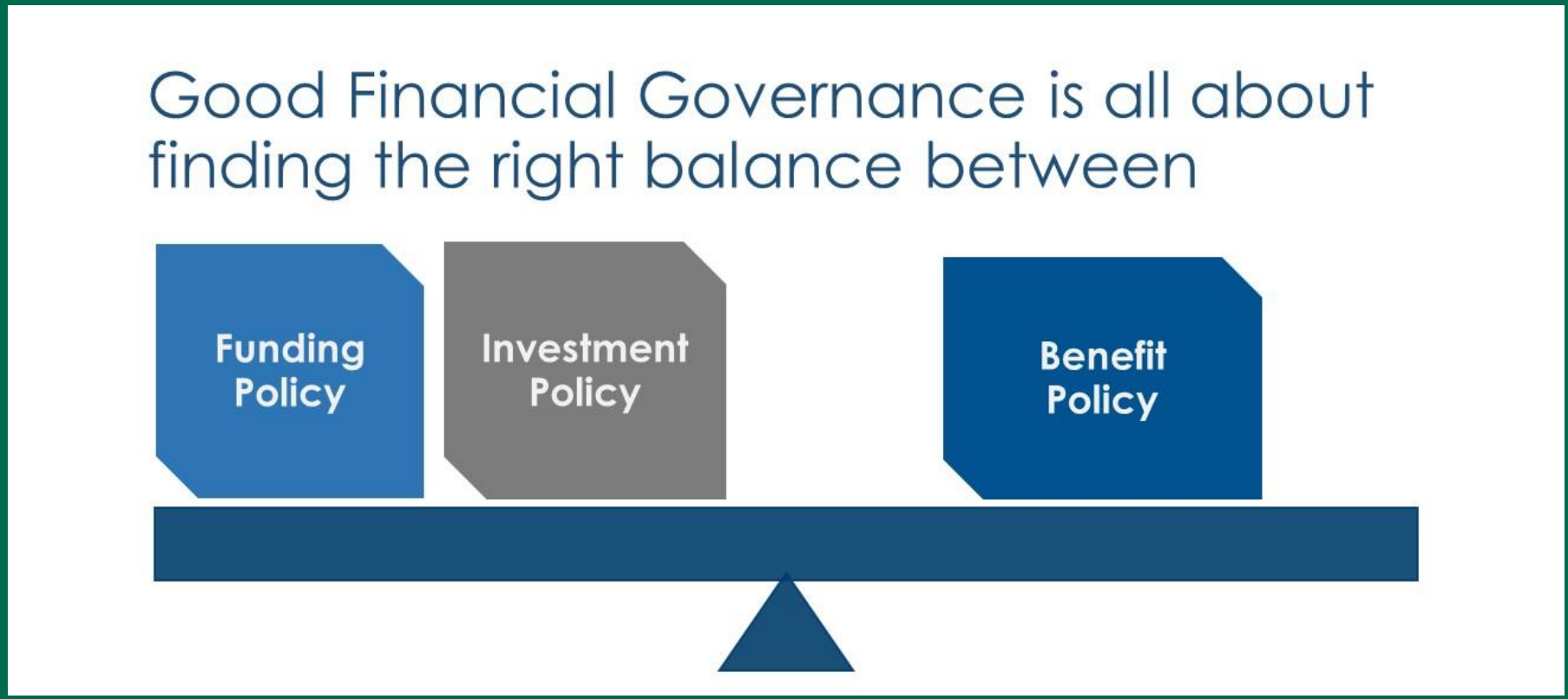
Good financial governance



EIS Pilot Governance Board Rules

1. Terms of reference

- The EIS GB sets out policies and procedures in all relevant business areas – including communication, information, case handling, **financial oversight**, compliance, risk management, **actuarial assessment, auditing, and reporting**

15. Guiding Financial Governance Principle

- The EIS GB should ensure that the EIS Pilot remains accountable and transparent. EIS Pilot must be subject to adequate financial rules and meet the highest possible standards as regards its financial regulation.

18. Accounting

- The EIS GB must ensure adequate accounting standards and practices for the EIS Pilot separate account. Must ensure a complete audit trail and documentation on all EIS Pilot transactions.

EIS Pilot Governance Board Rules

20. Budget

- No later than 3 months before the start of the financial year, the EIS-PSU will present a complete EIS Pilot budget for the coming year to the EIS GB for discussion and subsequent approval.

21. Current business reporting

- The EIS-PSU must prepare a standardised **quarterly business oversight report** for the EIS GB.
- Must include timely and accurate information on assessed cases, awarded benefits by type, duration and size of benefits, total benefit costs, incurred administration costs broken down by type of cost and an assessment of the current financial status in view of the budget.

EIS Pilot Governance Board Rules

22. Financial reporting and auditing

- For each financial year, the EIS Pilot Special Unit will prepare an annual financial statement.
- The annual financial statement must – as a minimum – include the following items: i. Management report; ii. Management attestation; iii. Annual account including a balance sheet, an income statement, and a cash flow statement;
- iv. Relevant notes; v. Description of the applied accounting standard.
- The EIS annual financial statement - less the management statement - must be audited and certified by an independent external auditor approved by the EIS Governance Board. The auditing must comply with acknowledged national and international standards
- The annual financial statement – including the auditor's report - will be presented to the EIS GB for approval. The deadline for submission of the audited financial statement is 3 months after the closure of the financial year

EIS Pilot Governance Board Rules

22. Financial reporting and auditing

- The EIS annual financial statement is adopted and signed by the EIS GB with submission requiring dated signature from all board members. All individual board members are responsible for ensuring that the annual financial statement is timely and adequate, provides a prudent assessment of the current EIS state of affairs – including risks and outlook – and that it is drafted in compliance with all relevant standards and regulations.
- The EIS annual financial statement is submitted simultaneously to the participating brands, relevant stakeholder groups and the Minister of Labour and Employment for orientation. An electronic version of the EIS annual financial statement is made public

Lessons from the EIS Pilot financial governance

1. Financial oversight practices
   - Content of reports, frequency of reporting, external review
   - Is that enough?
2. Involvement of national stakeholders in the financial supervision
   - Sufficient knowledge? Capacity building?
3. Possible gaps or risks identified in financial control?
   - How to address them in a national scheme


Thank you!!

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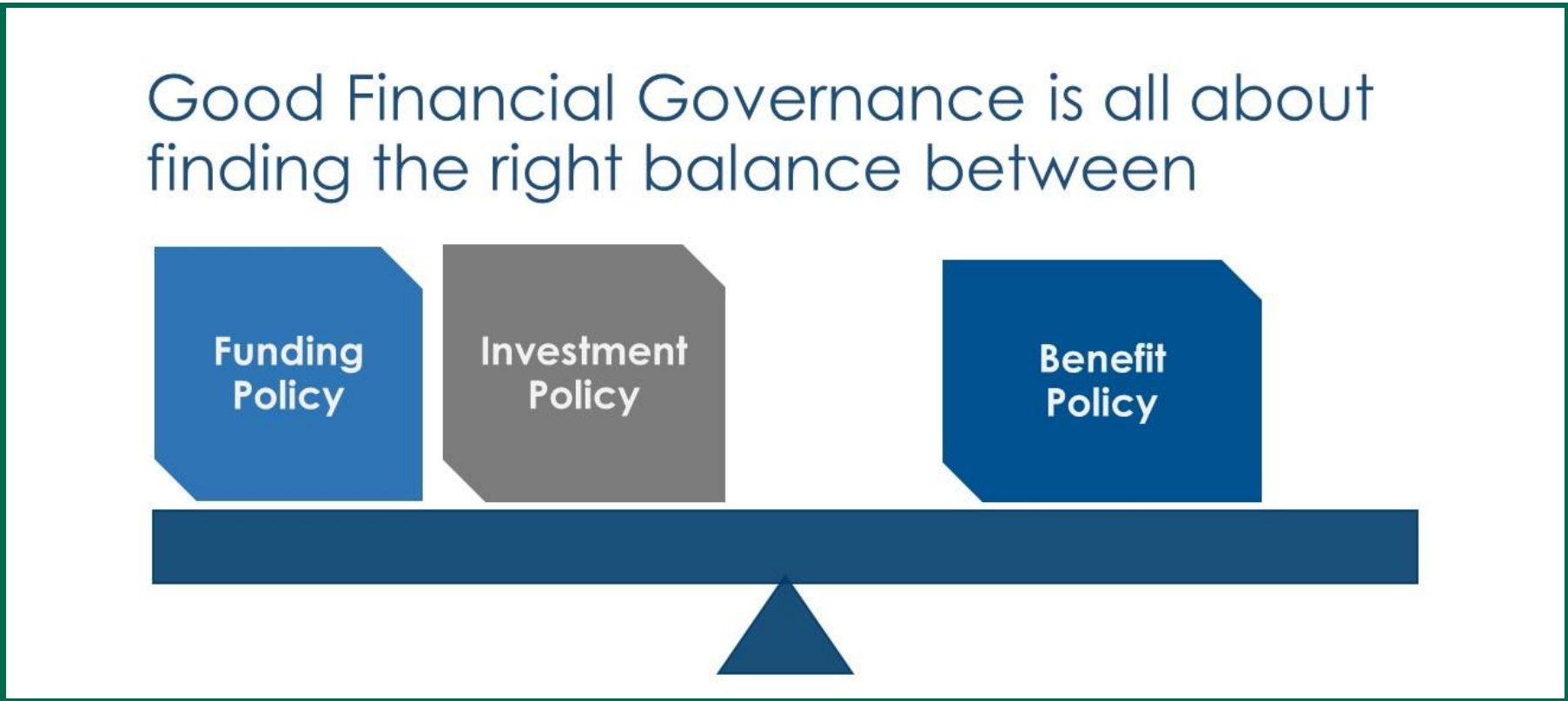
Tripartite technical Workshop 3

Session 2 – Funding & Investment Policies

27-28 September 2025

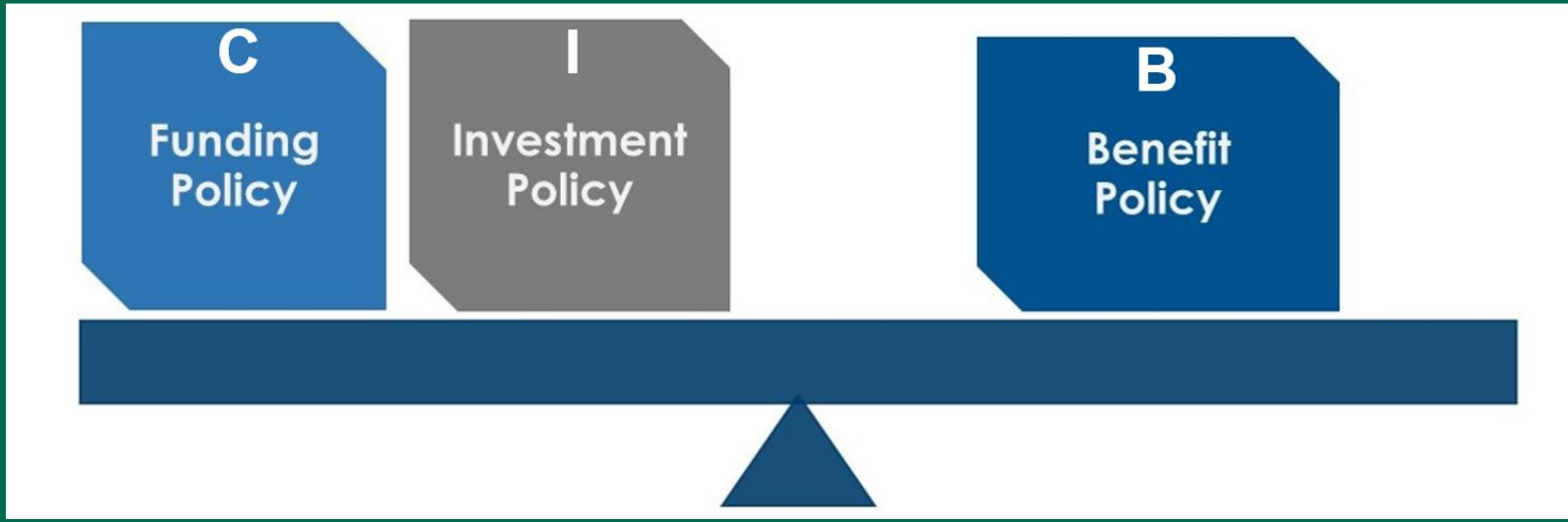
Funding and Investment Policies



Actuarial valuations assess the long-term equilibrium of these 3 policies and make recommendations on each policy, if necessary to ensure the equilibrium

Basic equation of all schemes

Over the long-term



Contributions: Funding Policy

Investment return: Investment Policy

Benefits: Benefit Policy

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3 interlinked policies

- Level of C has an impact on I (and vice versa)
  - ✓ Pure PAYG funding, C = B and I = 0
    - ⇨ Investment Policy has no importance
- The more a scheme is funded, the more the investment Policy has an impact on I and consequently on C and/or B
- The Benefit Policy has an impact on Funding and Investment Policies
  - ✓ Even benefits not specifically stated in the law, for example substantive commitment for pension indexation

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Funding Policy

- ISSA-ILO Guidelines on Actuarial Work for Social Security recommend the adoption of a formal written Funding Policy
- Funding Policy should take into account
  - ✓ Benefit security and adequacy
  - ✓ Stability and/or affordability of contributions
  - ✓ Investment Policy: Level of risk related to the target return
  - ✓ Financial situation of the scheme
  - ✓ Legal provisions of the scheme and any substantive commitments such as benefit indexation

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Funding Policy

- Funding Policy should
  - ✓ Define the scheme's funding objective
  - ✓ Describe key risks faced by the scheme
  - ✓ Identify funding volatility factors
  - ✓ Define the mechanism and period of amortization of deficits and surpluses
- EII long-term benefits are usually fully funded
- A Funding Policy provides guidance to the actuary in the selection of valuation methodologies and assumptions

Investment Policy

- Should take into account for its impact on the Funding and Benefit Policies
  - ✓ A longer period of amortization of deficits in the Funding Policy allows more risks (i.e. volatility) in the Investment Policy
- An Investment Policy usually contains:
  - ✓ Governance structure of investment
  - ✓ Investment objectives
  - ✓ Risk tolerance and Management
  - ✓ Strategic Asset Allocation
  - ✓ Investment Guidelines and Restrictions

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Investment Policy

- An Investment Policy usually contains:
  - ✓ Performance Monitoring and Evaluation
  - ✓ Reporting and Transparency
  - ✓ Compliance and Control
  - ✓ Ethical and Social Considerations
  - ✓ Appendices

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Funding and Investment Policies

- Benefit Policy is defined by law and substantive commitments
- The law shall also indicate that the GB is responsible to approve a Funding and an Investment Policies and review them periodically


Thank you!!

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Tripartite technical Workshop 3

Session 3 – Deep-dive Part 1

27-28 September 2025

Rating systems

Uniform rating

ONE SIZE FITS ALL

All the employers enrolled in the system are subject to the same level of contribution

$$\text{PREMIUM RATE (FOR EVERYONE)} = \frac{\text{COST OF BENEFITS}}{\text{SALARY MASS}}$$

ADVANTAGES
- EASY TO PUT IN PLACE AND TO MANAGE

DISADVANTAGES
- UNFAIRNESS BETWEEN COMPANIES CARRYING OUT MORE OR LESS HAZARDOUS ACTIVITIES

ONE SIZE FITS SMALL

ONE SIZE FITS LARGE

Rating systems

Differential rating

ONE SIZE FITS SMALL

MADE TO MEASURE

AN EXAMPLE FROM THE ITALIAN EXPERIENCE

Differential rating mod

INAIL RATES
BY NACE CLASSIFICATION
(average 2024)

Classification code	Activity	Rate
NACE C13	Manufacture of textiles	1,6882%
NACE B	Mining and quarrying	5,1708%
NACE F	Construction	7,2079%
NACE H	Transporting and storage	3,0019%
NACE	**All Sectors**	**1,8905%**

ONE SIZE FITS LARGE

- Introduction/Adoption of a classification of work activities (i.e. ISIC; NACE or National) based on their different exposure to the occupational risks
- Different premiums level are calculated for each class

MADE TO MEASURE

$$\text{PREMIUM RATE (CLASS X)} = \frac{\text{COST OF BENEFITS}_{\text{Class X}}}{\text{SALARY MASS}_{\text{Class X}}}$$

Rating systems

Experience rating

GIVEN THE INITIAL RATE ASSIGNED TO EACH INDUSTRY:

- **<u>Models based on experience by industry (differential):</u>**

Premium for each industry may vary depending on its history of injuries:

The premium will vary depending on the number of accidents in past years:

more/less events => more/less high the premium will be

- **<u>Models based also on the Company's injury experience:</u>**

Premium for each company may vary with respect to its own history of injuries:

More/less events for the company => more/less high the premium will be

Rating systems

Mixed models

Combination of the **Uniform** and/or **Differential** and/or **Experience** rating models:

- Some Industrial Sectors may be modelled uniformly with an average rate for all the companies included;

AND/OR

- Some Industrial Sectors may have differentiated rates based on the different exposure to risk of each of their respective group of companies;

AND/OR

- Some Industrial Sectors may see their companies constantly monitored in terms of frequency of events to decide if and when to adjust the rate (i.e. whenever a company's rate goes over or under the X% of the belonging Sector's rate)

Rating systems

Factors having an impact on the cost

Short term benefits:

Ageing population: greater health precariousness => easier to get injured => slower recoveries

Severe or multiple events

Frequency index

Severity index

Long term benefits:

Ageing population: greater health precariousness => higher % of permanent impairment

Expectation of life: longer benefits' duration

Severity of permanent consequences of the injuries (besides being a consequence of ageing population)

Rating systems – Data are crucial

INAIL (Italy)

Manufacture of textile (NACE Division C13)

≈12.000 Industries
≈110.000 workers

Accidents at work paid in 2024

Type of benefit	Type of accident	Place of Accident	Mode	Paid cases		
Temporary leaves	On Duty	Without mean of transport	On work place	977	977	1.199
		With mean of transport	Road Accidents	11	222	
	Commuting	Without mean of transport	Road Accidents	31		
		With mean of transport	Road Accidents	180		
Lump Sums (6%-15%)	On Duty	Without mean of transport	On work place	51	51	61
		With mean of transport	Road Accidents	-	10	
	Commuting	Without mean of transport	Road Accidents	1		
		With mean of transport	Road Accidents	9		
Annuities (16%-20%)	On Duty	Without mean of transport	On work place	5	5	6
		With mean of transport	Road Accidents	-	1	
	Commuting	Without mean of transport	Road Accidents	1		
		With mean of transport	Road Accidents	-		
Annuities (21%-100%)	On Duty	Without mean of transport	On work place	3	3	4
		With mean of transport	Road Accidents	-	1	
	Commuting	Without mean of transport	Road Accidents	1		
		With mean of transport	Road Accidents	-		
Survivors	On Duty	Without mean of transport	On work place	-	-	1
		With mean of transport	Road Accidents	1	1	
	Commuting	Without mean of transport	Road Accidents	-		
		With mean of transport	Road Accidents	-		
TOTAL				**1.271**		

Rating systems

Sensitivity parameters in the cost projection

Main Drivers of the cost projection

1. Birth rate
2. Expectation of life
3. Ageing of population
4. Inflation
5. Investment return
6. Exchange risk in case of investments in foreign countries or in foreign currency's assets)


Thank you!!

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Tripartite technical Workshop 3

Session 3 – Deep-dive

27-28 September 2025

PART I - Estimated cost for RMG

Observed experience in RMG since June 2022[1]

Death	Cases	Period Months	Average per month	Average Cost[2]	Average Lump sum
Workplace	39	36	1.08	2,728,961	200,000
On Duty RTA	17	36	0.47	2,493,970	200,000
Commuting	65	12	5.42	2,136,988	200,000
PPD					
Workplace	64	36	1.78	1,134,154	50,000
On Duty RTA	10	36	0.28	2,991,406	50,000
Commuting	12	12	1.00	2,814,420	

1. Including pending cases and estimated IBNR as of 30 June 2025
2. Cases since January 2024 only to consider the impact of the 50% increase in minimum wages in December 2023

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Estimated costs for RMG

- Scenarios for Long-Term Benefits (Death and PPD)
  i. LTB, with commuting accidents, without carve out
  ii. LTB, without commuting accidents, without carve out
  iii. LTB, with commuting accidents, with carve out of CF/BLWF
  iv. LTB, with commuting accidents, with carve out of CF/BLWF/BRTA
  v. LTB, without commuting accidents, with carve out of CF/BLWF
  vi. LTB, without commuting accidents, with carve out of CF/BLWF and carve out of BRTA for On Duty RTA

EIS EMPLOYMENT INJURY SCHEME

Estimated LTB cost for RMG

	Deaths			PPD			Total				
	Number	Cost		Number	Cost		Number	Benefit Cost	Admin cost (10%)	Total Cost	Total Cost % Wage
i. LTB, with commuting accidents, without carve out	83.67	205,246,536		36.67	69,173,009		120.33	274,419,545	27,441,955	301,861,500	0.042%
ii.LTB, without commuting accidents, without carve out	18.67	53,342,320		24.67	35,399,966		43.33	88,742,286	8,874,229	97,616,515	0.014%
iii.LTB, with commuting accidents, with carve out of CF	83.67	188,513,203		36.67	67,939,676		120.33	256,452,879	25,645,288	282,098,167	0.040%
iv.LTB, with commuting accidents, with carve out of CF/BRTA	83.67	153,179,870		36.67	66,406,342		120.33	219,586,212	21,958,621	241,544,833	0.034%
v.LTB, without commuting accidents, with carve out of CF	18.67	49,608,987		24.67	34,166,633		43.33	83,775,620	8,377,562	92,153,182	0.013%
vi.LTB, without commuting accidents, with carve out of CF and BRTA for On Duty RTA	18.67	46,775,653		24.67	33,833,300		43.33	80,608,953	8,060,895	88,669,848	0.012%

Cost in % of wages is significantly low in comparison to other countries. This may be explained by

1. RMG is not a sector with high risk of accidents
2. Good prevention work done over the last 10 years
3. Occupational diseases are not included because not diagnosed
4. Number of PPD cases seems lower than what it should be in comparison to number of deaths, especially for commuting accidents

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Estimated LTB cost for RMG – Adjusted for commuting PPD

If we assumed that the ratio of number of PPD cases per month from commuting to PPD cases per month from workplace is the same ratio than for death cases, (5.42 / 1.08 = 5.02), number of PPD cases from commuting increases from 1.00 to 8.89 per month

Death	Cases	Period Months	Average per month	Average Cost[2]	Average Lump sum
Workplace	39	36	1.08	2,728,961	200,000
On Duty RTA	17	36	0.47	2,493,970	200,000
Commuting	65	12	5.42	2,136,988	200,000
PPD					
Workplace	64	36	1.78	1,134,154	50,000
On Duty RTA	10	36	0.28	2,991,406	50,000
Commuting	12	12	8.89	2,814,420	

Estimated LTB cost for RMG – Adjusted for commuting PPD

	Deaths			PPD			Total				
	Number	Cost		Number	Cost		Number	Benefit Cost	Admin cost (10%)	Total Cost	Total Cost % Wage
i. LTB, with commuting accidents, without carve out	83.67	205,246,536		131.33	335,604,790		215.00	540,851,327	54,085,133	594,936,459	0.083%
ii.LTB, without commuting accidents, without carve out	18.67	53,342,320		24.67	35,399,966		43.33	88,742,286	8,874,229	97,616,515	0.014%
iii.LTB, with commuting accidents, with carve out of CF	83.67	188,513,203		131.33	334,371,457		215.00	522,884,660	52,288,466	575,173,126	0.081%
iv.LTB, with commuting accidents, with carve out of CF/BRTA	83.67	153,179,870		131.33	323,371,457		215.00	476,551,327	47,655,133	524,206,459	0.073%
v.LTB, without commuting accidents, with carve out of CF	18.67	49,608,987		24.67	34,166,633		43.33	83,775,620	8,377,562	92,153,182	0.013%
vi.LTB, without commuting accidents, with carve out of CF and BRTA for On Duty RTA	18.67	46,775,653		24.67	33,833,300		43.33	80,608,953	8,060,895	88,669,848	0.012%

Approximately ½ the cost that was initially estimated in 2018 that was 0.17%

No duplication of benefits

- With a national EIS, duplication of benefits shall be avoided
  - ✓ Employers' payments according to BLA related to death and permanent disability caused by employment injury, could be removed
  - ✓ Same for Central Fund if not deducted from the EIS Pension
  - ✓ Amount of potential annual savings is as follows

		BLA Sec 19[1]	BLA Sec 28(3) and Sec 26(4)[1]	BLA Sec 151(1)(a), (b)	Total from employer	Central Fund	Cases per year	Total savings Employers	Total Savings Central Fund
Death									
Workplace		102,000	68,000	200,000	370,000	200,000	13	4,810,000	2,600,000
On Duty RTA		102,000	68,000	200,000	370,000	200,000	6	2,220,000	1,200,000
Commuting		68,000	68,000	N/A	136,000	200,000	65	8,840,000	13,000,000
Sub-total								**15,870,000**	**16,800,000**
PPD									
Workplace				87,500	87,500	70,000	21	1,837,500	1,470,000
On Duty RTA				187,500	187,500	150,000	3	562,500	450,000
Commuting				N/A	N/A	N/A	12	N/A	N/A
Sub-Total								**2,400,000**	**1,920,000**
Total savings								**18,270,000**	**18,720,000**

1. Assuming average wage of BDT 17,000 and average service of 4 years

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Potential funding sources after June 2027

- ✓ Contributions: 0.083% of wages
- ✓ Surpluses from the Central Fund (accumulated and/or ongoing)
- ✓ Combination of contributions and surpluses
- ✓ Others?

PART II - Estimated LTB cost for Leather & Footwear

- No long enough observed experience
- Estimations based on pro-rata of number of workers in L&F (150,000) vs RMG (3,500,000)

	Deaths			PPD			Total				
	Number	Cost		Number	Cost		Number	Benefit Cost	Admin cost (10%)	Total Cost	Total Cost % Wage
i. LTB, with commuting accidents, without carve out	3.59	8,796,280		1.57	2,964,558		5.16	11,760,838	1,176,084	12,936,921	0.042%
ii.LTB, without commuting accidents, without carve out	0.80	2,286,099		1.06	1,517,141		1.86	3,803,241	380,324	4,183,565	0.014%
iii.LTB, with commuting accidents, with carve out of BLWF	3.59	8,079,137		1.57	2,911,700		5.16	10,990,838	1,099,084	12,089,921	0.040%
iv.LTB, with commuting accidents, with carve out of BLWF/BRTA	3.59	6,564,852		1.57	2,845,986		5.16	9,410,838	941,084	10,351,921	0.034%
v.LTB, without commuting accidents, with carve out of BLFW	0.80	2,126,099		1.06	1,464,284		1.86	3,590,384	359,038	3,949,422	0.013%
vi.LTB, without commuting accidents, with carve out of BLWF and BRTA for On Duty RTA	0.80	2,004,671		1.06	1,449,999		1.86	3,454,669	345,467	3,800,136	0.012%


Thank you!!

EIS EMPLOYMENT INJURY SCHEME PILOT

Tripartite technical Workshop 3

Session 4 – Funding Sources

27-28 September 2025

EIS EMPLOYMENT INJURY SCHEME PILOT

Potential funding sources after June 2027

- ✓ Contributions: 0.083% of wages
- ✓ Surpluses from the Central Fund or BLWF for the other sectors (accumulated and/or ongoing)
- ✓ Combination of contributions and surpluses
- ✓ Others? (EIS-Pilot surplus, Government subsidies)

Annual and accumulated surpluses Central Fund

Year	Total amount received	Total amount paid	Surplus before interest	Interest	Surplus with interest
2024-2025	988,249,010	811,706,116	176,542,894	72,303,265	248,846,159
2023-2024	944,184,034	620,517,000	323,667,034	65,489,493	389,156,527
2022-2023	961,517,280	528,339,000	433,178,280	56,107,858	489,286,138
2021-2022	833,429,639	387,198,000	446,231,639	45,629,356	491,860,995
2020-2021	635,747,577	250,745,333	385,002,244	35,881,381	420,883,625
2019-2020	558,385,221	241,160,000	317,225,221	27,702,630	344,927,851
2018-2019	632,731,058	209,996,639	422,734,419	19,298,014	442,032,433
2017-2018	573,070,230	366,950,000	206,120,230	12,245,066	218,365,296
2016-2017	459,139,858	-	459,139,858	4,956,479	464,096,337
TOTAL	**6,586,453,907**	**3,416,612,088**	**3,169,841,819**	**339,613,542**	**3,509,455,361**

1. Interest allocated by year based on the average investment return of 2.16% per year

EIS EMPLOYMENT INJURY SCHEME PILOT

Annual and accumulated surpluses Labour Welfare Fund

Year	Total amount received	Total amount paid	Surplus before interest	Interest	Surplus with interest
2024-2025	2,217,715,090	55,750,000	2,161,965,090	446,731,253	2,608,696,343
2023-2024	1,529,490,974	315,510,000	1,213,980,974	408,240,800	1,622,221,774
2022-2023	1,518,966,203	448,350,000	1,070,616,203	264,441,623	1,335,057,826
2021-2022	1,256,469,229	153,060,000	1,103,409,229	181,279,406	1,284,688,635
2020-2021	1,521,653,290	130,505,000	1,391,148,290	179,931,238	1,571,079,528
TOTAL	**8,044,294,786**	**1,103,175,000**	**6,941,119,786**	**1,480,624,320**	**8,421,744,106**
		14%			

1. Total accumulated surplus at end of 2024-2025 is **12,532,327,289**

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BLWF Surpluses by sector

- ✓ 4 sectors have provided 74% of total contributions
  - Textile and apparels: 35%
  - Mobile Network/ Telecom Company: 23%
  - Medicine (Pharmaceutical): 8%
  - Tobacco: 8%

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Annual and accumulated surplus in 4 main sectors*

Year	Total BLWF surplus with interest	Apparel & Textile Company	Mobile Network/ Telecom Company	Pharmaceutical (Medicine)	Tobacco
2024-2025	2,608,696,343	902,975,287	593,846,966	208,954,006	210,915,296
2023-2024	1,622,221,774	561,516,551	369,284,636	129,938,365	131,157,996
2022-2023	1,335,057,826	462,117,497	303,914,268	106,936,816	107,940,549
2021-2022	1,284,688,635	444,682,683	292,448,161	102,902,293	103,868,158
2020-2021	1,571,079,528	543,814,151	357,642,550	125,841,922	127,023,103
TOTAL	**8,421,744,106**	**2,915,106,169**	**1,917,136,582**	**674,573,402**	**680,905,102**

* Allocated by sector using same percentage allocation as total contributions paid

1. Total BLWF accumulated surplus at end of 2024-2025 is **12,532,327,289**
    - Apparel & Textile companies: 4,337,945,220
    - Mobile Network/Telecom Companies: 2,852,874,986
    - Pharmaceutical (medicine): 1,003,827,064
    - Tobacco: 1,013,249,213


Thank you!!

EIS EMPLOYMENT INJURY SCHEME PILOT

Tripartite technical Workshop 3

Funding and Financial Sustainability of the National Employment Injury Scheme (EIS) (Wrap up of day 1)

27-28 September 2025 Day-2

Employment Injury Scheme (EIS) Pilot – At a Glance

Objective: Provides income security for workers/families affected by workplace accidents, aligned with ILO Convention 121 and Bangladesh Labour Act

- Launch: Endorsed by MoLE (Mar 2022), launched (Jun 2022); collaborative effort of MoLE, employers, workers' orgs, ILO, GIZ & 85+ brands. The Pilot shall end on June 2027.
- Governance: 12-member Tripartite Board chaired by Secretary MoLE; supported by EIS Pilot Special Unit; 98 death cases & 41 disability cases approved so far.
- Funding: Fully financed by voluntary contributions from international brands contributing at a rate of 0.019% of their sourcing from Bangladesh
- Coverage: Initially RMG sector, replicated to Leather & Footwear (2025) and operationalized in EPZ factories (2025).
- Expansion: Replication discussion in other industries underway
- Significance: First government-led social insurance initiative in Bangladesh; part of National Social Insurance Strategy.

Key Results to date

- **2015-2020**: Feasibility analysis, consensus building, study visits
- **Dec 2021**: Tripartite workshop on design of EIS-Pilot
- **Mar 2022**: MoLE signed EIS-Pilot Framework
- **May 2022**: Employers (BEF, BGMEA, BKMEA) signed a Declaration in Geneva to support EIS-Pilot
- **Jun 2022: EIS-Pilot launched**
- **Sep 2022**: BLR amended to allow EIS Operations
- **Oct 2022**: EIS Governance Board notified
- **Jan 2023**: EIS Unit established in MoLE (CF)
- **Jun 2023: First set of cases approved**

- **Jul 2024**: Commuting Accidents covered
- **Feb 2025: LoI signed with BEPZA to cover EPZ**
- **May 2025: LoI signed with Leather & Footwear Association**
- **Feb 2025**: EIS-GB asked ILO to start design EIS
  - ✓ **May 2025**: First tripartite workshop on National EIS: Coverage & Benefits
  - ✓ **July 2025**: 2nd tripartite workshop on National EIS: Governance and Administration

Institutionalization Process

1st Workshop on benefits and coverage (May 2025):

- All workers in formal sectors are covered, with implementation to be rolled out progressively
- A comprehensive national Employment Injury Scheme (EIS) will be established in the long term. Immediate implementation will focus on long-term benefits, while short-term benefits will be introduced in phases
- Cost of protection will be calculated for each industry separately depending on its risks.
- Precedents set by EIS Pilot for coverage & benefits will be followed

Institutionalization Process

2nd Workshop on governance and institutional arrangements (July 2025):

- Governance Board should be composed of 11 to 15 members, ensuring equal representation from the government, employers, and workers, with economic sectors of national significance duly represented
- Continued oversight by MoLE and establishment of a review process
- A new administrative entity needs to run the EIS national scheme.
- Leverage institutional linkages with relevant stakeholders (such as DIFE, MoHFW, CF, BLWF, BRTA, etc.) is vital, with specific arrangements still to be defined
- Concrete investment approach is needed for the national EIS to ensure long-term sustainability and expansion

EIS EMPLOYMENT INJURY SCHEME PILOT

3rd Workshop on costs and funding

Estimated cost

- With commuting accidents: 0.042% of wages

  Per worker = 0.042% x BDT 17,000 x 12 = BDT 86 / year

- Without commuting accidents: 0.014% of wages

  Per worker = 0.014% x BDT 17,000 x 12 = BDT 29 / year

3rd Workshop on costs and funding
Potential funding sources after June 2027

- ✓ Contributions: 0.083% of wages
- ✓ Surplus in existing funds
- ✓ Combination of contributions and surpluses
- ✓ Others? (EIS-Pilot Surplus, Government subsidies)