

A Review of the National Social Insurance Scheme (NSIS) Framework and Towards a Feasible Model for Bangladesh

Social Security Policy Support (SSPS) Programme
Cabinet Division, and
General Economics Division (GED) of Bangladesh Planning Commission
Government of the People's Republic of Bangladesh

A REVIEW OF THE NATIONAL SOCIAL INSURANCE SCHEME (NSIS) FRAMEWORK AND TOWARDS A FEASIBLE MODEL FOR BANGLADESH

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Published by:

Social Security Policy Support (SSPS) Programme
Cabinet Division, and General Economics Division (GED) of Bangladesh Planning Commission
Government of the People's Republic of Bangladesh

www.socialprotection.gov.bd

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List of Acronyms

A2I	Aspire to Innovate
ABVKY	Atal Bimit Vyakti Kalyan Yojona
ADR	Alternative Dispute Resolution
ALMPs	Active Labour Market Policies
ANC	Antenatal Care
BANBEIS	Bangladesh Bureau of Educational Information and Statistics
BBS	Bangladesh Bureau of Statistics
BDT	Bangladesh Taka
BGMEA	Bangladesh Garment Manufacturers and Exporters' Association
BIDS	Bangladesh Institute of Development Studies
BKMEA	Bangladesh Knitwear Manufacturers and Exporters' Association
BLA	Bangladesh Labour Act
BLR	Bangladesh Labour Rules
BMET	Bureau of Manpower, Employment and Training
BPJS-TK	Badan Penyelenggara Jaminan Sosial Ketenagakerjaan
BTRC	Bangladesh Telecommunication Regulatory Commission
CAD	Canadian Dollar
CRVS	Civil Registration and Vital Statistics
DEMO	Divisional Employment and Manpower Offices
DIFE	Department of Inspection for Factories and Establishments
EDD	Estimated Date of Delivery
EGGP	Employment Generation for the Poor
EGPP	Employment Generation Programme for the Poorest
EI	Employment Insurance
EIIS	Employment Injury Insurance Scheme
ESDC	Employment and Social Development Canada
ESIC	Employees' State Insurance Corporation
ESC	Employment Services Centre
ESO	Employment Security Offices
FD	Finance Division
FFW	Food for Work
FID	Financial Institutions Division
FY	Fiscal Year
GDP	Gross Domestic Product
GED	General Economics Division
GIZ	German Agency for International Cooperation
GoB	Government of Bangladesh
HIES	Household Income and Expenditure Survey
ILO	International Labour Organization
INR	Indian Rupee
JHT	Jaminan Hari Tua

JPY	Japanese Yen
LDCs	Least Developed Countries
LIMA	Labour Inspection Management Application
LMA	Lactating Mothers' Allowance
MA	Maternity Allowance
MFS	Mobile Financial Services
MHVS	Maternal Health Voucher Scheme
MoLE	Ministry of Labour and Employment
MoHFW	Ministry of Health and Family Welfare
NEET	Not in Employment, Education or Training
NES	National Employment Services
NSDA	National Skills Development Authority
NSIS	National Social Insurance Scheme
NSSS	National Social Security Strategy
PES	Public Employment Services
PNC	Postnatal Care
RGSKY	Rajib Gandhi Shramik Kalyan Yojona
RMG	Ready-made Garments
SDGs	Sustainable Development Goals
SSOs	Social Security Offices
SSPs	Social Security Programmes
SSPS	Social Security Policy Support
THB	Thai Baht
TR	Test Relief
TVET	Technical and Vocational Education and Training
UHC	Upazila Health Complex
UI	Unemployment Insurance
UN	United Nations
US	United States
WCB	Workers' Compensation Board
WDI	World Development Indicators
WFM	Work for Money
WHO	World Health Organization

Executive Summary

Background

Bangladesh has made remarkable progress in its socio-economic development over the past decades. Despite these achievements, the country faces several labour market challenges, including high and persistent youth unemployment and underemployment, low and stagnant female labour force participation, overwhelming reliance on the informal sector for employment, and virtually non-existent unemployment protection measures for the working-age population. Addressing these challenges is crucial given the country's overarching long-term development agenda. Consequently, the National Social Security Strategy (NSSS), adopted in 2015 based on the lifecycle approach, acknowledges the vulnerabilities of the working-age population and recommends introducing a National Social Insurance Scheme (NSIS) for them. The NSSS envisaged the NSIS being established on the principle of joint contributions from both employers and employees, covering contingencies such as sickness, maternity, employment injury, and unemployment.

The implementation of the NSSS 2015 began with the formulation of the NSSS Action Plan Phase I (2016–2021), which intended to roll out the NSIS by 2021. However, progress to date has been limited to developing a draft framework for the NSIS.¹ This framework requires a careful review to assess its compatibility with international social security standards and global best practices. It is also essential that any NSIS framework recognises all relevant implementation challenges and proposes measures to address these. Thus, the NSSS Action Plan Phase II (2021–2026) has placed due emphasis on the NSIS framework. As per this plan, a revised framework for NSIS is expected to be completed by June 2022, while one of its major components, unemployment insurance is supposed to be ready for piloting by July 2024 and for national rolling out by July 2025).

Social insurance: International standards and global best practices

Social insurance is a form of social security designed to protect individuals and their families against a reduction or loss of income as well as guard them from falling into vulnerabilities and poverty in the events of exposure to risks (e.g., sickness, disability, unemployment, maternity, pension etc.). The principle of social insurance solidarity and risk-pooling where risk-pooling implies sharing financial risks by accumulating funds from a large group (including employers, employees, and government in some cases and countries). It is generally expected that different social insurance schemes are designed following internationally accepted social security standards and globally acknowledged best practices. When it comes to the norms of social insurance, the standards put forward and advocated by the International Labour Organization

¹ In this report, references to “draft framework” have been made on numerous occasions. The full reference of this is: Cabinet Division & General Economic Division (GED). (2019). *Study on Framework for Introduction of National Social Insurance Scheme in Bangladesh (Draft Report)*. Social Security Policy Support (SSPS) Programme, Cabinet Division, and General Economic Division of Bangladesh Planning Commission, Government of the People's Republic of Bangladesh.

(ILO) receive the most attention. It has devised different conventions and recommendations for different branches of social security. These conventions and recommendations work as guiding principles for the countries intending to start with various social insurance schemes.

- **Unemployment insurance**

An unemployment insurance (UI) scheme is a way of providing protection to those who become unemployed generally involuntarily. Two major objectives of UI scheme are: (i) guaranteeing income security in the event of a partial or full loss of a job or underemployment and (ii) promoting decent employment by offering employment assistance programmes (i.e., skills development training, reskilling, job searching and matching etc.). The major ILO social security standards concerned with UI are the Social Security (Minimum Standards) Convention, 1952 (No. 102); the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168); the Employment Promotion and Protection against Unemployment Recommendation, 1988 (No. 176); and the Social Protection Floors Recommendation, 2012 (No. 202).

- **Sickness insurance**

Sickness benefits in the form of sickness insurance aim at providing income support in the events of sickness, quarantine, or sickness of a dependent relative. It allows the beneficiaries to stay at home (off work) until they are fully recovered, and thereby protecting their own health and the health of others in the cases of communicable diseases. It also covers the expenses of medical care for work-related illnesses. Major ILO conventions and recommendations associated with sickness insurance are the Social Security (Minimum Standards) Convention, 1952 (No. 102), the Medical and Sickness Benefits Convention, 1969 (No. 130), the Medical Care and Sickness Benefits Recommendation, 1969 (No. 134), and Social Protection Floors Recommendation, 2012 (No. 202).

- **Maternity insurance**

The benefits of maternity insurance include income security (through cash benefits), leave policies and effective access to good quality maternal healthcare (reproductive health services during pregnancy and childbirth and beyond) for pregnant women and mothers of newborns. Besides, employment and labour market interventions such as employment protection, non-discrimination, childcare solutions after the women's return to work and good occupational health and safety measures and breastfeeding facilities at the workplace are important to give adequate protection to pregnant women and newborns. Major conventions and recommendations regarding maternity insurance are the Social Security (Minimum Standards) Convention, 1952 (No. 102), the Maternity Protection Convention, 2000 (No. 183), the Maternity Protection Recommendation, 2000 (No. 191), and the Social Protection Floors Recommendation, 2012 (No. 202).

- **Employment injury insurance**

The employment injury insurance assists workers in overcoming short-term financial difficulties, to ensure that they can return to work quickly and to support their dependents in the event of death. Both in-kind and in-cash benefits are provided in cases of such occurrences. The injury insurance first takes the form of medical help to restore physiological and cognitive capabilities, income replacement through periodic cash benefits during the suspension of work during

treatment, or funeral grants to survivors. The ILO devised conventions and recommendations pertaining to injury insurance including the Social Security (Minimum Standards) Convention, 1952 (No. 102), the Employment Injury Benefits Convention, 1964 (No. 121), the Employment Injury Benefits Recommendation, 1964 (No. 121), and the Social Protection Floors Recommendation, 2012 (No. 202).

The stated conventions and recommendations establish certain minimum benchmarks for different parameters (e.g., what should be covered, who should be protected, what should be the benefit, what should the benefit duration be, and what conditions can be prescribed for entitlement to a benefit) to govern various branches of social insurance schemes. However, cross-country variations are evident in terms of those parameters. Because, in many countries, such parameters are determined through continuous consultation amongst relevant stakeholders (including government, employees, employers etc.) and based on the country contexts, labour market situation, and macroeconomic outlook.

Review of the currently available NSIS framework

Following the recommendations in the National Social Security Strategy (NSSS), a draft framework for the National Social Insurance Scheme (NSIS) has recently been prepared. This draft explores various modalities, including financial implications, financing options, implementation feasibility, and the potential institutional structures of the implementing and managing authorities, as well as modes of operationalisation. In doing so, it has drawn lessons from international practices, examining models from developing countries such as Chile and India, and from a developed country, Japan. The NSIS will first cover the formal sector employees before being gradually extended to the informal sector workers. Three possible implementation scenarios have been considered: (i) a universal scheme covering the entire working-age population and fully funded the government alone; (ii) joint contribution by the employer and employee in the formal sector; and (iii) joint contribution by the employer, employee and government to cover the entire working population (in both formal and informal sectors). Under all three scenarios, the government is assumed to bear administrative expenses.

The draft framework estimated values for different essential parameters of NSIS components. For receiving unemployment benefits (at a rate of 45% of average salaries) for 182 days or 6 months, the worker is required to contribute at a rate of 0.79 per cent of monthly salaries for at least 86 months (more than 7 years). It also estimated the total cost of operationalizing different NSIS branches. Besides, it sheds light on the need for a regulatory framework, administrative arrangement, fund management mechanism, fund investment options, and roadmap for implementing the NSIS components. Prior to full-scale implementation, it suggests the potential piloting options for different NSIS branches based on geographic targeting and establishment type (RMG).

However, the draft NSIS framework in some instances does not adequately reflect the provisions of international social security standards and globally acclaimed best practices. Consequently,

rolling out different components of the NSIS with the suggested modalities may lead to sub-optimal or unsatisfactory outcomes. A few of the related issues are as follows:

- The minimum periods of contribution (regarded as primary eligibility criteria for availing social insurance benefits) and benefit duration estimated in the draft framework fall short of the international standards. For instance, a total of 86 months (or more than seven years) of contributions are required to receive unemployment benefits vis-à-vis 6–12 months of contributions over the past 12–24 months as per cross-country practices and international standards. Similarly, the framework estimated the maximum duration of sickness benefits to be 13 weeks while the duration may be limited to not less than 52 weeks in each case of incapacity (sickness) as per the ILO Convention C130 (Article 26).
- The estimated benefit levels in the draft framework can also be considered lower compared to the international standards and cross-country evidence. It assumes the benefit levels to be 45 per cent of the previous earnings while the more advanced standard (C168, Article 15) sets the minimum benefits levels as at least 50 per cent of the previous earnings for unemployment insurance. This is also true for maternity insurance as well.
- The draft framework overlooked the importance of establishing certain preconditions, such as active labour market policies (ALMPs), before initiating any specific branch of social insurance, such as Unemployment Insurance (UI). On one hand, the concept of ALMPs is relatively new in Bangladesh; on the other hand, some components of ALMPs, such as unemployment benefits, job searching and matching services, counselling, and job placement services, are not available in the country. Unlike other comparable cases (e.g., India's Employees' State Insurance Act, 1948 and Viet Nam's Law on Employment and Social Security Act), Bangladesh currently lacks a comprehensive legal framework for social security in general. There is no discussion on having a separate social security or insurance law in the draft framework. Despite some progress, such as the availability of a draft NSIS law, at the time of writing this report, it has not yet been passed by Parliament. Indeed, the implementation of key articles of the existing legal framework (the Bangladesh Labour Law 2006, amended in 2018) designed to protect workers in the event of job termination is currently lacking. Additional issues with the legal procedure include a shortage of judges, the inclusion of lenient penalties and punitive actions, as well as the absence of a mandatory court-sponsored Alternative Dispute Resolution (ADR) mechanism.
- The draft framework lacks a discussion on the need for a robust, digitised, and regularly updated employment database. Such a database is a crucial component for the sound management of social insurance schemes. It would facilitate keeping records of participation, payment of contributions, length of employment, verifying eligibility criteria, detecting any malpractices, paying benefits to workers, and tracking workers' mobility and job status. International standards and cross-country practices suggest that a social insurance fund should be managed in a way that ensures it is self-sustaining. In contrast, the draft framework includes only limited discussion on fund management and lacks detailed, forward-looking ideas. While determining the different NSIS parameters, the relevance of social dialogue among the relevant stakeholders was not given adequate

attention. Social dialogue includes all types of negotiation, consultation or simply exchange of information between, or among representatives of government, employers, workers and other stakeholders on issues of common interest relating to economic and social policy.

- Despite it is evidence from cross-country experiences to have a separate institutional setup (e.g., the Employees' State Insurance Corporation in India and the Social Security Offices in Thailand) to roll out social insurance schemes, there is no such discussion in the draft framework. Even when setting up a new institutional capacity is not possible, a common practice is to consider the existing institutional framework by enhancing or building its capacities. Given the current state of administrative capacities and institutional facilities, it would be difficult to ensure sound governance in administering the NSIS unless due consideration is provided in critical areas such as infrastructure for collecting, analysing and disseminating labour market information; absence of effective labour market monitoring system; and lack of well-designed institutional framework, specialised human resources, etc.

Towards a feasible NSIS model for Bangladesh

One practical approach to developing a feasible National Social Insurance Scheme (NSIS) model would be to address the shortcomings of the existing draft framework. The revised framework should comply with international social security standards and incorporate good practices from countries that have implemented social insurance schemes successfully.

Despite the challenges in fully meeting all international standards optimally to roll out the NSIS, it is still possible to enhance the draft NSIS framework. Given the circumstances, a practical and feasible NSIS model could adopt a progressive implementation approach, where certain features and/or components are gradually introduced or further developed over time.

- **Progress towards implementing NSIS schemes**

An assessment of NSIS schemes suggests that there has been some progress achieved for employment injury scheme and maternity insurance. Recently, the 'Geneva Declaration' has been signed between the employers of Bangladesh and the ILO to operationalise the Employment Injury Scheme. The pilot framework was endorsed by Bangladesh's tripartite constituents in March 2022 before being launched in June 2022. The ILO and GIZ are providing technical support to the government of Bangladesh in implementing the pilot through a project funded by the Governments of the Netherlands and Germany. Under this pilot, the employer's contribution is estimated to be 0.33 per cent of individual RMG workers' earnings.

Bangladesh's current maternity benefits provisions include tax-financed schemes (social allowance in the form of social security programmes) and employer's liability. Both the provisions do not comply with social insurance principles. Tax-financed schemes are the Maternity Allowance Programme (MA) and Allowances for Urban Low-income Lactating Mothers (LMA). Total budgetary allocation for MA and LMA stood at BDT 7.6 billion and BDT 2.8 billion

respectively. The beneficiaries of these programmes to 7.7 lac and 2.75 lac respectively. There is also a maternal health voucher scheme (MHVS) targeting poor women.

- **Implementation of the NSIS schemes**

When it comes to UI and sickness insurance, there has not been much progress. Therefore, the current study focuses on UI and sickness insurance schemes. Implementing a UI scheme can result in positive outcomes in supporting the workers who would lose their jobs. Even after having large informal sector employment and the absence of a digitised employment database, it could be possible to initiate a UI scheme with the objective of strengthening it gradually. Among others, Thailand followed a progressive UI implementation strategy starting with the formal sector but then expanding the coverage to informal sector workers. On the other hand, Viet Nam embarked upon using a social insurance book for workers for receiving payments prior to putting in place a digitised workers' database. Before rolling out the UI scheme, the following issues requires careful consideration.

- As envisioned in the NSSS 2015, an incremental approach could be undertaken to introduce NSIS schemes, particularly the UI scheme. In that spirit, it is plausible to start off with the more organised formal sectors like the readymade garment sector and utilising the lessons learnt in the process suitable mechanisms can be developed to expand the coverage.
- The unemployment rate assumed in the draft framework needs to be reviewed critically. For the formal sector, the unemployment rate was considered 4.17 per cent which is basically the national unemployment rate. However, a more informed approach will be needed to establish the unemployment rate, which is crucial for determining the viability of any US scheme.
- When determining the coverage of the Unemployment Insurance (UI) scheme, it is generally expected to encompass as many workers as possible to ensure a sufficiently wide pooling of risks and to enhance the scheme's sustainability. Since 85 per cent of Bangladeshi workers are employed in the informal sectors, the potential coverage at the initial stage will be lower if only the formal sector is considered. Considering all relevant assumptions and under a joint contributory scheme, the estimated size of the UI fund required ranges from BDT 12 billion (BDT 1,228 crore) to BDT 49 billion (BDT 4,913 crore) with contribution rates 0.25 per cent and 1 per cent of average monthly salary by the employee and the employer. These figures correspond to 0.38 per cent and 1.52 per cent of the national budget 2020-21, respectively (0.11% and 0.42% of the GDP). Rolling out a UI scheme for the formal sector employees thus appears to be not very financially demanding. Assuming an unemployment rate to be 4.2 per cent and benefit duration is 6 months, the estimated cost of UI benefit payment will be BDT 26 billion (0.8% of the national budget 2020-21). Paying that amount as UI benefits requires both the employer and the employee to contribute 0.55 per cent of the average monthly wages (about 124/month or \$1.43/month). Slightly over 2 years of contribution is required to receive benefits for 6 months vis-à-vis more than 7 years of contribution as estimated in the draft framework.

- Given the challenges and current administrative capacities, introducing a full-fledged UI scheme within a short period of time would not be an easy task. So, a sector-specific approach may be considered. Given the availability of information and employment practices, the export-oriented readymade garments (RMG) sector is likely to be the most prominent sector for UI piloting. Considering relevant assumptions, the estimated UI fund ranges from BDT 624 million (BDT 62.4 crores) to BDT 9,600 million (BDT 96 crore) per year for the contribution amount of BDT 6.5 and BDT 100 per worker per month. The contribution amounts correspond to 0.05 per cent and 0.77 per cent of worker's average monthly wages respectively. If the unemployment rate is 5 per cent and benefit duration is 3 months, the estimated UI benefit payment would be BDT 3,906 million (BDT 39.06 crores) requiring both employer and worker to pay BDT 41/month only. If the unemployment rate is 3 per cent, the corresponding figure would be BDT 23.44 crore requiring both employer and worker to pay BDT 25/month.
- On the sickness insurance front, a micro-health insurance programme for workers could be developed. Though such insurance schemes are far from an ideal social insurance model, they can play an instrumental role in addressing the workers' pressing vulnerabilities associated with sickness. As part of sickness insurance, customised factory-specific micro-health insurance projects can be developed and implemented.
- Expanding social insurance coverage to informal sector workers is a daunting task, especially in developing countries such as Bangladesh. This challenge arises from the predominance of informal employment, workers' reluctance to register for social insurance, administrative bottlenecks, and difficulties related to the low productivity of workers and firms, which subsequently affects their wages and ability to contribute to the social insurance fund. Nonetheless, in the medium to long term, it is possible to make arrangements that take lessons from other countries, such as subsidised and voluntary contributions and non-contributory universal programmes like universal health insurance, to encourage informal sector workers to seek coverage under the social insurance system.

Policy recommendations

The adoption of the National Social Insurance Scheme (NSIS) under the National Social Security Strategy (NSSS) 2015 has marked a significant advancement in the country's social protection development agenda. To achieve the objectives of implementing the NSIS, the National Action Plan Phase I (2016-2021) was formulated and executed. These steps were seen as positive developments. However, the implementation of the NSIS during this first phase did not make substantial progress. Against this backdrop, the National Action Plan Phase II (2021-2026) was adopted to advance the implementation of the NSIS within the stipulated timeframe. Nevertheless, there are several issues that require specific attention before the full realisation of the targets and goals enshrined in the NSIS, some of which may necessitate medium to long-term planning and policies. Therefore, the following strategies should be prioritised to implement the NSIS by 2025:

- Different provisions of the NSIS schemes should comply with the international social security standards and globally recognised social insurance models being practiced in comparable countries.
- Establishment of a comprehensive employment database is crucial for successful implementation of the NSIS. However, creating well-organised and fully functional database takes time. In the meantime, ad-hoc measures such as social insurance booklets and emerging technologies can be used to support basic functions of social insurance schemes.
- Well-developed and market-driven active labour market policies (ALMPs) are critically important for ensuring the effectiveness of social insurance schemes, especially an unemployment insurance scheme.
- There is a need for establishing job searching and matching mechanism within the ALMPs framework. Bangladesh can take lessons from other countries such as Indonesia and Viet Nam to introduce a strong job searching and matching mechanism. Setting up job centres or strong network of employment offices can be an option to provide such labour market services.
- To deliver labour market services, such as maintaining an active job market, job searching and matching, counselling, and career guidance services, etc. establishing an efficient and decentralised public employment services (PES) system can be an effective policy option.
- Raising awareness amongst all the relevant stakeholders are critical for the development of a well-functioning NSIS.
- An effective legal and regulatory framework should be in place before rolling out the NSIS.
- Effective measures need to be taken for monitoring the enforcement of the legal framework and its different provisions.
- Strengthening institutional capacities must be ensured for introducing and effective functioning of NSIS.
- It is recommended to conduct actuarial valuations of NSIS schemes before their implementation to assess their financial feasibility and level of protection.
- Stabilisation analysis, which is an equally crucial aspect as the actuarial analysis in the context of social insurance schemes, should also be undertaken.
- One practical approach to implementing NSIS given current administrative and institutional capacities is to launch it in phases.
- Self-sustainability of the social insurance schemes should be ensured to achieve the desired results in the medium- to long-term.
- To promote NSIS effectively, champions are required both within the government and amongst social partners with the Ministry of Labour and Employment (MoLE) acting as the main focal point for NSIS.

A Review of the National Social Insurance Scheme (NSIS) Framework and Towards a Feasible Model for Bangladesh

I. Introduction

Bangladesh has made remarkable progress in its socio-economic development over the past decades (Box 1). Its sustained economic growth has led to a considerable rise in per capita income complemented by impressive improvements in such socio-economic indicators as poverty reduction, educational attainment, life expectancy at birth, gender parity in health and education, declining maternal and infant mortality, etc. In 2015, Bangladesh made an important transition from a low-income to a lower-middle income country as per the World Bank classification of global economies. Soon after this, the country qualified for graduation from the group of least developed countries (LDCs) for the first time in 2018. Even amid Covid-19 disruptions, it maintained its resilience by posting—unlike most other global economies that experienced economic declines—solid GDP growth and securing LDC graduation qualification for the consecutive second time in 2021 to achieve the UN recommendation for leaving the ranks of the world's poorest countries (LDCs) by 2026.

Notwithstanding these achievements, Bangladesh is, however, confronted with various labour market challenges (Box 1 and Annex 1) such as high and persistent youth unemployment and underemployment, low and stagnant female labour force participation, overwhelming reliance on the informal sector² for employment, virtually non-existent unemployment protection measures for the working-age population, etc. Failure to deal with these problems, can stifle the country's socio-economic transformations leading to human capital development and enhanced productivity thereby hindering the realisation of other development goals. For instance, Bangladesh is committed to achieving the Sustainable Development Goals (SDGs) by 2030, aspires to become an upper middle-income country by 2031 and a high-income country by 2041. It is in this context that the significance of tackling labour market challenges has become more crucial than ever for achieving the development aspirations within the stipulated timeframe.

² Informal economy refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements as per the ILO Transition from Informal to the Formal Economy Recommendation, 2015 (No. 2014, Para 2(a)). On the other hand, informal employment refers to working arrangements that are de facto or de jure not subject to national labour legislation, income taxation or entitlement to social protection or certain other employment benefits (e.g., advance notice of dismissal, severance pay, paid annual or sick leave). Workers in informal employment are defined as those who work in informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households; including employees holding informal jobs; employers and own-account workers employed in their own informal sector enterprises; members of informal producers' cooperatives; contributing family workers in formal or informal sector enterprises; and own-account workers engaged in the production of goods for own end use by their household (ILO, 2018a).

Box 1: Bangladesh—A snapshot of socio-economic progress and current labour market challenges

Impressive socio-economic progress has transformed Bangladesh:

- Since the early 1990s, the gross domestic product (GDP) has grown on average at an annual rate of 5.6 per cent. The comparable growth rate for the most recent past decade (of FY2010–FY2022) being more buoyant at 6.7 per cent.
- During the same period, the per capita gross national income has registered a more than nine-fold rise from just above \$300 to above \$2,800.
- In 2015, Bangladesh moved amongst the ranks of lower-middle income country group from the low-income group as per the World Bank classification of global economies.
- Bangladesh has now fulfilled the graduation criteria for leaving group of least developed countries (LDCs) and is not set to leave the group in 2026.
- The headcount poverty rate declined from 58 per cent in 1990 to about 20.5 per cent in FY2019.
- The average life expectancy at birth increased from 58.2 years in 1990 to 65.4 years in 2000, and then further increased to 73 years in 2020.
- Net enrolment in primary education stood at 97 per cent in 2019, up from 75 per cent in 1990; net secondary education enrolment increased to 66 per cent from less than 20 per cent.
- The infant mortality rate declined from 99.6 per 1,000 live births in 1990 to 24 in 2020.
- The maternal mortality rate fell from 594 per 100,000 live births in 1990 to 165 in 2019.
- Bangladesh remained resilient in withstanding the challenges inflicted by the pandemic. According to the official statistics, Bangladesh's GDP grew by 3.45 per cent, 6.94 per cent, and 7.25 per cent in 2019–20, 2020–21 and 2021–22 respectively. The projected GDP growth for 2022-23 is 7.50 per cent.

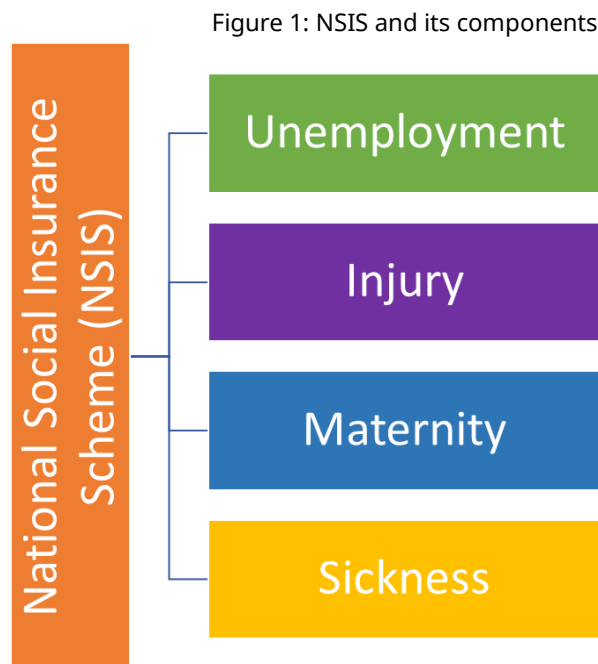
However, labour market challenges are becoming more prominent and would require immediate attention.

- Creating employment opportunities particularly for the youth has proven to be a formidable task. Young people not in employment, education, or training (NEET) in Bangladesh (29.8 per cent) is one of the highest in the world.
- The labour force participation rate for women is low (around 36 per cent in 2016–17).
- The Covid-19 pandemic has inflicted severe labour market damage with disproportionately high consequences for informal sector workers.
- Skills gap and skill mismatch remain major concerns.
- An extremely large informal sector, accounting for 85 per cent of the employed workforce, makes it difficult to assess labour market situations and enforce the provisions of labour laws while putting workers at a higher risk of vulnerability and precariousness.
- The National Social Insurance Scheme (NSIS) covering sickness, maternity, workplace accidents and unemployment as stipulated in the National Social Security Strategy (NSSS), is yet to be implemented.

Source: Compilation from various publications of the Bangladesh Bureau of Statistics (BBS), the Bangladesh Bureau of Educational Information and Statistics (BANBEIS), and the World Development Indicators (WDI).

The government of Bangladesh has made a determined effort to strengthen and modernise the social protection system by formulating and adopting the National Social Security Strategy (NSSS) in 2015. The social protection framework championed by the NSSS is based on the well-known lifecycle approach in which programmes are designed to address different risks and vulnerabilities that individuals might face at different stages of their lives (Annex 2). This approach ensures social security programmes for children, working-age people, and the elderly (including the support needed for the persons with disabilities in these stages). By utilising this lifecycle approach, the NSSS duly acknowledges the vulnerabilities of the working-age population and

recommends introducing a National Social Insurance Scheme (NSIS) for them.³ The NSSS envisaged establishing the NSIS based on the principle of employers and employees jointly contributing. The NSIS would address contingencies like sickness, maternity, employment injury and unemployment (Figure 1). In the aftermath of the COVID-19 pandemic, which caused massive temporary job losses, the need for operationalising the NSIS has become more prominent than ever.



Source: GED and Planning Commission (2015).

The implementation of the NSSS began with the formulation of the NSSS Action Plan Phase I (2016–2021), according to which, the NSIS was to be rolled out by 2021. To facilitate the process, the Ministry of Labour and Employment (MoLE) was assigned to conduct a study on possible options/modalities for unemployment insurance schemes by December 2017, pilot an unemployment insurance scheme by July 2018, and expand it to nationwide by July 2019 (Cabinet Division and GED, 2018). However, the targets for making progress on the NSIS enshrined in both the NSSS 2015 and NSSS Action Plan Phase I (2016–2021) have fallen far short of expectation. The Midterm Progress Review of NSSS implementation—conducted in 2019—found that ⁴ against the target of nationwide roll-out, only a draft framework study, commissioned by the Cabinet Division and the General Economic Division of the Planning Commission, under the supervision of the Social Security Policy Support (SSPS) Programme, was prepared (Cabinet Division and GED, 2019). Until now, it is the only available framework offering a variety of modalities for introducing the NSIS. The (draft) NSSS Action Plan Phase II (2021–2026) has placed a renewed emphasis on the implementation of the NSIS. As per this new Action Plan, a revised framework for NSIS is expected to be completed by June 2022, while one of its major components, unemployment insurance, is

³ The government has already formulated a draft National Pension Authority Act, 2022. However, the Act has not been passed yet. As a result, the current study is not going to elaborate the discussion on the Private Voluntary Pension (PvP) scheme.

⁴ Please see Annex 3 for the detail implementation plan of the NSIS as per the Midterm Progress Review on Implementation of NSSS.

supposed to be ready for piloting by July 2024 and for national rolling out by July 2025 (Annex 3). As part of the new roadmap, it has been recognised that the draft NSIS framework requires a careful review in assessing its compatibility with international social security standards and global best practices. It is also important to ensure that any NSIS framework does recognise all relevant implementation challenges and suggest measures for addressing those.

Against this backdrop, the objectives of the present study are:

- To provide a review of international social security standards associated various elements within social insurance schemes.
- To review and analyse NSSS provisions and objectives related to social insurance schemes in Bangladesh assess the proposed (draft) framework's compatibility with international standards.
- To conduct in-depth analysis to compare the best international practices in terms of implementing and operating national social insurance schemes with particular focus on both the developed and developing countries and extract insights as well as lessons learned that can be contextualised to Bangladesh.
- To provide a contextual analysis by identifying key preconditions and their current state of affairs in relation to the operationalisation of the NSIS.
- To conduct a comprehensive review of the secondary literature relating to the implementation of the national social insurance schemes including implications for formal and informal settings in Bangladesh.
- To make recommendations on possible and plausible paths forward for Bangladesh on implementing national social insurance schemes including potential designs and indicating financial implications.
- To consolidate the recommendations into a policy option framework for introducing the process of establishing the NSIS.

This study is organised as follows: after this introduction, Section II of this paper highlights the fundamental concepts and characteristics of social insurance following the international social security standards and best practices adopted by different countries; Section III provides a critical review of the currently available NSIS framework; Section IV presents a feasible NSIS framework for Bangladesh; Section V highlights some pragmatic policy recommendations for implementing NSIS; finally, Section VI concludes the report.

II. Social insurance: International standards and global best practices

Social insurance is a form of social security designed to protect individuals and their families against a reduction or loss of income as well as guard them from falling into vulnerabilities and poverty in the events of exposure to risks.⁵ It can encompass programmes to insure against health risks (i.e., health insurance, sickness insurance, accident insurance, long-term care insurance, disability insurance, etc.) and other risks namely unemployment insurance, pension

⁵ Please see https://www.sadc.int/sites/default/files/2021-08/Code_on_Social_Security_in_SADC.pdf for details and also Annex 4 for schemes based on social principles.

insurance, old age, family, invalidity, survivors' benefits, and country-specific social insurances (Zeibarth, 2017). These schemes/programmes are based on contributory mechanisms with contributions being paid by employers, employees, self-employed persons, or other contributors, depending on the nature of the specific scheme.⁶ That is, the principle of social insurance is solidarity and risk-pooling where risk-pooling implies sharing financial risks by accumulating funds from a large group. The NSSS 2015 recognizes social insurance coverage is based on contributory benefits that provide transfers on the basis of contribution records and social solidarity. While there can be many different types of social insurance schemes, this study is confined to NSIS components only as reflected in Figure 1.

It is generally expected that different social insurance schemes are designed following internationally accepted social security standards and best practices. In many countries, the minimum standards for different parameters pertaining to social insurance have been set up through continuous consultations amongst relevant stakeholders (including government, employees, employers, etc.). The standards and issues can also be evolving in nature. When it comes to the norms for social insurance, the standards put forward and advocated by the International Labour Organization (ILO) receive the most attention. The ILO is the internationally recognised organisation working intensively and extensively with the relevant stakeholders namely government, workers, and employers to set various labour and social protection standards and developing policies programmes to promote those.⁷ Like numerous other countries, Bangladesh is a signatory to various ILO conventions. The flagship ILO Social Security (Minimum Standards) Convention 1952 is the most recognised international instrument—based on the social insurance principle—that is widely accepted as the worldwide minimum standards for all nine branches of social security namely medical care, sickness, unemployment, old age, employment injury, family, maternity, invalidity, and survivors' benefits. The ILO has devised different conventions and recommendations for different branches of social security. The conventions and recommendations work as guiding principles for the countries intending to start with various social insurance schemes.

- **Unemployment insurance**

An unemployment insurance (UI) scheme is way of providing unemployment protection to those who become unemployed generally involuntarily.⁸ Two major objectives of UI scheme are: (i) guaranteeing income security in the event of a partial or full loss of a job or underemployment⁹, and (ii) promoting decent employment by offering employment assistance programmes (i.e., skill development training, reskilling, etc.) to support their return to work (ILO, 2014; Bista and Carter, 2017). At the macro-level, the unemployment protection schemes (i.e., UI scheme) work as automatic stabilisers, stimulate economic recovery and support structural economic changes. On

⁶ In some countries, government might also contribute to the social insurance fund.

⁷ Please follow <https://www.ilo.org/global/about-the-ilo/lang--en/index.htm> for details.

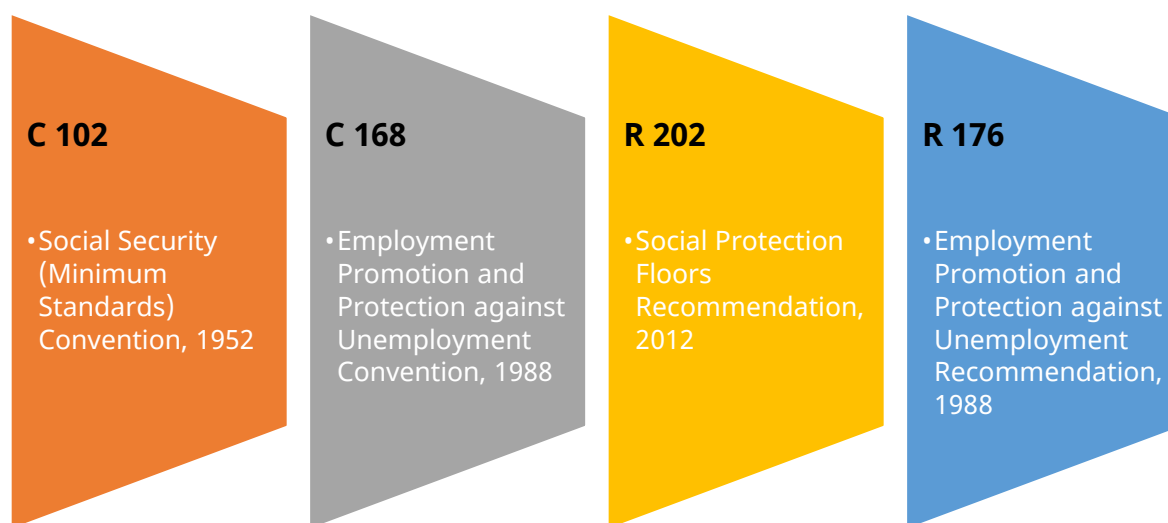
⁸ Two other ways of providing unemployment protection are employment retention schemes and public employment programmes (ILO, 2021a).

⁹ According to World Social Protection Report (2020–22), Unemployment protection programmes i.e., UI scheme are also of paramount importance in supporting those suffering the adverse impacts of technological innovations, and of environmental and climate change, by facilitating structural adaptation and a just transition for enterprises and workers in all sectors (ILO, 2021a).

the other hand, at the micro-level, it improves the matching of skills with available jobs, and can provide safeguards against falling into poverty and informal work (ILO, 2021a). That is, UI plays a fundamental role of acting as a shield against individuals' and households' falling into poverty and vulnerability when they become unemployed by providing temporary and/or partial income (Carter et al., 2013).

The major ILO social security standards concerned with UI are the Social Security (Minimum Standards) Convention, 1952 (No. 102), as already mentioned above; the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168); the Employment Promotion and Protection against Unemployment Recommendation, 1988 (No. 176); and more recently, the Social Protection Floors Recommendation, 2012 (No. 202) (Figure 2). These conventions and recommendations take a broad approach to unemployment insurance by setting standards for the provision of cash benefits and employment services during periods of unemployment. The Convention No. 102 requires the provision of cash benefits for unemployed people capable of and available for work, but unable to obtain suitable employment. It sets qualitative and quantitative benchmarks to ensure: (a) the coverage of substantial proportion of population, (b) the sufficiency of cash benefit levels to serve as income replacement, allowing beneficiaries and their families to maintain decent living and health standards, and (c) provision of cash benefits for a sufficient period of time to serve their purpose. The Convention No. 168 stresses on the coverage expansion to workers who are part-time workers, new entrants to the labour market, previously self-employed, etc. It also emphasises on the need for an integrated employment policy. On the other hand, Recommendation No. 176 suggests extending the scope of coverage and provides guidance on promoting productive employment. Finally, Recommendation No. 202 works as a guiding principle for countries in defining and guaranteeing basic income security, at least a nationally defined minimum level, for all members of the working-age population who are unable to earn a sufficient income in the event of unemployment. It also recommends that the design and implementation of social protection floor guarantees combine preventive, promotional, and active measures that advance decent employment and productive economic activity, notably through vocational training for productive skills, entrepreneurship and sustainable enterprises. A snapshot on the main requirements of ILO social security standards concerning unemployment protection is provided in Table 1.

Figure 2: Major ILO social security standards for unemployment insurance scheme



Source: International Labour Organization (ILO).

Table 1: Summary of main requirements of ILO social security standards on unemployment protection

	Convention No. 102: Minimum standards	Convention No. 168 and Recommendation No. 176: Advanced standards	Recommendation No. 202: Basic protection
What should be covered?	Suspension of earnings due to inability to find suitable employment for capable and available persons.	C.168: Loss of earnings due to inability to find suitable employment for capable and available person actively seeking work. Protection should be extended to loss of earnings due to partial unemployment, suspension or reduction of earnings due to temporary suspension of work, as well as part-time workers seeking full-time work. R.176: Provides guidance for assessing suitability of potential employment.	At least basic income security for those who are unable to earn sufficient income in case of unemployment.
Who should be protected?	At least: 50% of all employees; or all residents with means under prescribed threshold.	C.168: At least 85% of employees, including public employees and apprentices; all residents with means under prescribed threshold. Coverage should be extended to part-time workers and at least 3 of the 10 listed categories of persons seeking work who have never been, or have ceased to be, recognized as unemployed or covered by unemployment protection schemes. R.176: Coverage should be extended progressively to all employees as well as to persons experiencing hardship during waiting period.	At least all residents of active age, subject to the country's existing international obligations.
What should be the benefit?	Periodic payments; at least 45% of reference wage. In the case of social assistance, the total of the benefit and any other means, after deduction	C.168: Periodic payments: at least 50% of reference wage; or, in case of social assistance the total benefits must guarantee the beneficiary healthy and reasonable living conditions. R.176: For partial employment: total benefit and earnings from the part-time	Benefits in cash or in kind at a level that ensures at least basic income security, so as to secure effective access to necessary goods and services; prevents or alleviates poverty,

	of the substantial amounts (fixed by the competent public authority in conformity with prescribed rules) shall be sufficient to maintain the family of the beneficiary in health and decency	work should reach a sum between previous earnings from full-time work and the amount of full unemployment benefit or be calculated in the light of reduction of hours of work suffered.	vulnerability and social exclusion; and enables life in dignity.
What should the benefit duration be?	For schemes covering employees: At least 13 weeks of benefits within a period of 12 months. For means-tested (non-contributory) schemes: At least 26 weeks within a period of 12 months. Possible waiting period of max. seven days.	C.168: Throughout the unemployment period: possibility to limit initial duration of payment of the benefit to 26 weeks in each case of unemployment or 39 weeks over any period of 24 months; possible waiting period of max. seven days. R.176: Benefit duration should be extended until pensionable age for unemployed persons having reached a prescribed age.	As long as the incapacity to earn a sufficient income remains.
What conditions can be prescribed for entitlement to a benefit?	Qualifying period may be prescribed as necessary to prevent abuse.	C.168: Qualifying period may be prescribed as necessary to prevent abuse. R.176: Qualifying period should be adapted or waived for new jobseekers.	Should be defined at national level, and prescribed by law, applying principles of non-discrimination, responsiveness to special needs and social inclusion, and ensuring the rights and dignity of people.

Source: International Labour Organization (ILO).

While the ILO standards (both conventions and recommendations) establish certain minimum benchmarks for different parameters to govern UI schemes, cross-country variations are evident in terms of those parameters (Table 2). In 96 countries (out of 199 surveyed countries), the UI scheme is being implemented. Amongst those 96 countries, 85 countries' UI scheme is based on social insurance (ILO, 2021a). Most developed nations provide coverage to all employees, whether nationals or foreigners. Most countries contribute to their UI fund jointly (i.e., employers, employees, and the government) (Asenjo & Pignatti, 2019). For instance, in Viet Nam, both the employer and employee contribute 1 per cent of their insured earnings while the government contributes 0.5 per cent of the insured earnings (Bedard et al., 2020). On the other hand, in the Indian UI fund, the contributions come jointly from employers (3.25% of insured earnings) and employees (0.75% of insured earnings) (Bedard et al., 2020). One of the major qualifying criteria to avail the UI benefits is the number of insured working hours which greatly varies from country to country. Countries often require either 6 or 12 months of contributions in the last 12 to 24 months. For instance, Japan, Thailand, and the Republic of Korea require at least 6 months of contributions to qualify while the contribution length is at least 12 months in Malaysia and Viet Nam. In India, at least 3 years of contribution is required to register in the UI scheme, which might be considered excessive as per ILO social security standards. Most employees who leave their jobs voluntarily are ineligible for this programme unless it is a forced resignation; Nevertheless, Thailand and Viet Nam provide benefits to individuals who leave their jobs voluntarily. Benefits are often given as a percentage of earnings. In Japan, the benefit rate can reach up to 80 per cent of daily earnings. The benefit rate in Malaysia decreases as the number of months of benefits received increases. The duration of benefits varies by country, based on work hours and

contribution rate. In the Republic of Korea, the duration of benefits is also determined by age i.e., the duration lengthens with age. The waiting period prior to receiving the benefit starts from one week and can extend up to 15 days depending on the country.

Table 2: A cross-country comparison for different parameters of unemployment insurance

Country	Coverage	Qualifications / Eligibility criteria	Levels of benefits	Duration of benefits	Waiting Period
Canada	All salaried employees are covered, including members of the military forces and government employees. Self-employed individuals and business owners are not eligible.	Depending on the regional unemployment rate, 420 to 700 hours of insured labour work in the previous year. New entrants require 910 hours. Benefits are denied to voluntary quitters and those dismissed for misconduct. There are valid reasons for resigning.	55 per cent of average weekly earnings, up to a maximum of CAD 485 (in 2012).	Regular benefits range from 14 to 45 weeks, based on hours worked and the regional unemployment rate. Every two weeks, benefits are paid.	Two weeks
India	All non-seasonal factories that use electricity and employ 10 or more people, as well as those that do not use electricity and employ 20 or more people.	For "The Rajib Gandhi Shramik Kalyan Yojana (RGSKY)" <ul style="list-style-type: none"> At least three years' contribution is mandatory to register Employees with a monthly salary not exceeding Indian rupees 21,000 and working in a firm with at least 10 workers are eligible. For "Atal Bimit Vyakti Kalyan Yojana (ABVKY)" <ul style="list-style-type: none"> Insured person should have been in insurable employment for a minimum period of two years. Insured person should have contributed at least 78 days during each of the preceding four contribution periods. The employee should not get unemployed due to misconduct, superannuation, or voluntary retirement.	50% of the wage for a maximum period of two years and 25% of the average salary from the 13th to 24th months. In the event of death caused by an occupational injury, a monthly payment is distributed among dependants. 100 per cent of average daily wages in cash for up to 26 weeks of confinement, 6 weeks in case of miscarriage, during maternity leave, and 12 weeks for commissioning and adopting mothers. During medical leave, receive 70% of average daily wages in cash for up to 91 days in two consecutive benefit periods. ¹⁰	For "The Rajib Gandhi Shramik Kalyan Yojana (RGSKY)" <ul style="list-style-type: none"> Maximum period of two years An additional one year with less benefits For "Atal Bimit Vyakti Kalyan Yojana (ABVKY)" for a maximum period of 90 days of unemployment. This benefit can be received only once in the lifetime of the insured person.	
Japan	All business employees, whether citizens or foreigners are covered, except:	A minimum of 6 months of insurable employment in the previous two years is required for basic allowance. Unemployed involuntarily or for an additional three months waiting period.	The daily benefit rate is determined by the average earnings in the previous six months: <ul style="list-style-type: none"> JPY2,330-4,650: 80 per cent rate 	Duration is determined by age and length of contributions: <ul style="list-style-type: none"> Separation due to bankruptcy or redundancy: 90 - 330 days 	One week

¹⁰ Benefits | Employee's State Insurance Corporation, Ministry of Labour & Employment, Government of India. (n.d.). Benefits | Employee's State Insurance Corporation, Ministry of Labour & Employment, Government of India; www.esic.nic.in. Retrieved April 27, 2022, from: <https://www.esic.nic.in/benefits#:~:text=ESIC%20provides%20100%25%20of%20average,commissioning%20mother%20and%20adopting%20mother>

	<ul style="list-style-type: none"> Persons aged 65 and up (except for continuously insured older workers). Part-time employees that work less than 20 hours each week (except insured day workers). Employees who work part-time for less than 31 days. Workers expected to work less than four months and for 30 hours each week. 		<ul style="list-style-type: none"> JPY4,650-11,770: 80 per cent to 50 per cent rate JPY11,770-15,780: 50 per cent rate <p>If aged 60 to 64, the 50 per cent in the preceding table is substituted with 45 per cent.</p>	<ul style="list-style-type: none"> Separations (other): 90 - 150 days Fixed-term contract: 90 - 150 days <p>Voluntary separations (all ages): 90 - 150 days (after an extra waiting period of 3 months)</p>	
Republic of Korea	<p>Except for government employees and those working in agriculture, forestry, fishing, or housekeeping, all paid workers are covered.</p> <p>Employees who work fewer than 60 hours per month (less than 15 hours per week) and those with familial ties to the company are also excluded. Migrant workers are eligible (depending on their visa status).</p>	<p>Worked a minimum of 60 hours per month for at least 180 days in the last 18 months.</p> <p>Unemployed people must register for job placement.</p> <p>Availability for work is required.</p> <p>If employment offers are refused or employees willingly quit jobs, a penalty is applied.</p>	<p>The UI benefit is equal to half of the standard daily wage, which is computed using the average pay.</p> <p>If a person finds work quickly, they are eligible for are-employment incentive of 50 per cent of their remaining benefits.</p>	<p>Depends on the age and work:</p> <ul style="list-style-type: none"> 90 - 180 days if under 30 90 - 210 days if 31 to 50 90 - 240 days if over 51 or with disabilities <p>Extended benefits may be provided for a further 60 days for people who exhaust their benefits, under strict criteria.</p> <p>Extending benefits for "high unemployment" occurred when the ratio of job-seeking benefit claimants to all EI-insured individuals exceeded a specified level.</p>	One week
Malaysia	<p>All employee working in registered companies.</p> <p>Domestic workers, self-employed workers, public servants, and employees of local governments and statutory organisations are not covered.</p>	<p>Unemployed and meet the following conditions:</p> <ul style="list-style-type: none"> Apply within 60 days after losing job. Pay the requisite minimum number of SOCSO and EIS monthly payments to meet the contributions qualifying requirements (CQC). <p>Loss of employment must come within the predefined definitions.</p>	<p>For months 1-3, you will be paid 80%, 50%, and 40% of your monthly assumed salary, respectively, and for months 4-6, you will be paid 40%, 30%, and 30% of your monthly assumed wage, respectively.</p>	<p>Monthly allowance for a period of at least three months and up to six months.</p>	One week ¹¹

¹¹ EMPLOYMENT INSURANCE SYSTEM ACT 2017, Laws of Malaysia.

https://www.perkeso.gov.my/images/imej/akta_dan_peraturan/EMPLOYMENT_INSURANCE_SYSTEM_ACT_2017_Act_800.pdf

Thailand	<p>All employees in the private sector are covered, except for farmers, domestic workers, and businesses that had "superior employee benefit schemes" prior to 2004.</p> <p>Civil servants and employees of state-owned firms are not eligible (covered under a separate scheme).</p>	<p>Contributions for at least 6 months in the 15 months before termination.</p> <p>Registered with the Employment Office. Employment shall not be terminated because of a job violation, premeditated criminal conduct against the employer, or an illegal act that results in substantial harm to the company's business or imprisonment.</p>	<p>Unemployed workers who are laid off are entitled to 50 per cent of their insured earnings based on the highest-paid three months in the nine months before their job loss.</p> <p>Only 30 per cent of insured wages are paid to unemployed workers who voluntarily resign. The maximum daily benefit is THB250.</p>	<p>Unemployed workers who are laid off are entitled to up to 180 days within a year.</p> <p>Unemployed workers who voluntarily quit are only entitled to 90 days within a year.</p> <p>Following the 2008 financial crisis, UI benefits were increased to 240 days for workers who were laid off in 2009.</p>	Two weeks
Viet Nam	<p>Workers with permanent or open-ended contracts are included, as are employers with at least 10 workers, including commercial and public firms, public service units, and the military services.</p>	<p>Paid UI contributions for a minimum of 12 months in the previous 24 months.</p> <p>Registered with the Employment Service Centre for unemployment.</p> <p>Within 15 working days of registration, applied for UI benefits.</p> <p>After registration, unemployed for 15 working days.</p> <p>Not receiving a pension</p>	<p>The benefit rate is 60 per cent of the average contributed earnings for the previous six months, up to a maximum of 20 times the value of minimum wages.</p> <p>The benefit rate and duration are the same whether the termination is voluntary or involuntary.</p>	<p>Three months of benefits with 12 - 35 months of insured employment</p> <p>Six months of benefits with 36 - 71 months of insured employment</p> <p>Nine months of benefits with 72 - 143 months of insured employment</p> <p>Twelve months of benefits with 144 or more months of insured employment</p>	15 days

Source: Authors' compilation from various sources.

- **Sickness insurance**

Sickness benefits contribute to human rights to health and to social security (ILO, 2017). Sickness benefits in the form of sickness insurance aim at providing income support in the events of sickness, quarantine, or sickness of a dependent relative (ILO, 2021a). Sickness insurance schemes are considered an instrument of social protection to strengthen public health measures. These measures allow the beneficiaries to stay at home (off work) until they are fully recovered, and thereby protecting their own health and the health of others in the cases of communicable diseases. Sickness insurance covers the expenses of medical care for work-related illnesses. However, it does not cover any health conditions found prior to beginning insured hours employment.

Along with the Social Security (Minimum Standards) Convention, 1952 (No. 102), the Medical Care and Sickness Benefits Convention, 1969 (No. 130) and the Medical Care and Sickness Benefits Recommendation, 1969 (No. 134) work as guiding principles on sickness insurance. As per the conventions and recommendations, the sickness insurance benefits are provided in case of “incapacity for working resulting from a morbid condition and involving suspension of earnings”. Moreover, the eligible beneficiaries should be granted the benefits until recovery, including in the case of seeking preventive or curative care and being “isolated for the purpose of quarantine” (ILO, 2021a). According to the Social Protection Floors Recommendation, 2012 (No. 202, Para 9), coverage should be ensured in such a way so that everyone can access to benefits. The scheme is based on the principle of solidarity in financing. It implies that the cost of sickness insurance and their administration should be borne collectively by way of social insurance contributions, taxation or both in a manner which avoids hardship to people of small means, ensuring that they can maintain their families in health and decency, and takes into account national economic situations. The benefit level will be at least 45 or 60 per cent of previous earnings and paid as periodical payments. To avail the benefits, the waiting periods (if any) should not exceed three days. Finally, appropriate provisions should be made to help economically active people who have “to care for a sick dependent”. A summary of the main ILO social security convention and recommendation regarding different provisions of sickness insurance are provided in Table 3.

Table 3: Summary of main requirements of ILO social security standards on sickness protection

	Medical Care and Sickness Benefits, 1969 (No. 130)	Medical Care and Sickness Benefits, 1969 (No. 134)
What should be covered?	Need for curative medical treatment and, under some situations, need for preventative medical care. Incapacity for work caused by illness and resulting in a loss of earnings, as defined by national legislation (Article 7)	
Who should be protected?	<ol style="list-style-type: none"> 1. All employees, including apprentices; or 2. Specified groups of the economically active population, representing at least 75% of the total economically active population; or 3. All inhabitants whose means do not exceed defined limitations during the contingency (Article 19) 	<ol style="list-style-type: none"> 1. To persons employed on a casual basis. 2. To members of the employer's family residing in his home in relation to their job for him; and 3. To all economically active individuals (Para 11)

<p>What should be the benefit?</p>	<p>At least 60% of the entire earnings of an average adult male labourer plus any family allowances granted to a person protected who has the same family duties as the standard beneficiary (Article 23)</p> <p>In the event of the death of a person who was receiving or qualified for the sickness benefit, a funeral benefit shall be granted to his survivors, any other dependants, or the person who has borne the expense of the funeral under stipulated conditions (Article 23).</p>	<p>In circumstances of absence from work resulting in a loss of income, a person covered by sickness benefit should be paid a cash benefit (Para 8).</p> <p>An adequate access to get essential medical care during regular working hours should be provided to a protected person who suffers from a sickness that does not completely prevent him from performing his normal employment (Para 9).</p> <p>Appropriate provisions should be made to assist a protected person who is economically engaged and needs to care for a sick dependent (Para 10).</p>
<p>What should the benefit duration be?</p>	<ul style="list-style-type: none"> • The sickness benefit mentioned in Article 18 shall be awarded during the contingency: provided, however, that the provision of benefit may be limited to no less than 52 weeks in each case of incapacity, as stipulated. • When a declaration made in accordance with Article 2 is in effect, the grant of the sickness benefit referred to in Article 18 may be limited to no fewer than 26 weeks in each case of disability, as required. • Where a Member's legislation stipulates that sickness benefit is not payable for an initial period of earnings suspension, such period should not exceed three days (Article 26) 	<p>Cash benefits should be given throughout the period for incapacity for work caused by sickness and resulting in a loss of wages (Para 13).</p>

Source: Authors' compilation.

Many countries lack a comprehensive sickness insurance scheme. Occasionally, countries include sickness insurance as part of their health insurance. According to the latest World Social Protection Report 2020–22, only 109 countries out of 184 countries surveyed are implementing sickness insurance (ILO, 2021a). Social insurance is the basis of sickness insurance in 94 countries of the total implementing countries.¹² Sickness insurance should cover all workers, but existing provisions may exclude some categories of workers (Table 4). Thus, special efforts are needed to extend protection, including to workers in part-time and temporary employment, the self-employed and jobseekers (ILO, 2021b). To be eligible for benefits, employees must have completed specific amount of ensured hours of work and produce a medical certificate. For instance, an insured person must contribute at least 78 days before claiming the benefit in India. In Thailand, such requirement is at least 3 months within the 15 months preceding the date of obtaining medical treatment. Sickness insurance may not always cover all illnesses, and it varies across countries. The benefits are calculated as a percentage of the insured earnings (i.e., 70% of the daily average wage in India; and maximum 75% of the monthly pay in Viet Nam). Thailand also covers hospital transportation, medical examination, and care costs, as well as prescription and pharmaceutical expenditures. Army and Public Security forces in Viet Nam receive perks equal to 100% of their monthly salaries. The duration of benefits depends on the social insurance payments and employment conditions. In India, a potential beneficiary will receive the benefits for 91 days during the course of two consecutive benefit periods, while in Viet Nam, it ranges from 30 to 70 days. Among the nations reviewed, the Canadian government gives the longest duration of benefits, 15 weeks.

¹² 59 countries rely exclusively on employers' liability to compensate for the loss of income during sickness (ILO, 2021a).

Table 4: Cross country comparison – Sickness Insurance

Country	Coverage	Qualifications / Eligibility criteria	Exclusions from the scheme	Levels of benefits	Duration of benefits	Waiting Period
Canada ¹³	<p>Unemployed workers can receive temporary financial help through the Employment Insurance (EI) program. This aid comprises sickness benefits for persons who are unable to work due to illness, accident, or quarantine.</p> <p>If you are unable to work due to illness, accident, or quarantine but are otherwise available to work, you may be eligible for up to 15 weeks of EI sickness benefits.</p>	<p>You must obtain a medical certificate to demonstrate that you are unable to work due to medical reasons. Illness, injury, quarantine, or any medical condition that stops you from working are examples of medical causes.</p> <p>Employed in insurable employment.</p> <p>Meet the specific criteria for receiving EI sickness benefits.</p> <p>Normal weekly earnings have been reduced by more than 40%</p> <p>Accumulated at least 600 hours of insurable employment during the qualifying period, or you have sufficient insurable earnings from self-employment in fishing during the qualifying period if you are a self-employed fisher.</p>		<p>55 per cent of your insurable earnings, up to a weekly maximum of \$638 The amount you get is determined by your insurable earnings before taxes for the previous 52 weeks or since the beginning of your most recent claim, whichever is shorter.</p>	<p>Financial help for 15 weeks</p>	<p>One week</p>
India ¹⁴	<p>Sickness Benefit refers to periodic cash payments granted to an IP during a time of certified sickness that occurs within a benefit period when the IP requires medical treatment and attendance with abstinence from Work due to medical reasons.</p>	<p>During the appropriate contribution period, an IP must have contributed for at least 78 days.</p> <p>A person who begins insurable employment for the first time must wait approximately 9 months before being eligible for</p>		<p>70 per cent of the daily average wage</p>	<p>91 days during the course of two consecutive benefit periods</p>	<p>2 days</p>

¹³ <https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/sickness.html#h2.1>

¹⁴ <https://www.esic.nic.in/sickness-benefits>

Country	Coverage	Qualifications / Eligibility criteria	Exclusions from the scheme	Levels of benefits	Duration of benefits	Waiting Period
		sickness benefit, because his corresponding benefit term begins only after that interval.				
Thailand¹⁵		An insured individual is eligible to non-occupational injury or illness compensation benefits if he or she has made contributions for at least 3 months within the 15 months preceding the date of obtaining medical treatment.	With the exception of 14 illnesses not covered by the Social Security Act.	Free medical treatment for non-occupational accident or illness at the registered hospital listed on his or her Social Security card. Medical examination costs Medical care costs Lodging, food, and hospital treatment costs Medicine and pharmaceutical costs Cost of ambulance or patient transportation Other essential costs (such as Preventive Health Care and Grant for insured who suffered due to inadequate medical care) In compliance with the Medical Committee's recommended and authorised regulations and charges.		
Viet Nam¹⁶		Sickness insurance is paid by the social insurance fund, not by the employer.		The maximum benefit rate is equivalent to 75 percent of the monthly pay on which the social insurance contribution is calculated in the month before employees are off work. Employees of the People's Army and Public Security forces get benefits equal to 100 percent of their monthly wage in the month before their leave.	30 to 70 days, depending on the length of his/her social insurance payment and employment conditions. Employees with diseases on the list of long-term treatment diseases are entitled to a maximum of 180 days of absence each year. Employees of the People's Army and	

¹⁵ <https://www.asinta.com/countries/employee-benefits-in-thailand/>

¹⁶ <https://vss.gov.vn/english/thebenefits/Pages/sickness.aspx>

Country	Coverage	Qualifications / Eligibility criteria	Exclusions from the scheme	Levels of benefits	Duration of benefits	Waiting Period
					Public Security forces are granted leave for the duration of their medical treatment at their medical institutions.	

Source: Authors' compilation from various sources.

- **Maternity insurance**

Maternity insurance is a vital factor for achieving women's rights and gender equality. It is also essential to prevent and reduce poverty and vulnerability, promote health, nutrition, and well-being of mothers and thereby advance decent work. The benefits of maternity insurance include income security (through cash benefits), leave policies and effective access to good-quality maternal healthcare (reproductive health services during pregnancy and childbirth and beyond) for pregnant women and mothers of newborns as per the World Social Protection Report, 2020–22 (ILO, 2021a). In addition, employment and labour market interventions such as employment protection and non-discrimination, childcare solutions after the woman's return to work and good occupational health and safety measures and breastfeeding facilities at the workplace are important to give adequate protection to pregnant women and newborns. Even from a social protection perspective, ensuring effective access to maternal healthcare and income security in the critical period before and after childbirth are essential (ILO, 2018b, 2019a, 2020).

Lack of income security during the final stages of pregnancy and after childbirth forces many women, especially those in the informal economy, to keep working into the very late stages of pregnancy and/or to return to work prematurely. Consequently, women likely expose themselves and their children to significant health risks. While significant progress has been made, it is estimated that far too many women still face impoverishment or suffer from preventable consequences of complications during pregnancy or childbirth. For instance, approximately 800 mothers die during childbirth every day due to inadequate social protection policies targeting them (ILO, 2021a).¹⁷ Moreover, an estimate suggests that only 44.9 per cent of women with newborns worldwide receive a maternity cash benefit with wide geographical variations. Those women who are physically unable to continue working are at greater risk of poverty owing to the loss of income. This risk is exacerbated when social health protection is low and cost of seeking care is mostly paid out-of-pocket. Effective maternity social insurance guarantees financial stability for pregnant women and mothers of new-born children, as well as effective access to quality maternal health care. It also encourages employment and occupational equality (ILO, 2015a). According to the World Bank classification, the United States is the only high-income country that does not provide paid maternity leave.¹⁸

The major ILO conventions and recommendations regarding maternity protection benefits (i.e., maternity insurance) are the Maternity Protection Convention, 1919 (No. 3), the Social Security (Minimum Standards) Convention, 1952 (No. 102), the Maternity Protection Convention, 2000 (No. 183) and the Maternity Protection Recommendation, 2000 (No. 191).¹⁹ With a view to protecting women's rights and preventing gender-based discrimination in the labour market, the ILO maternity protection standards specifically require that cash benefits will be provided through

¹⁷ Another report suggests that in 2017, 295,000 women died of causes related pregnancy and childbirth, 86 per cent of those deaths occurring in Sub-Saharan Africa and South Asia (WHO, 2019).

¹⁸ Please see <https://vitalrecord.tamhsc.edu/fast-facts-maternity-leave-policies-across-globe/> for details.

¹⁹ The Convention No. 102 sets the minimum standards as to the population coverage of maternity protection schemes including cash benefits during maternity leave and to address the temporary suspension of earnings. It also defines the medical care that must be provided free of charges at all stages of maternity, to maintain, restore or improve women's health and their ability to work. Furthermore, it provides that free maternal healthcare must be available to women and the spouses of men covered by maternity protection schemes.

schemes based on solidarity and risk-pooling namely compulsory social insurance. The Convention No. 183 and its accompanying Recommendation No. 191 provide detailed guidance for national policymaking and action aiming to ensure that women:

- are granted at least 14 weeks of maternity leave paid at a rate of at least two thirds of their previous earnings (C183) or up to 18 weeks at 100 per cent (R191);
- have employment protection during pregnancy, maternity leave and the right to return to the same or an equivalent position;
- enjoy the right to one or more daily nursing breaks or a daily reduction of hours of work to breastfeed their children; and
- are not required to perform work prejudicial to their health or that of their children.

However, the Social Protection Floors Recommendation, 2012 (No. 202) calls for access to essential healthcare, including maternity care and basic income security, for people of working age who are unable to earn sufficient income owing to (among other factors) maternity. Cash benefits should be sufficient to allow women a life in dignity and without poverty. Maternity medical care should meet criteria of availability, accessibility, acceptability and quality; it should be free for the most vulnerable; and it should not create hardship or increase the risk of poverty for people in need of healthcare. Maternity benefits should be granted to all residents of a country. Reinforcing the objective of achieving universal protection, the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), calls for the extension of maternity protection to all workers in the informal economy. Table 5 provides a summary of the main requirements of international social security standards for maternity protection.

Table 5: Summary of main requirements of ILO social security standard on maternity protection

	Maternity Protection Convention, 2000 (No. 183)	Maternity Protection Recommendation, 2000 (No. 191)
What should be covered?	<p>To ensure that pregnant or nursing women are not required to undertake employment that has been found by the competent authority to be harmful to the mother's or child's health, or where an evaluation has established a considerable risk to the mother's or her child's health (Article 3)</p> <p>In the case of sickness, complications, or the risk of complexities deriving from pregnancy or childbirth, leave should be offered before or beyond the maternity leave term upon submission of a medical certificate (Article 5)</p> <p>A woman has the right to one or more daily breaks or a daily decrease in work hours to nurse her kid (Article 10)</p>	Maternity leave extension in the event of multiple births (Para 1)
Who should be protected?	All employed women, even those in atypical types of dependent work (Article 2)	Women.

	Maternity Protection Convention, 2000 (No. 183)	Maternity Protection Recommendation, 2000 (No. 191)
What should be the benefit?	<p>Sufficient cash benefits to guarantee that the woman and her child may live in good health and with a reasonable standard of life. The amount of such benefits should not be less than two-thirds of the woman's previous earnings, or of those earnings taken into consideration for the purpose of calculating benefits.</p> <p>The woman and her kid will be supplied with medical coverage. Prenatal, delivery, and postnatal care, as well as inpatient treatment, are all covered by medical coverage (Article 6)</p> <p>At the end of her maternity leave, a woman is guaranteed the right to return to the same or a similar employment paid at the same rate (Article 8)</p>	<p>The financial benefits to which a woman is entitled while on leave shall be increased to the full amount of the woman's previous earnings, or those earnings that are taken into account for the purpose of calculating benefits. (Para 2)</p> <p>Medical benefits including: care given in a doctor's office, home or in hospital and by a qualified midwives; any pharmaceutical and medical supplies, examinations, and tests recommended by a physician; and dental and surgical care (Para 3)</p> <p>If the mother dies before the end of postnatal leave, the child's employed father should be permitted to leave for the remainder of the postnatal maternity leave (Para 10)</p>
What should the benefit duration be?	<p>A woman is entitled to 14 weeks of maternity leave after indicating the presumed date of childbirth (Article 4)</p> <p>In case of illness or complications leave can be granted according to the national laws and practice (Article 5)</p>	<p>National laws or regulations, or any other method consistent with national practise, should determine the period during which parental leave may be granted, the length of the leave, and other modalities, including the payment of parental benefits and the use and distribution of parental leave among employed parents (Para 10, Part 4)</p>
What conditions can be prescribed for entitlement to a benefit?	<p>Medical Certificate (Article 5)</p>	<p>Medical Certificate.</p>

Source: Authors' compilation from various sources.

Amongst the 195 surveyed countries, 143 countries have maternity insurance scheme in place as per the World Social Protection Report 2020–22 (ILO, 2021a). Social insurance principle is the key basis of maternity insurance in 137 out of those 143 countries. All female workers are considered under the maternity insurance scheme in most of the countries. A minimum number of working days as per country-specific requirements is considered as one of the eligibility criteria (Table 6). In India, a female worker will be granted benefits if she works for at least 80 days in a company in the past 12 months before her projected date of delivery. For Malaysia, the requirement is to work at least 90 days in the four months before the commencement of the leave. Most of the time, evidence of pregnancy is necessary to be eligible for this benefit. Part-time working women and mothers who choose to give birth in another country are also covered by the Japanese government. Women in India and Viet Nam can also receive maternity benefits if they adopt a baby under the age of three months and six months, respectively. In Canada, both parents contribute to this benefit, but only one of them can avail it. Maternity benefits are provided as a percentage of salary and cover medical expenses as well. Many governments prolong the term of benefits for complicated cases. With a doctor's certificate, a quick change of tasks before

and/or after the child's birth is also permissible. Most countries also reduce working hours and enable mothers to nurse their infants. The larger organisations in the Republic of Korea pay the full compensation for the first 60 days. Viet Nam also pays 100 per cent of the last six months' average income. Among the countries studied, Viet Nam offers the most leaves, up to six months.

Table 6: Cross country comparison – maternity insurance

Country	Coverage	Qualifications / Eligibility criteria	Levels of benefits	Duration of benefits
Canada ²⁰	Persons who are off from work due to pregnancy or have just given birth.	Maternity benefits are only accessible to those who are unable to work due to pregnancy or have just given birth. They cannot be shared by parents. For at least one week, your regular weekly wages from work have been reduced by more than 40%. You worked 420 insured hours* in the 52 weeks preceding the commencement of your claim, or since the start of your last claim, whichever is shorter.	Can receive up to \$638 every week, or 55% of your earnings.	15 weeks maximum.
India ²¹	A pregnant woman worker is entitled to a maternity benefit (in the form of a medical bonus) of one thousand rupees if the employer does not provide free prenatal and postnatal care.	Maternity leave is granted with full pay if she works for at least 80 days in a company in the 12 months before her projected delivery date.	12 weeks salary. Medical incentive of 3,500 Indian rupees is available to female employees.	26 weeks maternity leave. A mother with two or more children is entitled to 12 weeks of maternity leave. 12-week leave for adopting a child less than 3 months old.
Japan ²²	All working mothers, regardless of whether they work full-time or part-time. This covers mothers who choose to give birth in another country.		The mother will earn two-thirds of her usual wage. This allowance is also divided into two sections (prenatal and postnatal) that can be received individually or jointly. Additionally, if the employee receives a pay (even if only a fraction of it), it will be taxed as usual.	Prenatal Period: This is the 6-week (42-day) time preceding the predicted date of delivery for single births. However, with multiple births (e.g., twins), the prenatal period will be 14 weeks (98 days). Postnatal Period: This is the eight-week (56-day) period after the day of birth.
Republic of Korea ^{23,24}	Every female employee.	A policyholder or a dependant whose pregnancy has been confirmed by a doctor.	For bigger organisations in South Korea, maternity pay should be paid at 100 per cent of the usual salary rate for the first 60 days. Following that, the government/social security will issue assistance allowance for the remaining 30 days (capped 2 million KRW per 30 days). For small businesses, social security/government assistance is provided during the 90-day period.	Paid leave of 90 days, up to 120 days for multiple/complicated births

²⁰ Please see <https://www.canada.ca/en/services/benefits/ei/ei-maternity-parental.html> for details.

²¹ Please see <https://paycheck.in/labour-law-india/maternity-and-work#:~:text=According%20to%20the%20Maternity%20Benefit,weeks%20of%20paid%20maternity%20leave> for details.

²² Please see <https://thetokyolife.jp/maternity-leave-japan/> for details.

²³ Please see <https://www.nhis.or.kr/english/wbheaa02600m01.do> for details.

²⁴ Please see <https://www.papayaglobal.com/countrypedia/country/south-korea/> for details.

Malaysia 25	All working women.	An employee must have worked for the same company for at least 90 days in the four months before the commencement of leave. Employees must provide official notice of pregnancy and scheduled leave at least four months before the due date.	60 days of paid leave. Companies may also extend the leave beyond the first duration, but without compensation.	60 days
Thailand 26	Female workers	According to Section 65 of the Social Security Act (No. 4), an insured person is eligible for maternity benefits for themselves, or their wives provided they have paid contributions for at least five months in the fifteen months before the date of obtaining medical services. The insured person has publicly cohabited with a woman as husband and wife.	A brief change of tasks before and/or after the child's birth is permitted with a doctor's certificate. The female insured may give birth in any hospital and will get a lump amount of 13,000 baht for childbirth. Medical examination and childcare costs Medical care costs Expenses for medicine and medical supplies The cost of confinement Hospital lodging, food, and treatment costs Newborn infant nursing and treatment costs Cost of ambulance or patient transportation Other essential costs	90 days of leave. Full salary for 45 days from the employer and 45 days from the Social Welfare Fund
Viet Nam ²⁷	All working women	Maternity benefits are available to female employees who are pregnant, give birth, or adopt a baby under the age of six months, as well as surrogate mothers and male employees whose spouses give birth.	100 per cent of the average salary used to compute social insurance premiums in the six months before absence. Pregnant female workers are permitted to take one to two days off work for five prenatal examinations. Employees are entitled to 5 - 10 days of leave to recuperate after maternity leave if they have not fully recovered. The per-diem for health rehabilitation following maternity leave is equal to 30% of the base pay. Female employees who have a miscarriage, abortion, vasectomy, foetal death, or abortion due to illness are allowed to take 10-50 days off work, depending on the age of the foetus.	Leave for six months Employees who have twins or numerous children are entitled to an additional one-month leave beginning with the second kid.

Source: Authors' compilation from various sources.

²⁵ Please see <https://www.jobstreet.com.my/career-resources/work-life-well-being/maternity-leave-in-malaysia-what-you-need-to-know/> for details.

²⁶ Please see <https://www.asinta.com/news/maternity-benefits-in-thailand/> for details.

²⁷ Please see <https://vss.gov.vn/english/thebenefits/Pages/maternity.aspx> for details.

- **Employment Injury Insurance**

Every year, about 2.8 million workplace deaths, 374 million injuries, and 160 million illnesses occur worldwide (ILO, 2021a).²⁸ For employment injuries alone, the cost burden of compensation, healthcare, and rehabilitation is estimated to be around 4 per cent of global GDP (ILO, 2021c). The primary goals of Employment Injury Insurance (EII) are to assist workers in overcoming short-term financial difficulties, to ensure that they can return to work quickly, and to support their dependents in the event of death. Both in-kind and in-cash benefits are provided under EII in cases of such occurrences. In this regard, EII assistance first takes the form of medical help to restore physiological and cognitive capabilities, income replacement through periodic cash benefits during the suspension of work during treatment, or funeral grants to survivors. Ensuring occupational health and safety of workers at the workplaces as well as providing fair, equitable and effective compensation to injured workers and families of deceased workers are the responsibilities of employers in modern times (ILO, 2021a). Where EII benefits are not in place, direct compensation paid by the employers or lawsuit against the employer in the (labour) courts are considered as redress mechanism for the injured workers or survivors. However, there are criticisms regarding filing lawsuit against employers largely due to the fact that it requires time and money. Therefore, injured workers are resorted to this mechanism only rarely and often end up with no compensation at all.

The ILO has devised some conventions and recommendations to establish minimum standards to govern different aspects of EII. Major conventions and recommendations include the Social Security (Minimum Standards) Convention, 1952 (No. 102, Part VI), the Employment Injury Benefits Convention, 1964 (No. 121), and accompanying recommendation, the Employment Injury Benefits Recommendation, 1964 (No. 121) (Table 7).²⁹ The relevant convention and recommendation set higher standards and recognise the importance of an integrated approach in improving working conditions, limiting the impact of employment injuries, and facilitating the reintegration of people with disabilities into the labour market and into society (ILO, 2021a). On the other hand, the focus of the Social Protection Floors Recommendation, 2012 (No. 202) is on preventing or alleviating poverty, vulnerability and social exclusion through income security guarantees and access to at least essential healthcare for all in need, irrespective of the origin of the disability or ill health, giving rise to the need for income security and care. This can be ensured through different approaches like contributory schemes, non-contributory schemes, varieties of benefits or combination of all these. Effective provision of EII benefits can greatly promote decent work.

²⁸ Please see https://www.ilo.org/moscow/areas-of-work/occupational-safety-and-health/WCMS_249278/lang-en/index.htm#:~:text=Worldwide%2C%20there%20are%20around%20340,of%20work%2Drelated%20illnesses%20annually for details.

²⁹ The Social Security (Minimum Standards) Convention, 1952 (No. 102, Part VI) states that 'any condition that has a negative impact on health and is attributable to a work accident or an occupational disease, and the incapacity to work and earnings that results from it, must be covered. Accordingly, the provision must include medical and allied care, free of charge and cash benefits for the injured person or their dependants'.

Table 7: Summary of main requirements of ILO social security standards on employment injury

	Convention No. C121: Employment Injury Benefits, 1964	Recommendation No. R121: Employment Injury Benefits, 1964
What should be covered?	<p>A morbid condition.</p> <p>Incapacity for work resulting from such a condition and involving suspension of earnings, as defined by national legislation.</p> <p>Total or partial loss of earning capacity in excess of a prescribed degree, likely to be permanent, or corresponding loss of faculty.</p> <p>Loss of support suffered by prescribed categories of beneficiaries as a result of the breadwinner's death (Article 6)</p>	<p>Accidents, regardless of cause, sustained during working hours at or near the place of work or in any place where the worker would not have been except for his employment.</p> <p>Accidents sustained within reasonable periods before and after working hours in connection with transporting, cleaning, preparing, securing, conserving, storing, and packing work tools or clothes.</p> <p>Accidents occurring on the direct route between the workplace and:</p> <ul style="list-style-type: none"> i) the employee's primary or secondary house; ii) the location where the employee normally eats; or iii) the location where he usually gets his compensation (Para 5)
Who should be protected?	<p>Employment injury benefits must cover all employees, including apprentices, in the public and private sectors, including co-operatives, as well as designated categories of beneficiaries in the event of the breadwinner's death (Article 4)</p> <p>Employment injury benefits may be confined to defined categories of employees, which must account for at least 75% of all employees in industrial undertakings, and, in the case of the death of the breadwinner, prescribed categories of beneficiaries (Article 5)</p>	<p>Members of co-operatives involved in the production of products or the supply of services</p> <p>Designated categories of self-employed individuals, particularly those who own and actively operate small-scale companies or farms.</p> <p>Certain categories of persons working without pay, which should include:</p> <ul style="list-style-type: none"> i) Persons in training, undergoing an occupational or trade test, or otherwise preparing for future employment, including pupils and students; ii) Members of volunteer bodies charged with combating natural disasters, saving lives and property, or maintaining law and order; and iii) Other categories of persons not otherwise covered who are active in the public interest or engaged in charitable work. iv) Convicts and other imprisoned individuals performing employment necessary or authorised by the appropriate authorities. <p>Special plans apply to sailors, especially sea fishermen, and governmental employees. (Para 3)</p>
What should be the benefit?	<p>Medical care and related benefits for a morbid condition.</p> <p>Cash benefits for contingencies covered (Article 9)</p> <p>In exceptional circumstances, and with the agreement of the injured person, the competent authority may convert all or part of the periodical payment into a lump sum corresponding to the actuarial equivalent thereof when the competent authority has reason to believe that such lump sum will be used in a way that is</p>	<p>The rates of cash benefits for temporary or initial inability for work, entire loss of earning ability likely to be permanent, or corresponding loss of faculty, should be as follows:</p> <ul style="list-style-type: none"> i) Not less than two-thirds of the injured person's earnings: Provided, however, that a maximum limit for the rate of benefit or the earnings taken into account for the calculation of the benefit may be prescribed; or ii) where such benefits are provided at flat rates, not less than two-thirds of the average earnings of persons employed in the major group of economic activities

	Convention No. C121: Employment Injury Benefits, 1964	Recommendation No. R121: Employment Injury Benefits, 1964
	particularly beneficial to the injured person (Article 15) Increments in monthly payments or other supplemental or special benefits, as stipulated, must be made available to handicapped people who require the continual assistance or attendance of another person (Article 16)	with the greatest number of economically active male persons (Para 9)
What should the benefit duration be?	The benefits will be provided throughout the contingency: Provided, however, that in the case of incapacity for employment, the cash benefit is not required to be provided for the first three days (Article 9)	In each case of earnings suspension, cash payments for inability for work shall be paid from the first day (Para 8)
What conditions can be prescribed for entitlement to a benefit?	Benefit eligibility may not be conditional on the length of work, the duration of insurance, or the payment of payments (Article 9)	

Source: Authors' compilation from various sources.

According to the World Social Protection Report 2020–22, 129 out of 186 surveyed countries for which relevant data are available are implementing the employment injury insurance schemes. Amongst those 129 countries, 109 countries' EII schemes are based on the social insurance principle (solidarity and risk-pooling). However, substantial variations are observed in terms of determining/setting values for different parameters of EII scheme (Table 8). Country-wide variations are evident for EII coverage. For instance, in Malaysia, all employers are required to pay EII benefits, while employees of all the occupations are covered under the EII scheme. In India and Japan, workers will be entitled to avail EII benefits if injury, illness or death occurred while involved in works at their workplaces. Loss of working capacity (at least 5 per cent due to accidents/illnesses) is considered as an eligibility criterion for EII benefits. However, injuries resulting from private tasks at work, purposeful accidents, and victims of third-party violence motivated by personal hatred are not covered in Japan. Malaysia does not provide coverage for employees who become invalid or die as a result of circumstances unrelated to their job. The type of injury/illness determines the level and length of benefits for this insurance.³⁰ For instance, in India, the level of EII benefits is determined by: (i) permanent total disability – minimum of INR 140,000 (\$2,004) or 60 per cent of monthly pay multiplied by possible future earnings; (ii) partial permanent disability – nature of the injury and loss of earning capability; (iii) temporary incapacity – 25% of their income every two weeks, for a total monthly compensation of 50% of total earned wages; and (iv) death – immediate dependent will get minimum of INR 120,000 (\$1,717). In Viet Nam, the benefit level is associated with the loss of working capacity and the number of years the employees pay to the social insurance fund. However, in the cases of death, families of deceased workers are entitled to lump-sum compensations equal to 36 months' basic wages and death gratuities. The waiting period might vary from 2 days to 2 weeks.

³⁰ Medical expenditures for work-related injuries are covered in almost all countries. Nursing care is also compensated in Japan. In most nations, funeral expenditures are compensated in the event of death.

Table 8: Cross country comparison – employment injury insurance

Country	Coverage	Qualifications / Eligibility criteria	Exclusions from the scheme	Levels of benefits
Canada ³¹	When workers are injured or get ill as a result of a workplace accident, they can seek compensation from their province's Workers' Compensation Board (WCB).			<p>Payments for temporary income loss</p> <p>Following the final settlement of a claim, permanent payments are made.</p> <p>Payments for medical expenditures like prescription medicines.</p> <p>Payments made to cover the costs of medical services such as chiropractic or physiotherapy.</p> <p>Payments for rehabilitation costs such as training, medical equipment, clothes, and auxiliary care for daily tasks.</p> <p>Compensation for a physical disability.</p> <p>If the WCB determines that the work-related injury prohibits the worker from returning to his or her employment or any other acceptable activity for the foreseeable future, the WCB may opt to make permanent benefits following a final settlement of the claim.</p>
India ³²	Employers must pay an employee who is injured while doing work-related responsibilities, resulting in: permanent entire disability, permanent partial disability, temporary disability, or death.			<p>In the event of permanent total disability, the worker is entitled to a minimum of INR 140,000 (US\$2,004), or 60% of his/her monthly pay multiplied by a formula depending on the employee's possible future earnings.</p> <p>Compensation for partial permanent disability is determined by the nature of the injury and the employee's loss of earning capability. An arm severed at the shoulder, for example, is regarded a 90% loss of earning ability, but the loss of an entire index finger is considered a 14% loss of earning capacity.</p> <p>In the event of temporary incapacity, an injured worker will be compensated 25% of their income every two weeks, for a total monthly compensation of 50% of total earned wages.</p> <p>If a worker dies, the worker's immediate dependents are entitled to compensation. The death benefit is INR 120,000 (US\$1,717), which is equal to half the worker's monthly income multiplied by a formula depending on the employee's probable future earnings.</p>

³¹ Please see <https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/work-accident-illness.html> for details.

³² Please see <https://www.india-briefing.com/news/workplace-injury-compensation-india-11077.html/#:~:text=If%20the%20business%20employees%20more,both%20medical%20and%20financial%20support> for details.

Country	Coverage	Qualifications / Eligibility criteria	Exclusions from the scheme	Levels of benefits
Japan ³³³⁴	If you are on duty in a workplace facility (office or factory) during regular working hours or overtime hours, the accident is considered an employment injury unless the circumstances are exceptional.		During working hours, a worker engages in private activity and gets injured. A worker causes an accident on purpose. A worker is the victim of third-party violence motivated by personal animosity.	Compensation for medical expenses (payment of medical benefit) Compensation pension for the ill and injured (pension for the sick and injured - equivalent to the basic benefit per day multiplied by 313 - 245 days) Compensation for disorder (benefits for disorder) A lump sum payment equal to the basic benefit amount per day multiplied by 313 - 131 days or 503 - 56 days. Funeral expenditures (payment of funeral expenses) yen315,000 Plus the basic benefit amount per day x 30 days or the basic benefit amount per day x 60 days, whichever is larger. Compensation for nursing care (payment of nursing care benefit). Actual nursing care expenditures incurred (up to the higher limit) or payment of a set sum across the board (the upper limit applies to insurance benefits for accidents that that have occurred during commutation)
Republic of Korea ³⁵	Employers with at least one employee are required to pay industrial accident compensation insurance		Agriculture, forestry (excluding logging), fishing, and hunting enterprises with five or less employees.	Medical advantages. Benefits for permanent disability and nursing care. Survivor benefits and burial costs. Loan services in exchange for medical care advantages.
Malaysia ³⁶	All employers		Foreign workers will not be eligible for payments under the Invalidity Scheme or protection for employees who become invalid or die owing to causes unrelated to their job.	Medical, temporary/permanent disablement, rehabilitation, and dependent's benefits; continuous attendance allowance; and repatriation charges of 6,500 ringgit.
Thailand ³⁷	All occupations		Employees or government officials from the Central, Provincial, and Local governments Employees of charitable organizations	In the event of an injury, incapacity, or death, compensation is provided at a rate of 60% of monthly salary. Actual and required medical expenditures shall be reimbursed up to Baht 45,000 to 300,000, depending on the severity of the situation.

³³ Please see <https://www.mhlw.go.jp/new-info/kobetu/roudou/gyousei/kantoku/dl/161108-02.pdf> for details.

³⁴ Please see <https://www.mhlw.go.jp/english/org/policy/p19.html> for details.

³⁵ Please see <https://www.comwel.or.kr/eng/comp/kind/wwci.jsp> for details.

³⁶ Please see <https://www.bal.com/bal-news/malaysia-employment-injury-scheme-coverage-now-mandatory-for-foreign-workers/> for details.

³⁷ Please see <https://msnagroup.com/social-security-workmen-compensation-thailand/#:~:text=In%20general%2C%20the%20compensation%20amount,years%20depending%20on%20the%20case.&text=Employment%20rehabilitation%20expenses%20must%20be,necessary%2C%20up%20to%20Baht%2020%2C000> for details.

Country	Coverage	Qualifications / Eligibility criteria	Exclusions from the scheme	Levels of benefits
			<p>Employees of state-owned companies</p> <p>Teachers and principals in private schools (under the Private School Law)</p> <p>Other workers listed in the Ministerial Regulation</p>	<p>Employment rehabilitation fees of up to Baht 20,000 must be paid as required.</p> <p>Funeral expenditures shall be reimbursed at a minimum of 100 times the minimum daily wage rate in the case of death or absence.</p>
Viet Nam³⁸		<p>Employees who lose at least 5% of their working capacity due to accidents while working or on duty by their employers or suffer from an illness on the list of occupational diseases while working in hazardous settings or jobs.</p>		<p>Employees who lose 5% to 30% of their working capacity are eligible to a one-time benefit based on the percentage of earning capacity loss and the number of years they have paid SI contributions.</p> <p>Employees who lose 31 per cent or more of their working ability are eligible for a monthly benefit based on the percentage of lost working capacity and the number of years they have paid social insurance contributions.</p> <p>Employees who die at work due to accidents or occupational illnesses, as well as their family, are entitled to a lump-sum compensation equal to 36 months' basic wage and death gratuity, as prescribed.</p> <p>If an employee's health has not improved following medical treatment for an industrial accident or disease, he or she is entitled to 5-10 days of leave for health rehabilitation.</p>

Source: Authors' compilation from various sources.

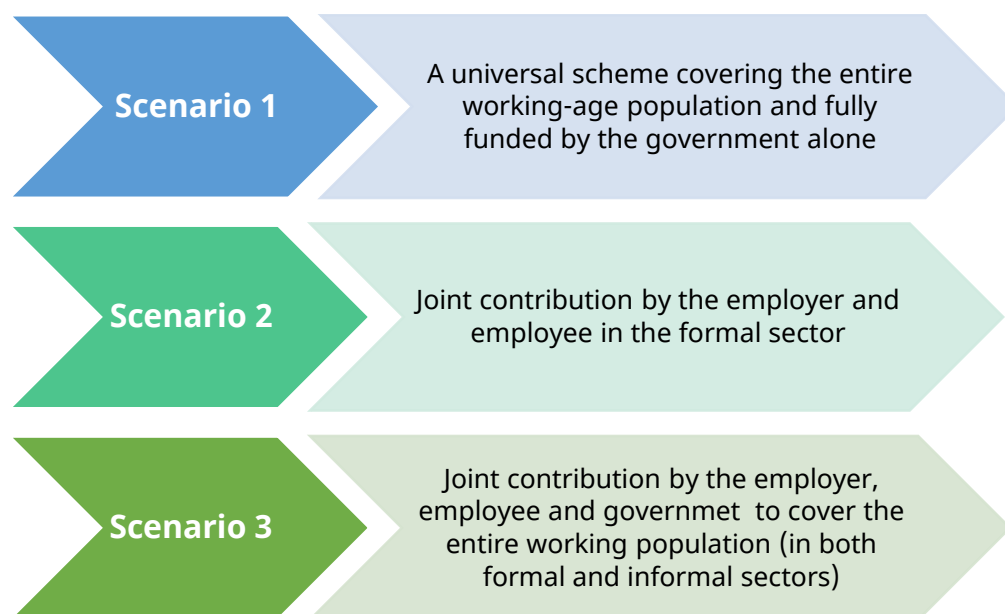
³⁸ VIET NAM SOCIAL SECURITY. (2017, August 3). Work Injury and Occupational Disease. Work Injury and Occupational Disease; vss.gov.vn. <https://vss.gov.vn/english/thebenefits/Pages/work-injury-and-occupational-disease.aspx>

III. Review of the currently available NSIS framework

The NSSS 2015 called for establishing a National Social Insurance Scheme (NSIS) for addressing the vulnerabilities faced by working-age people. As mentioned above, a draft NSIS framework has recently been prepared. For implementing the NSIS, the proposed framework has explored: for (i) different modalities with financial implications; (ii) financing options; (iii) implementation feasibility; (iv) possible institutional structures of implementing and management authorities; and (v) mode of operationalisation. The framework also provides some examples of international practices, for which Chile and India are considered among developing countries, while Japan is selected among the developed country group.

As per the draft framework, the NSIS will first cover formal sector employees before being gradually extended to the informal sector. Three possible implementation scenarios have been considered (Figure 3). It is assumed that the government will bear administrative expenses for implementing schemes in addition to any contribution that it may have to make for financing purposes.

Figure 3: Three different scenarios under the NSIS



Source: Cabinet Division and GED (2019).

The draft framework has worked out the benefits to be received from different schemes along with the corresponding contributory payments (Tables 9 and 10). These are based on the assumptions that the overall public spending (in nominal terms) as proportion to GDP will rise by 0.5 percentage points per annum and the corresponding rise in social security budget will be 0.37 percentage points. The low level of social protection spending, and the explicit consideration of the tight fiscal space means the benefits derived from the schemes are likely to be nominal.

According to draft framework proposals, for sickness insurance, an employee needs to contribute for at least 10 months at a rate of 1 per cent of monthly wages before being entitled for any

benefit, which will be 60 per cent of the last drawn wage for a period of 91 days per year. Similarly, upon contributing for at least 11 months (at a rate of 0.78% of monthly wages), any worker can avail maternity benefits (two-thirds of the last drawn wages for a period of 16 weeks). For receiving unemployment benefits (at a rate of 45% of average salaries) for 182 days or 6 months, the worker is required to contribute at a rate of 0.79 per cent of monthly salaries for at least 86 months. For the employment injury scheme, a worker can contribute 0.475 per cent of monthly wages for at least 8 days and can enjoy the scheme's benefit of BDT 37,201 (maximum).

Table 9: Summary of different provisions of NSIS

Scheme	Scenario	Coverage	Eligibility criteria	Benefits
Sickness	Scenario 1	Universal coverage	No such criteria	BDT 311 per person for a period of 91 days
	Scenario 2	Formal sector employees	Contribution of at least 10 months	60% of the last drawn wage (estimated to be, on average, BDT 9,341) for a period of 91 days
	Scenario 3	Entire working population	Contribution of at least 10 months	60% of the last drawn wages (estimated to be, on average, BDT 9,341) for a period of 91 days
Maternity	Scenario 1	Universal coverage	No such criteria	BDT 320 per beneficiary for a period of 16 weeks
	Scenario 2	Formal sector employees	Contribution of at least 11 months	two-thirds of the last drawn wages (estimated to be, on average, BDT 10,378) for a period of 16 weeks
	Scenario 3	Entire working population	Contribution of at least 11 months	2/3rd of the last drawn wages (estimated to be, on average, BDT 10,378) for a period of 16 weeks
Unemployment	Scenario 2	Formal sector employees	Contribution of at least 86 months	45% of average salaries (estimated to be, on average, BDT 7,006) for a period of 182 days
	Scenario 3	Entire working population	Contribution of at least 86 months	45% of average wages (estimated to be, on average, BDT 7,006) for a period of 182 days
Employment injury	Scenario 2	Formal sector employees	Contribution of at least 8 days	Approx. BDT 37,201 per beneficiary
	Scenario 3	Entire working population	Contribution of at least 8 days	Approx. BDT 37,201 per beneficiary

Source: Cabinet Division and GED (2019).

Under scenario 2, the contributions are equally shared by both the employer and employee. Under scenario 3, two different situations can arise: co-contribution by employer and employee, and government's contribution for self-employed individuals. For the first one, contributions are jointly paid by both employers and employees where the burden is the same for both the stakeholders. On the other hand, if self-employed individuals are considered under the NSIS coverage, the government contributes 80 per cent of the total required contribution with the rest being borne by employees.

The draft framework made an attempt to estimate both fiscal space and the cost of operationalising the NSIS schemes. While estimating the fiscal space, it recommended the consolidation of social protection programmes (SSPs) with similar scopes. Assuming

consolidation of SSPs, the estimated fiscal space needed would be BDT 504.53 billion. Otherwise, the corresponding amount would be BDT 193.87 billion. The framework also estimated the costs for each scheme separately under three scenarios (Table 11). Any administrative cost (to be borne by the government) in implementing the schemes was excluded from the estimation.

Table 10: Contribution rates for the relevant stakeholders (% of employee's monthly wages)

Stakeholder		Sickness	Maternity	Unemployment	Employment injury	Total contribution
Scenario 2	Employer	1.00	0.78	0.79	0.475	3.055
	Employee	1.00	0.78	0.79	0.475	3.055
	Total	2.00	1.56	1.58	0.95	6.11
Scenario 3						
For co-contribution by employer and employee						
	Employer	0.85	0.665	0.065	0.475	2.055
	Employee	0.85	0.665	0.065	0.475	2.055
	Total	1.70	1.33	0.13	0.95	4.11
For self-employed individuals						
	Employee	0.34	0.27	0.19	0.03	0.82
	Government	1.36	1.06	0.76	0.11	3.29
	Total	1.70	1.33	0.13	0.95	4.11

Source: Cabinet Division and GED (2019).

Assuming the universal scheme under scenario 1, the total cost of implementing the NSIS schemes was estimated at BDT 525.2 billion corresponding to around 10 per cent of the budget in FY2020–21 (about 4.5% of FY2020–21 GDP). However, under scenario 2 (joint contribution by both employer and worker of the formal sector), the estimated cost is BDT 53.7 billion which seems financially not very demanding. On the other hand, the estimated total cost would be BDT 405.4 billion (around 7.8% of the budget in FY2020-21 and about 3.5% of GDP in FY2020-21) if NSIS schemes were implemented for the total working age population (covering all formal and informal sector workers). It is important to note that under scenario 3, the cost will be split between the government and employer as well as worker. For splitting, the best case in the ratio 80:20 (i.e., the government accounts for 80% of the total cost of implementing NSIS schemes for all the working age population).³⁹ Comparing the implementation cost under the universal scheme (scenario 1) and the available fiscal space, the NSIS schemes cannot be fully rolled out without additional resources.

Table 11: Cost for the operationalisation of NSIS for FY2020–21 (BDT billion)

Scheme	Scenario 1	Scenario 2	Scenario 3	
			Cost for the total working population	Cost to be borne by the government
Sickness	385.2	30.3	216.6	173.3
Maternity	140.1	3.7	47.6	38.4
Employment injury	N/A	2.4	16.8	13.4
Unemployment	N/A	17.4	124	99.2
Total cost	525.2	53.7	405.4	324.3

Source: Cabinet Division and GED (2020).

³⁹ Two other cases were best case and conservative case where the government accounts for 90% and 70% of the total cost respectively if the NSIS schemes were implemented for the all the working age population.

The draft framework recognises the need for a regulatory framework for the overall management of the NSIS. It outlines such a new regulatory framework or social insurance act by providing some broad themes and potential features. It considers basic administrative requirements which are essential beforehand to operationalise various provisions of the act. Contributions from different stakeholders are accumulated into a pooled fund and thus there will be the need for an appropriate institutional structure for the fund management. The institutional structure will include, amongst others, a system of workers' registration, record of contributions, under different social insurance schemes, and benefits claiming process. Finally, the framework sheds light on the investment options by classifying assets into varying risks and returns. There is a roadmap for implementing the NSIS which provides potential options for piloting the NSIS schemes (Table 12). Prior to implementation, reaching out to all the concerned stakeholders sensitising them about different aspects of the schemes are suggested.

Table 12: Different options for initiating and piloting the NSIS

1. Geographical targeting	Specific municipal areas or cities (i.e., big city like Dhaka) where establishments within the areas must comply with the provisions of the schemes on a mandatory basis.
2. Applicability for certain establishments or classes of establishment	Certain categories of establishment on selective basis where employer and employee relationship can be easily identified
3. Targeting establishments having more than a certain number of employees	Establishments having more than a certain threshold number of employees (e.g., >100)
4. Applicability in certain sectors	Sectors having the highest impact on social protection like RMG sector
5. Combination of the various options	Piloting can be done in any of the above stated establishments

Source: Cabinet Division and GED (2020).

It is, however, important to mention that the draft NSIS framework cannot adequately reflect the provisions of international social security standards and globally acclaimed best practices as mentioned in Section II. Consequently, rolling out different components of the NSIS with the suggested modalities may lead to sub-optimal or unsatisfactory outcomes. A few of the related issues are discussed below.

- **The minimum periods of contribution and benefit duration falling short of international standards**

Contribution to the social insurance fund is taken as an eligibility criterion for availing social insurance schemes' benefits. For instance, the minimum period of contribution (i.e., the number of months of contributions needed before being entitled to receiving unemployment insurance benefits for six months) is estimated to be 86 months (or more than seven years) (Table 13). Such a qualifying period will be considered excessive vis-à-vis international standards as reviewed in Section II of this report. The framework assumes that all workers will contribute every month every year for their eligibility for the benefit. Cross-country practices, however, show that workers contribute for 6 to 12 months over the past 12 to 24 months to avail unemployment insurance

benefits. For sickness insurance, the maximum duration for receiving the benefits is 13 weeks as per the draft framework. However, ILO's convention C130 (Article 26) states that the maximum duration of benefits may be limited not less than 52 weeks in each case of incapacity (sickness). The same convention also states that the duration of benefit may be limited not less than 26 weeks when the country's economy and medical facilities are insufficiently developed (Article 2). A comparison between draft NSIS framework provisions vis-à-vis international standards and global best practices in terms of eligibility criteria and benefit levels are provided in the following table.

Table 13: Comparison between draft NSIS framework and international standards as well as global best practices in terms of eligibility criteria and benefits levels and duration

Scheme	Scenario	Coverage	Eligibility criteria		Benefits	
			Draft framework	International standards & global practices	Draft framework	International standards
Sickness	Scenario 1	Universal coverage	No such criteria	<ul style="list-style-type: none"> Qualifying period may be prescribed as necessary to prevent abuse (C 130) Global practices include: <ul style="list-style-type: none"> India – at least 78 days Thailand – at least 3 months in the last 15 months 	BDT 311 per person for a period of 91 days	<ul style="list-style-type: none"> Max. benefit duration – not less than 52 weeks in each case of incapacity (sickness) (C 130) However, max. benefit duration – not less than 26 weeks if country’s economy and medical facilities are insufficiently developed (C 130) 66.66% of reference wage (R 134) Benefit duration – as long as the incapacity to earn a sufficient income due to sickness remains (R 202)
	Scenario 2	Formal sector employees	Contribution of at least 10 months		60% of the last drawn wage (BDT 9,341) for a period of 91 days	
	Scenario 3	Entire working population	Contribution of at least 10 months		60% of the last drawn wage (BDT 9,341) for a period of 91 days	
Maternity	Scenario 1	Universal coverage	No such criteria	<ul style="list-style-type: none"> Eligibility conditions must be met by a large majority of women; those who do not meet conditions are entitled to social assistance (C 183) Global best practices suggest – <ul style="list-style-type: none"> India – at least 80 days in the past 12 months before her EDD Malaysia – at least 90 days in the four months before the leave 	BDT 320 per beneficiary for a period of 16 weeks	<ul style="list-style-type: none"> 100% of last drawn wages for a period of 18 weeks (R 191) For benefit duration, the national legislation is given priority. As per BLA 2006, it is 16 weeks. Besides cash benefits, medical benefits i.e., prenatal, childbirth, and postnatal care, hospitalisation (if necessary), pharmaceutical and medical supplies, medically prescribed tests, dental and surgical care, etc. should be provided.
	Scenario 2	Formal sector employees	Contribution of at least 11 months		2/3rd of the last drawn wage (BDT 10,378) for a period of 16 weeks	
	Scenario 3	Entire working population	Contribution of at least 11 months		2/3rd of the last drawn wage (BDT 10,378) for a period of 16 weeks	
Unemployment	Scenario 2	Formal sector employees	Contribution of at least 86 months	<ul style="list-style-type: none"> 6 or 12 months of contributions in the last 12 to 24 months as per global best practices 	45% of average salary (BDT 7,006) for a period of 182 days	<ul style="list-style-type: none"> At least 50% of average salary (C 168) payable throughout the contingency Initially 26 weeks in each spell of unemployment or 39 weeks over any period of 24 months (C 168)
	Scenario 3	Entire working population	Contribution of at least 86 months		45% of average salary (BDT 7,006) for a period of 182 days	
Employment injury	Scenario 2	Formal sector employees	Contribution of at least 8 days	Eligibility for benefits may not be made subject to the length of employment, to the duration	Approx. BDT 37,201 per beneficiary	Compatible with ILO standards as figures are drawn from the “ILO Technical Recommendations on the Feasibility

	Scenario 3	Entire working population	Contribution of at least 8 days	of insurance or to the payment of contributions (C 121, Art. 9(2))	Approx. BDT 37,201 per beneficiary	Assessment of an Employment Injury Insurance Scheme in Bangladesh”
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Source: Authors' compilation from various sources.

- **Benefit levels and international standards**

The benefit levels for different NSIS branches should correspond to international standards and best practices. As per the relevant ILO convention, a beneficiary of the UI scheme shall not get less than 45 per cent of his/her previous earnings (C 102). However, a more advanced standard on the matter sets the minimum level as at least 50 per cent of the previous earnings (C 168, Article 15). This advanced standard permits that the initial duration of the benefit payment may be limited to 26 weeks in each spell of unemployment or to 39 weeks over any period of 24 months (Article 19). For maternity insurance, the draft framework assumed the benefit amount to be at least two-thirds of the last drawn wage of the employee (C183). However, according to R191, women are granted up to 18 weeks of maternity leave paid at a rate of 100 per cent of previous earnings or those earnings that are taken into account for benefits calculation. Therefore, there is a window of raising the benefit levels.

It worth mentioning that national laws or regulations are given priority to determine the maternity leave duration. The Bangladesh Labour Law (2006) provides for at least 16 weeks of maternity leave (as considered in the draft framework). Still, the cash benefits can be enhanced from the current rate of 66 per cent to 75–100 per cent. Only cash benefits are considered under the maternity insurance although cash and maternity medical benefits must go hand in hand to ensure adequate protection for both mothers and children. Medical benefits encompass care (pre-natal, confinement, and post-natal) given in a doctor's chamber, home or in hospital and by a qualified midwife; any pharmaceutical and medical supplies, examinations, and test recommended by a physician; and dental and surgical care (Para 3). Women employees should have access to these medical maternity benefits at zero cost. For sickness insurance, comparator countries like India and Viet Nam are providing 70 per cent of the average daily wages and 75 per cent of the monthly wage, respectively vis-à-vis at least 60 per cent of any reference wages. In case of employment injury insurance, the benefits can be of three types, namely medical care, cash benefits in the event of incapacity for work and loss of working capacity (invalidity), and cash benefits (where appropriate) in the event of death of the breadwinner (C 102 and C 121).⁴⁰ However, the proposed framework only takes the cash benefits into account. Therefore, while implementing the social insurance schemes in Bangladesh, there is room for an upward revision of the quantum of benefits.

- **No discussion on of labour market policies**

Certain preconditions need to be in place beforehand to initiate any specific branch of social insurance. For instance, promoting and strengthening of active labour market policies (ALMPs) needs to be ensured prior to rolling out of the unemployment insurance scheme. This issue has been envisioned in Articles 2 and 7 ILO Convention No. 168. As per Article 7 of the same convention, "Each Member shall declare as a priority objective a policy designed to promote full, productive, and freely chosen employment by all appropriate means, including social security.

⁴⁰ Medical care has to be afforded with a view to maintaining, restoring or improving the health of the persons protected and their ability to work and to attend their personal needs.

Such means should include, inter alia, employment services, vocational training, and vocational guidance”.

Unemployment insurance benefits should be seen inseparable from ALMPs to assist the workers quickly finding and keeping permanent work (Carter et al., 2013). Unemployment insurance is provided to the unemployed who lost their jobs conditional on their active labour market participation (Asenjo & Pignatti, 2019). In Bangladesh, the use of the concept of ALMPs is relatively new in various national development policies and strategic documents (except for the recent 8th Five-Year Plan and the draft national jobs strategy. Bangladesh is yet to have any structured ALMPs. Effective implementation of ALMPs is subject to the availability of adequate labour market information. Furthermore, some components of ALMPs like unemployment benefits, job searching and matching services, counselling and job placement services are not available in Bangladesh. Without meeting these preconditions, the unemployment insurance scheme is unlikely to be successful.

- **Absence of an effective legal framework**

An effective legal and regulatory framework is required for a sound management and comprehensive oversight of the UI scheme. This could involve numerous technical divisions within the lead ministry as well as other line ministries along with the participation of workers' and employers' representatives. A well-designed legal framework is essential for guaranteeing that social security is a right. It empowers everyone to assert their rights through a well-structured procedure based on a set of agreed rules and principles. It is based on universal law, which ensures that everyone is treated equally. As a result, people are fundamentally bonded together by the standards/principles that underpin them. Such a framework will also clearly explain the organisation and operation of the system (i.e., pertinent rules, rights, responsibilities, and roles and responsibilities of various actors, including government, private and public sector authorities, etc.). Simultaneously, it will enable more effective monitoring of the schemes. A legislative framework thus preserves the continuity of rights and entitlements over time, helps predictability and sustainability of the social security system, and ensures accountability of the institutions responsible for its administration. Effective implementation of the legal framework is critical to attain the aforementioned goals.

The legal framework should clearly define key terminologies, and stakeholders (such as the employer and employee), contribution rates for stakeholders, modalities of fund management, qualifying criteria for programme participation, benefit level and duration, with the scope of supporting interventions such as ALMPs, and, finally, the responsibilities of various stakeholders related to UI. A legal framework should precede the rolling out of the UI. Consultations with relevant social partners and stakeholders are required as part of the initiation of the legal framework. Many countries have formulated separate and distinct legal provisions for social insurance to begin UI schemes (for example, India's Employees' State Insurance Act, 1948, Viet Nam's Law on Employment and Social Security Act, South Africa's Unemployment Insurance Act, 2001 and China's Social Insurance Law, 2010). The Vietnamese UI scheme is based on five principles: (i) to guarantee the risk-pooling principle among UI participants; (ii) premiums based

on salaries in labour contracts or employment contracts of workers; (iii) UI benefits based on contribution rates and enrolment period; (iv) simple, easy, and convenient use of employment insurance; it must protect the insured's interests in an adequate and timely manner; and (v) the UI fund managed in a centralised, uniformed, and transparent manner, with the state ensuring the fund's safe operation. In addition, the Vietnamese Employment Promotion Law comprises four additional benefits: unemployment benefits, career counselling and job placement assistance, vocational training assistance, and support with other training and skill development for workers who want to keep their jobs. Furthermore, the law specifies eligibility criteria, contribution rates, qualifying conditions, exclusion criteria, benefit length and benefit rate.

In Bangladesh, the implementation of key articles of the Labour Act designed to protect workers in the case of job termination is currently lacking. According to various national dailies, at least 1,900 labour cases were pending with seven labour tribunals across the country, with another 900 cases awaiting resolution for more than five years (The Business Standard, 2020; The New Age, 2020). The majority of labour lawsuits filed relates to the garment industry, and they involve layoffs, dismissals, retrenchments, non-payment and delayed payment of salaries and other benefits, compensation for workplace accidents, and violations of trade union rights (The Dhaka Tribune, 2019). The lack of judges, a longstanding impediment for speeding up judicial activities, and lengthy court procedures to decide cases are responsible for the continuing judicial backlog. Furthermore, the inclusion of lenient penalties and punitive actions appears to encourage the violation of the Labour Act's provisions. For example, an employer can be fined a merely BDT 5,000 (less than \$60) for failing to comply with a labour court order. As a result, the existing system is insufficient to safeguard workers' rights. Furthermore, the lack of a mandatory court-sponsored Alternative Dispute Resolution (ADR) mechanism puts additional strains on the courts and continues to expand the number of labour dispute cases in the backlog (ILO, 2021d). Despite the DIFE's Labour Inspection Management Application (LIMA) has a 'Complaint Box' that allows workers or employers to file complaints regarding workplace issues, most workers are unaware of the provision (Razzaque, 2022).

- Bangladesh currently lacks a comprehensive legal framework for social security in general. The NSSS 2015 recommended that a separate law for the National Social Insurance Scheme (NSIS) should be formulated. The law would be drafted under the supervision of the Ministry of Finance's Financial Institutions Division (FID) and presented to Parliament by January 2020, according to the NSSS Action Plan 2016-2021. However, no progress has been made in this regard yet. It's worth mentioning that ministries dealing with labour or social insurance matters (e.g., Viet Nam's Ministry of Labour, Invalids, and Social Affairs) typically take on the responsibility of drafting social insurance UI laws (Bista & Carter, 2017). In Bangladesh, therefore, the Ministry of Labour and Employment (MoLE) should be in charge of determining the feasibility of developing a legal framework that complies with any existing national legal frameworks, particularly labour and social protection legislation, as well as international norms. A strong political commitment is required to draft the NSIS statute before the launch of the UI system. It is necessary to consult with and raise awareness among the relevant stakeholders about any new legal provisions.

- **Absence of discussion on robust digitised employment database**

A robust digitised, and regularly updated employment database is essential for sound management of social insurance schemes. The database can be used to keep records of participation, payment of contributions, length of employment, etc. The responsible agencies and/or social security offices should be able to verify the eligibility of a beneficiary's entitlement to benefits and detect any type malpractices. Since 2005, the main social security institutions in the Philippines relied on a unified smart card that can store information and perform transactions in all the relevant institutions. The system enables authorities to identify participants and facilitate and streamline implementation procedures and monitoring (Duran-Valverde et al., 2013). In addition, a scalable, flexible, and secured employment database will provide fast and real-time transactions i.e., benefit payments to the beneficiaries (Kayes et al., 2015). The importance of a database becomes more prominent, especially when there is labour market dualism in the economy. Workers can leave a job in the formal sector and can join the informal sectors. In fact, the rise of platform economy, workers' greater desire for job flexibility and employers' greater need for operational flexibility to adapt to changing business markets, have led to an increase in labour mobility in many countries (Behrendt and Nguyen, 2018). Workers now more frequently change their employment arrangements, combine salaried employment with self-employment, or have multiple employers and jobs.⁴¹ Given the circumstance, it is almost impossible to track workers mobility and their job status. Presence of a large informal employment can seriously exacerbate the situation.

In the absence of a comprehensive and effective database, huge informal employment coupled can significantly augment the social insurance cost. This can be attributed to the difficulty involved in detecting social insurance recipients who are receiving benefits while also working in the informal sectors or have part-time jobs. There is evidence in the context of Viet Nam that due to higher expected benefits compared to their contributions, some workers even take the UI benefits in the short run and return to work at the same place (Rosfadhila, 2019).

The use of a centralised database with the help of the information and communication technology is becoming commonplace. For example, Malaysia implements an ICT project which envisions secure online registration for employers and a database for maintaining a complex employee and employer relationships (Kayes et al., 2015). A secure online option enables employers logging-in and accessing records of contributions paid in previous months. The system, on behalf of the centralised authority, performs automatic checking of eligibility for claims and issue payment of benefits electronically, directly into a beneficiary's bank account. Thus, the Malaysian ICY project makes several improvements in several areas including inter alia (i) a central database for claiming processing, (ii) online submission of claims by insured persons, (iii) use of self-service functions to register employers and employees to social security benefits, and (iv) online payments of contributions. In Canada, the overall objective of the automation and modernisation of the employment insurance programme is to improve the quality, efficiency, and

⁴¹ With higher labour mobility may offer new opportunities in terms of additional income or professional development, it can also hinder workers from effectively taking up social protection benefits, particularly those that are linked to a contract with a specific employer or to salaried employment, unless there are measures to ensure coverage across different employment statuses, employers, and social security systems (ILO, 2016; Waldrof, 2016).

effectiveness of services delivery by simplifying and standardising processes and procedures, as well as by automating select employment insurance claims (initial and renewal claims). The system modernisation addresses the needs of Canadians by facilitating on-line application for benefits as well as access to secure and accurate information on-line, the latest information on the social insurance programme, and service options of choice (internet, in-person, and phone).⁴²

- **Limited discussion on the UI fund management mechanism**

In the long run, a self-sustaining social insurance scheme requires a well-designed system of managing the social insurance fund. There is only discussion on how the funds will be collected from different stakeholders, and how the collected contributions will be deposited. However, it does not provide any clear guideline about how the fund will be managed, who will manage the fund – individual financial institution or bank, central authority, or the government etc. To ensure safety and a healthy return, the trustee fund should be invested judiciously in diversified portfolios.

Evidence from the comparable countries suggests that they established a UI fund with the objective of making the scheme a self-sustaining one. For instance, Viet Nam Social Insurance—a government-attached agency—manages the UI fund and is responsible for its collection, management, and allocation.⁴³ The country invests its UI funds to purchase bonds and treasury bills issued by the State; to invest in important projects pursuant to the Prime Minister’s decisions; and to provide loans to the State budget, the Viet Nam Development Bank, the Viet Nam Bank for Social Policies and commercial banks with the state-owned shares accounting for over 50 per cent of the registered capital). There is the emphasis on ensuring security of the fund flexibility so it would be recoverable when necessary.⁴⁴

- **No direction about the mode of UI benefit payment**

The mode of paying benefits to the claimants should be smooth, hassle-free, and free from unnecessarily cumbersome procedures. Different countries with social insurance schemes have adopted different payment methods for transferring benefits. Cross-country evidence suggests that payment can be made broadly in two ways – direct transfers to recipient accounts and cash handouts, the latter of which can be more prone to malpractices. Given the availability of widespread digital/mobile financial services (MFS) provided by banks, other financial institutions, and mobile financial service providers—digitising the payment system should be the best possible option. Specifically, the spread of MFS has revolutionised the way people can now send and receive money and it is being widely used for salary disbursement, online shopping, and accessing various other services including receiving social security benefits (Khatun et al., 2021). Subscription to mobile phones and the internet have also experienced exponential growth over the years. In August 2021, the total number of mobile phone subscribers in Bangladesh was 178.61 million (BTRC, 2021). Besides, 15 MFS operators are active in the country with some

⁴² Please see <https://www.canada.ca/en/employment-social-development/corporate/reports/evaluations/2016-employment-insurance-automation-and-modernization.html> for details.

⁴³ See <https://vss.gov.vn/english/aboutus/Pages/organization-structure.aspx> for details.

⁴⁴ See <https://asean.org/wp-content/uploads/2016/08/EN- -Law-on-Employment.pdf> for details.

registered clients of 96.4 million. Given the available payment modes, MFS could be a practical option to start the UI scheme. Verification of the identity in the payment process is crucial, but it should not be difficult as under various social protection schemes, the government is making direct transfers to millions of beneficiaries. What is, however, important is to develop a comprehensive system and infrastructure to keep records of employment, contribution to the social insurance fund, and other verifiable information for the smooth functioning of any social insurance scheme.

- **The limited consultation process in the NSIS framework**

The provision of an effective consultation process involving the key stakeholders is central to formulating any viable and country-specific social and economic policies including those related to workers' welfare including the NSIS.⁴⁵ The definition of social dialogues and the enabling conditions for an effective social dialogue, according to the ILO, are presented in Box 2. It is both a means to achieve social and economic progress and an end itself, as it gives people a voice and a stake in their societies and workplaces. The importance of social dialogue cannot be overemphasised given that a consensus (amongst such stakeholders as the government, employers, and employees) is required to determine different parameters of NSIS (i.e., qualifying criteria, levels of benefits, duration of benefits, etc.). However, the success of social dialogue will depend on how well it can adapt itself to the new economic, social, and political realities while avoiding one-size-fits-all approaches (ILO, 2018c).

Box 2: Definition of social dialogue

Social dialogue is defined by the International Labour Office to include all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy.

Social dialogue can be in different forms. For example, the tripartite social dialogue involves the interaction of the government, employers and workers while bipartite social dialogue involves two parties – employers and workers.

The enabling conditions for social dialogue are as follows:

- Strong, independent representative workers' and employers' organisations with the technical capacity and access to the relevant information to participate in social dialogue.
- Respect for the fundamental rights of freedom of association and collective bargaining (as enshrined in ILO Convention No. 87 and 98).
- Political will and commitment to engage in good faith in social dialogue on the part of all the parties.
- Appropriate institutional support.
- The representatives of the social partners should be recognized as equal partners by each other

Source: Authors' presentation based on the International Labour Office (2018c).

Currently, the provision of social dialogue is virtually non-existent in Bangladesh. Very recently, the MoLE has been implementing a project to promote stakeholders' consultation and harmonious industrial relations. It is however limited to workplaces within the readymade garment sector. While formulating the proposed NSIS framework, the relevance of social

⁴⁵ Stakeholder consultation is termed as social dialogue as per ILO terminology.

dialogue has not been given adequate attention. There are misconceptions regarding social insurance and how it functions (i.e., insurance is equivalent to fraudulence). This problem can be addressed through dialogues among different stakeholder groups.

- **Inadequate institutional capacity**

Well-designed institutional set-ups and capacities will be critical for the effective functioning of any UI scheme. Given the current state of administrative capacity and inadequate institutional facilities, it would be challenging to ensure sound governance in administering the NSIS. Establishing an entirely new and separate institutional setup in a country where the social security system is in a nascent stage could be difficult. In such a circumstance, a common practice is to consider the existing institutional framework by enhancing or building their capacities. To enhance institutional capacity, consideration should be given to the following:

- One important dimension of inadequate institutional capacities is the lack of infrastructure for collecting, analysing, and disseminating information. This is likely to be a major problem in Bangladesh in establishing a strong, dynamic, and digitised employment database. The Bangladesh Bureau of Statistics (BBS) of the Planning Commission, provides labour market data, whereas the Ministry of Labour and Employment (MoLE) is in charge of generating, storing and disseminating such data in many other countries. The BBS's main source of labour market data generated through the national labour force surveys is irregular in nature and provide aggregate-level data. Currently, there is no database in the country that officially records firm-level employment even for the formal sector.
- In the absence of an effective monitoring system, unemployment insurance provisions can lead to moral hazard problems. Generous payments (in terms of benefit levels and duration) may preclude workers from entering the labour market and raise reservation wages (Boeri & van Ours, 2009). In emerging economies, the risk of moral hazard could be higher due to poor monitoring of job search and employment opportunities in the informal sector (Duval & Loungani, 2009). It is important to ensure that unemployed people receiving benefits are actively searching jobs and are returning to work as soon as possible.

Another issue facing Bangladesh is the lack of a robust monitoring system to oversee the enforcement of the Bangladesh Labour Act 2006 (amended in 2018) and Bangladesh Labour Rules 2015. This can be due to the responsible department's limited capacity (for instance, the Department of Inspection for Factories and Establishments (DIFE) under the Ministry of Labour and Employment). As against the number of establishments in the country, DIFE's human resources and infrastructure are extremely limited. Many firms and businesses operate in the informal sector where labour laws and regulations are almost non-existent.

- To facilitate effective and wider consultation processes, institutional capacity is a prerequisite. As social insurance involves complex employer-employee relations, the MoLE should play a proactive role in this regard.
- Lack of a well-designed institutional framework for ALMPs is another major constraint for setting up an effective UI system. The draft national jobs strategy and Bangladesh's 8th Five-Year Plan (8FYP) both mention the need for ALMPs (MoLE, 2019; GED, 2020), but neither does specify clear goals or targets for improving the situation. Some of the basic components of ALMPs include providing training, unemployment benefits, job seeking and matching services mechanisms (which are limited in Bangladesh - urban white-collar jobs given by private institutions), and public workfare programmes (mostly focused on workers in rural areas for a limited time). Most of the components of ALMP in Bangladesh are in the form of skills development training or Technical and Vocational Education and Training (TVET). The constraints associated with the TVET are as follows:
 - The existing strength of the training programmes is insufficient for the country's large labour market.
 - The training programmes are of poor quality due to a shortage of skilled teachers, insufficient availability of modern learning facilities, and the use of outdated equipment and training materials, among other factors.
 - There is no effective monitoring system in place for training programmes, which frequently results in a lack of market-driven practical skills.
 - The legislative and policy frameworks regulating TVET are not reviewed and modified on a regular basis.
 - The presence of gaps in life skills and soft skills jeopardises workers' capacity to deal with and thrive in the face of rapidly changing technology and corporate needs.
 - There is no national skills qualification framework to analyse and evaluate the quality of training programmes, hence there is no competency-based qualification framework

In terms of establishing a well-designed institutional structure to launch NSIS, Bangladesh can learn from comparable countries. For instance, the country can take effective measures to set up a proper institutional setup to launch the UI plan based on the experiences of the following countries. For example:

- In **Canada**, the Employment and Social Development Canada (ESDC) department is in charge of creating, managing, and delivering social programmes and services. Service Canada is ESDC's operations arm, in charge of administering UI benefit claims as well as other programmes for Canadians.
- In **Denmark**, private funds provide UI coverage and benefits in accordance with state regulations. These funds' fees vary, but they are kept to a minimum. The National Labour Market Authority is in charge of the majority of UI laws. Finally, the Danish Pensions

Agency oversees the UI scheme by exercising control, compliance, and audit tasks over the individual funds to ensure that they are handled in accordance with government policy, objectives, rules, and directives.

- In **France**, the UI scheme is administered by a joint employer-employee body, Union nationale interprofessionnelle pour l'emploi dans l'industrie et le commerce (UNEDIC) (National Interprofessional Union for Employment in Industry and Commerce), established as a private, non-government institution. UNEDIC oversees the scheme's funds, develops laws, policies, and procedures, conducts research, and monitors performance. In terms of execution, the government integrated the public employment services in 2009, Agence nationale pour l'emploi (ANPE) (National Agency for Employment) and the agency in charge of collecting UI contributions and disbursing benefits, the Association pour l'emploi, l'industrie et le commerce (ASSEDIC) (Association for Employment, Industry and Commerce) into the Pôle-Emploi (Public Employment Centre). The government and UNEDIC (10% of UI donations) jointly fund this agency.
- In **Germany**, the Bundesagentur für Arbeit (BA), an independent agency with 119,000 employees in 2010, oversees all sorts of compensation for low-income workers such as UI and UA benefits, STA and insolvency payments; the fund for training allowances; services for job placement, vocational guidance, employer counselling, promotion of vocational and lifelong training, promotion of professional integration of people with disabilities; and benefits to retain or create jobs. The collection of UI contributions is the responsibility of local employment offices. The funds are subsequently transferred to their Federal Employment Agency (10 offices based on economic regions), which is in charge of paying UI and UA benefits to individuals and STA to businesses.
- In **India**, under the 'Employees' State Insurance Act, 1948,' a corporation named 'The Employees' State Insurance Corporation (ESIC)' is established to collect and oversee contributions for the UI plan, which are then deposited in a fund called the Employees' State Insurance Fund. The corporation will be held liable for disbursing the unemployment insurance benefits from this fund.
- In **Japan**, the Employment Security Bureau of the Ministry of Health, Labour and Welfare (MHLW) is in charge of the national EI policy and system. 47 Labour Bureaus oversee the EI system at the prefectural (provincial) level, relying on 545 Public Employment Security Offices or Hello Work. Each Hello Work serves as a customer service centre for future employment and UI management. All social security contributions are collected by the MHLW. Hello Work is in charge of processing claims and payments.
- In **Republic of Korea**, the Employment Security Offices (ESO), which are in charge of processing claims and paying benefits, are supervised by the Ministry of Employment and Labour. EI contributions are collected by the Korea Worker's Compensation and Welfare Service (COMWEL) for both EI and working injury insurance.

- In **Viet Nam**, the Ministry of Labour, Invalids, and Social Affairs is in charge of overall management of the UI system, while the Bureau of Employment is in charge of benefit claim processing. The Bureau also works with the Ministry of Finance and People's Committees of provinces and central affiliated cities. The Ministry of Labour, Invalids, and Social Affairs is responsible for formulating social insurance policies and legislations. At the national level, there is also a Management Board of Viet Nam Social Insurance, which is made up of representatives from the Viet Nam General Confederation of Labour, employers' representative organisations, state management agencies in charge of social insurance, Viet Nam Social Insurance, and other related organisations, and will direct and supervise the operation of social insurance agencies as well as provide necessary advice on unemployment insurance policies. Social insurance agencies will execute special inspections of unemployment insurance payments in compliance with applicable laws and regulations. Furthermore, in accordance with the decisions of the Viet Nam Social Insurance Management Board, the agencies would take appropriate measures to protect the UI funds. The employers' representative organisation will work to preserve the insured employers' legal rights and interests, while trade unions and the Viet Nam Fatherland Front, as well as its member organisations, will educate and inform employees on social insurance policies and laws.
- In **Thailand**, the Social Security Offices (SSOs) and the Department of Employment (DoE) under the Ministry of Labour (MoL) have major responsibilities in the Unemployment Insurance institutional set-up. The SSOs' main responsibilities include the collection and recording of contributions, the receipt of claims, the assessment of job history and termination, the validation of UI allowance qualification, and the payment of benefits. The Department of Education is in charge of job replacement for unemployed people. In addition, it assigns Employment Offices in each province (JICA & IDCJ, 2010). To simplify the process of implementing unemployment benefits, it has been proposed that the payment of unemployment benefits, employment services, and skill development for insured employees be handled by a single agency (Boon-Arj, 2010).

Some other key limitations of the existing framework are as follows:

- While estimating the reference wage, the framework considers only in-cash salaries of the workers. However, to adequately determine the reference wage, payments like in-kind, premiums, bonuses, and any other payment (i.e., quota or piece rate pay often applied in the RMG sector) need to be taken under consideration. Inclusion of such earnings can be helpful in assessing the contributions and adequacy of the potential benefits.
- For effective execution of any social insurance schemes, it is critical to have up-to-date data to determine the number of beneficiaries. For instance, morbidity data from the National Health and Morbidity Status Survey 2014 is used to count the beneficiaries for the sickness insurance. Besides, morbidity rate is assumed to be remain same over medium term. However, the morbidity data is too backdated because the country's disease profile is continuously changing.

- For self-employed workers, the government will act as the employers. However, there might be differences within the category of self-employed workers. For instance, an individual consultant might earn a large sum of money for whom the government subsidy is not necessary. However, such subsidy is extremely important for a peasant to be included under the social insurance schemes.
- There is not much discussion on the waiting period for receiving the benefits in the existing framework. However, a definite direction in terms of waiting period is required for processing claims and paying the benefits.

IV. Towards A Feasible NSIS Model for Bangladesh

One practical approach in developing a feasible NSIS model will be to address the shortcomings of the existing draft framework as discussed in Section III. In particular, it is important to make sure that the revised framework complies with international social security standards and is consistent with the good practices in countries implementing different branches of social insurance. Fulfilling all the international standards in the best possible manner while rolling out the NSIS could be difficult. Nonetheless, it is possible to design a satisfactory NSIS framework as there is no single ideal model for social insurance as per the international social security standards requirements. The concerned standards only set out the minimum standards and work as guiding principles in devising the schemes subject to country contexts and legal as well as institutional readiness. A practical and feasible NSIS model can incorporate a progressive implementation approach in which certain features and/or components can be added upon or built further gradually.

- **Progress towards implementing the NSIS schemes**

The NSSS and its complementary Action Plan (Phase-I, 2016–2021) required the Financial Institution Division (FID)/Finance Division (FD) to initiate a study to determine the viability of a NSIS and recommend options for operationalising it. The FID would also be responsible to fulfil some other related activities: to conduct a study on NSIS by June 2018, introduce it on a pilot basis by January 2019, formulate the relevant laws by January 2020, and roll out the scheme nationwide by January 2021 (Annex 3). The MoLE was given the responsibility to carry out several activities (e.g., to conduct a study on possible options of unemployment insurance by December 2017, introduce UI on a pilot basis by July 2018, and expand UI nationwide by July 2019 and initiate unemployment insurance by 2019). Besides, the MoLE was supposed to undertake a separate background study for introducing occupational injuries insurance. The Ministry of Health and Family Welfare (MoHFW) was assigned to coordinate with the FID to incorporate maternity insurance in the NSIS. Here, an attempt is made to evaluate the implementation progress of different schemes under the NSIS.

Employment Injury Scheme (EIS)

Workplace accidents are unavoidable both in advanced and industrialised country as well as in developing countries like Bangladesh. If such accidents take place, workers need to be

compensated irrespective of who bears the financial and related other burdens.⁴⁶ All firms and entities excluding the government and firms with less than 10 employees will be under the coverage of this compensation scheme as per the BLA 2006.⁴⁷ There have been certain provisions in the BLA 2006 in this regard, for instance, lump sum compensation amounts in case of deaths or permanent disablement resulting from work-related accidents, and monthly payments in case of temporary disablement after a four-day waiting period for a maximum of one year (two years in case of occupation diseases). Box 3 presents a summary of benefits.

Box 3: Summary of benefits for workplace-related accidents and deaths

- Temporary disablement – monthly payments at the rate of 100 per cent of wages for the first two months, two-thirds of the wages for the following two months and 50 per cent for the subsequent months.
- Death from injuries and permanent disablement – fixed and lump sum compensations (death from injuries – BDT 100,000 and for permanent total disablement – BDT 125,000)
- Partial permanent disablement – compensation equals the percentage of the benefit of the permanent total benefit depending on the nature of the injury.
- Group insurance benefits – BDT 200,000 death and total permanent disability as well as fraction of the mentioned amount for partial permanent disability.

However, the provision of lump sum compensation packages may not be compatible with international social security standards and global best practices which generally require compensations to be paid periodically during the disability period or the dependency duration of survivors of a deceased worker due to an employment injury (ILO, 2021e). The existing compensation mechanisms were far from reasonable (especially, as found in the event of the Rana Plaza disaster in 2013).⁴⁸ Given the above-mentioned issues, several labour-related legislations have been reformed over the past several years. Those reforms include raising minimum wages, easing the process of forming trade unions, creating the obligations for workplace safety committees, making provisions for statutory compensation payments for occupational accidents resulting in death and permanent disability, and establishing the Central Fund as the central government agency for administering and disbursing the compensation benefits (ILO, 2022a). Nevertheless, there is a virtually non-existent comprehensive employment injury insurance scheme, which can protect workers against falling into poverty due to workplace accidents and occupational hazards. Against this backdrop, the ILO conducted a feasibility study in 2015, titled 'Preliminary feasibility study for the introduction of a National Employment Injury Social Insurance System' in consultations with the relevant stakeholders (ILO, 2015b). The preliminary feasibility report covered the following key issues:

- Examined Bangladesh's current Labour Act
- Described the main design features of a National Employment Injury Social Insurance system in accordance with ILO social security standards dealing with employment injury

⁴⁶ Given the hazardous working conditions and elevated risk of exposure to employment injury, providing adequate benefits is critical in compensating injured workers for the lost income they are likely to suffer from, as well as ensuring that they have access to the medical and related care required by their condition.

⁴⁷ According to the amendment to the Act in 2013, employers with establishments of at least 10 workers must purchase group insurance to cover for the financial consequences of employment injuries.

⁴⁸ Fire at Tazreen, Tampaco and MultiFabs factory fires in 2016 are some of the severe catastrophic events.

benefits, namely the Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Employment Injury Benefits Convention, 1964 (No. 121) and its accompanying Recommendation (No. 121)

- Compared the existing Employer Liability system to a National Employment Injury Social Insurance system
- Provided a hypothetical institutional framework for a National Employment Injury Social Insurance system
- Described the existing systems in 14 nations that share geographical, cultural, or socioeconomic similarities with Bangladesh. The dimensions of comparison were scheme types and coverage, benefit levels, financing options, administration and oversight, and recent developments
- Further highlighted the next stages in completing the feasibility study, as well as a recommended pathway for establishing a national employment injury social insurance scheme

This preliminary feasibility study has been designed in such a way so that it can work as fundamental basis for further consultations to determine coverage, benefit packages, contribution rates, etc. It indicated developing a new scheme in phases through the development of a strong legal framework, and a strategy that is sustainable, inexpensive, and self-sustaining. The ILO has provided technical recommendations on this feasibility assessment (ILO, 2018d). The following guiding principles (formulated based on the relevant stakeholders' consensus through a series of extensive consultations and discussions) are supposed to serve as the foundation for an EII scheme.

- **No Fault:** Employers contribute to the EII system to protect themselves against work-related injuries and illnesses. In exchange, employees are exempt from individual compensation obligations and court lawsuits arising from work-related injuries or diseases. Cases of negligence are not covered.
- **Benefits based on rights:** Workers who sustain work-related injuries or diseases are entitled to the benefits outlined in laws and regulations that adhere to international standards and best practices.
- The established **national system must be respected:** To the maximum extent feasible, the programme is incorporated into Bangladesh's current system and legal framework.
- **A solitary fund:** The benefits are paid from a single fund.
- **Implementation should be phased and incremental:** The Technical Report proposes a gradual and incremental approach.

However, determining plausible contribution rates depends on the actual information on workplace injuries. Consequently, the Bangladesh Institute of Development Studies (BIDS) undertook a survey to get a better understanding of the present state of work-related accidents in Bangladesh with a special focus on the RMG sector (BIDS, 2021). The study was performed in 1,163 firms with at least 50 employees, including 653 firms in the RMG sector. Of the 653 enterprises, 432 were from the Bangladesh Garment Manufacturers and Exporters' Association

(BGMEA) and 221 were from the Bangladesh Knitwear Manufacturers and Exporters' Association (BKMEA). According to the survey, the most prevalent cause of accidents in the RMG industry is needles getting stuck in workers' fingers while they are working. A needle sticking mishap occurred in 91.7 per cent of the firms surveyed. Out of the total number of accidents recorded in the study, 1.7 per cent resulted in the worker's death. In certain situations, the costs of treating the effects of these accidents exceed twice the monthly income of a worker's household, as in the case of eye injuries or fractured bones.

Using the Rana Plaza tragedy as a stepping-stone and catalyst for a safer and healthier working environment in Bangladesh, as well as adequate benefits for work-related injuries and deaths, it was decided to concentrate on the RMG sector in the first phase of the implementation of a full-fledged national employment injury insurance (EII) scheme (ILO, 2018d). The RMG sector, as Bangladesh's main export sector, offers good grounds for testing the feasibility of an adequate, affordable, and sustainable EII scheme in Bangladesh, with around 3.5 million workers, of the formal economy, the majority of whom work in enterprises with more than 100 workers and are covered by the Bangladesh Labour Act (BLA).

Coverage of the pilot EIS scheme is estimated to be at least 150,000 workers from 150 factories. As EIS is not a private insurance, an autonomous or state-run organization will manage it under the supervision of a tripartite governing body comprising government, employer and worker representatives. The Central Fund will administer the pilot and open a separate fund account as well as establish a governance system.⁴⁹ The benefit packages include long-term periodical payments instead of lump sum settlement of economic loss. Permanently disabled workers would receive compensation for the loss of earnings for their lifetime, and the dependents of deceased workers would also receive compensation. Cash compensation can be up to 60 per cent of the last wage of a worker. It implies that if a permanent totally disabled worker's wage before an occupational injury or disease was BDT 10,000 (\$110)/month, he/she will receive BDT 6,000 (\$66)/month with periodic indexation for the rest of his/her life. The scheme is supposed to provide a 'better access' to medical and allied care over the lifetime of severely injured workers. It also offers a 'return to work objective' and rehabilitation component. Vocational rehabilitation programmes should reintegrate workers who have been disabled due to work-related injuries or illnesses in their previous jobs or in suitable alternative occupations. The spirit of risk-pooling will be achieved in a way that all the employers will contribute to the fund while eligible workers from any factory will be paid benefits from that fund.

Employers together with development partners and brands will finance the pilot programme. Employers' contributions are proposed to be roughly 0.33 per cent of individual workers' earnings in RMG and textile industries. That is, if a worker earns BDT 10,000 (\$110)/month, his or her employer would contribute BDT 33 (\$0.36)/month to the EIS fund. This amount would not be taken from employees' wages. The payment of benefits will be provided through the claimant's bank mobile financial services account.

⁴⁹ Please see <https://eis-pilot-bd.org/en/the-eis-pilot/> for details.

Recently, the so-called 'Geneva Declaration' has been signed between the employers of Bangladesh and the ILO to operationalise the Employment Injury Insurance Scheme (ILO, 2022b). The pilot framework was endorsed by Bangladesh's tripartite constituents in March 2022 before being launched in June 2022. In the first phase, this pilot will last for three years with an option to extend it for another two years. The ILO and GIZ are providing technical support to the Government of Bangladesh, and employers' and workers' organisations in implementing the pilot through a project funded by the Government of Netherlands and Germany (ILO, 2022b). However, the success of the pilot programme is subject to the full commitment of the employers' organisation, workers' organisation, and the government authorities which bear the general responsibility of putting into place an effective protection against work-related injuries.

There are some concerns associated with the pilot EIS scheme. Firstly, workers are not contributing to the EIS fund and thereby falling short of the principle of joint contributory mechanism as envisioned in the NSSS 2015, international standards, and best practices being followed in other countries. When workers contribute to the fund, it helps create a sense of self-accountability among themselves. Secondly, the development partners and some of the key buyers are contributing to the fund for up to 3 to 5 years. One can argue that this provision can undermine the overarching goal of implementing an effective EIS scheme in the country. Furthermore, sustainability of the scheme remains an issue pending the discontinuation of development partners' and buyers' support. Management (i.e., investment options/strategies) of the fund in the medium to long-term to make the scheme a self-sustaining one can also prove to be a challenging option.

Maternity benefits/insurance

The provision of maternity benefits has been enshrined in legal frameworks of Bangladesh even before the initiation of the NSSS 2015. Section 46(1) of the BLA 2006 states that "every woman employed in an establishment shall be entitled to and her employer shall be liable for the payment of maternity benefit in respect of the periods of eight weeks preceding the expected day of her delivery and eight weeks immediately following the day of her delivery (a total of 16 weeks or 4 months)". Regarding the amount of maternity benefits, Section 48(1&2) states that "the maternity benefit which is payable under this act shall be payable at the rate of daily, weekly or monthly average wages, where the average wages shall be calculated by dividing total wages earned by the women during the three months immediately preceding the date on which she gives notice under this act by the number of day she actually worked during the period. And such payment shall be made wholly in cash." A potential beneficiary needs to fulfil two conditions: she has worked for the employer for a period of not less than six months immediately preceding the day of her delivery; and, the beneficiary needs to submit a proof of her pregnancy where the proof shall be either a certified extract from a birth register under the Births and Deaths Registration Act, 2004 (XXIV of 2004) or a certificate signed by a registered medical practitioner or such other proof that may be accepted by the employer.

The BLR 2015 specifies other provisions for benefits related to maternity and beyond. For instance, Section 37 under Chapter IV of BLR 2015 states that the owner and other workers should

have following responsibilities towards a pregnant worker: (a) Such behaviour or comment should not be made so that she gets insulted or humiliated; (b) Not engage her in hazardous work declared by the government or any work hazardous for her health; (c) to transfer or post her to any task where there is no hazard; (d) After the delivery, to make opportunity for breastfeeding and ensure congenial atmosphere for this, etc. Section 94(2) under Chapter VIII of BLR 2015 has the provision for arranging breastfeeding room for the lactating mother. It clearly states that “a separate and screen covered area must be kept preserved for the breastfeeding mothers so that they can lactate their babies maintaining privacy.” Besides, both the BLA 2006 and BLR 2015 outline the provisions for separate rooms for children’s usage. For example, Section 94(1) of the act stipulates that “in every establishment, where 40 or more women workers are ordinarily employed, one or more suitable rooms shall be provided and maintained for the use of their children who are under the age of 6 years.” Section 94(3) of the same act also make provision that “The said rooms (rooms for children) shall be easily accessible to the mother of the children, and so far as is reasonably practicable, they shall not be situated adjacent to or near any part of the establishment where obnoxious fumes, dust or odours are given off, or where excessively noisy works are carried out.” Finally, children’s rooms must be inspected appropriately before they are ready to use. In this regard, Section 94(1) of BLR 2015 outlines that the layout, quality and location of the children’s rooms or the separate children’s buildings must be approved by the concerned authorities. A summary on the maternity benefits provisions in the Bangladesh Labour Act 2006 is provided in the following box.

Box 4: Maternity benefits provisions in Bangladesh

- Duration of maternity leave in the national legislation – 16 weeks
- Transfer of maternity leave period to fathers – Exceptional circumstances
- Amount of maternity cash benefits (% of previous earnings) – 100%
- Source of funding of maternity leave cash benefits – Employer liability
- Ratification of Convention No. 183 – No ratified
- Alignment with requirement of Convention No. 183 – No
- Provision of maternity leave cash benefits for self-employed workers – No
- Provision of maternity leave for adoptive parents – No
- Maternity leave (length of protection against dismissal) – No explicit protection
- Burden of proving the reasons for dismissal are not related to maternity leave – Employer not required to prove
- Right to return to the same or equivalent position – Not guaranteed
- Prohibitions against pregnancy test in employment – No prohibitions

Source: ILO (2022a).

However, there are concerns regarding the maternity benefits provisions in Bangladesh’s labour-related regulatory framework. As per the act, it is the employers’ sole liability to provide maternity leaves with full pay as mentioned earlier. Employers’ liability provisions might act in the opposite direction of promoting women’s participation in the labour force and ensure gender equality at the workplace. For instance, this provision might create additional financial burden (directly and indirectly) on the employers and often discourage them to employ women workers (at childbearing age) (Lewis et al., 2014). To provide an example, employers need to bear the direct economic costs of maternity in two ways: (i) payment of women’s wages during maternity leave and (ii) costs of replacing pregnant women workers (ILO, 2022a). It implies that employers may

be reluctant to hire, retain or promote pregnant workers or women with family responsibilities or may seek to find reasons to discharge pregnant employees in order to avoid paying the financial burden (ILO, 2014). Moreover, this provision cannot provide adequate protection to pregnant workers employed in the informal sectors where there is only less and/or virtually non-existent enforcement of labour legislation. This can be attributed to the fact that employers' liability provisions only cover pregnant workers in the formal sectors. Consequently, this provision has got some sustainability issues with it. Given the circumstances, the adoption and implementation of maternity insurance through creating a more inclusive social insurance mechanism provisions can potentially address limitations associated with the employers' liability provisions.⁵⁰

However, there are some issues associated with the current legislative framework. For instance, there is no explicit provision for protecting workers' job if they are dismissed due to pregnancy and related issues. Additionally, the employers are not bound to provide any reasonable explanation or proof for such dismissal. Furthermore, it is not guaranteed for the pregnant workers to get back to their work in the same position or any other equivalent position. Apart from the stated issues, enforcement of different provisions both in BLA 2006 and BLR 2015 has been a key issue. A survey conducted in Bangladesh RMG sector by ILO in 2017 (January–March) reported that about 9 per cent women workers had conceived during their work life and 3.5 per cent of them did not receive maternity leave (ILO, 2019b). The survey also reported that approximately 23 per cent workers do not have facilities for breastfeeding their children at their respective factories. There are also instances of derogatory comments and humiliating behaviour by co-workers and supervisors, lack of flexible schedule or changes in job duties, and lack of additional assistance such as not giving pregnant women priority in using lifts etc. (ILO, 2019b).

Tax-financed maternity schemes

Bangladesh's current maternity benefits provisions include tax-financed schemes (social allowance in the form of social security programmes) and employers' liability provisions. Both the provisions are not based on the principles of social insurance such as solidarity and risk-pooling. The Maternity Allowance Programme (MA) and Allowances for Urban Low-income Lactating Mothers (LMA) are two such tax-financed social security programmes (SSPs).⁵¹⁵² The fundamental objective of these programmes is to improve the health and nutritional outcomes of poor mothers and their babies. The programmes are being operated in 64 districts. In 2021-22, the total budgetary allocation for MA and LMA stood at BDT 7.6 billion and 2.8 billion, respectively (Figures 4 and 5). These two schemes together comprise about 1 per cent of the SSP budget. The

⁵⁰ Jordan, Lesotho, Rwanda, Sri Lanka, and Zambia are some of the countries shifted from the employers' liability provision to maternity insurance to provide adequate maternity-related benefits.

⁵¹ The MA was first initiated in 2007-08 to provide financial assistance to poor pregnant women in rural Bangladesh while the LMA was introduced in 2011-12 to provide transfer to poor working women and children in urban areas.

⁵² As per the NSSS document, the government postulated to merge the MA and LMA programmes under one broad intervention to be called the 'Mother and Child Benefit' (MCBP) for children aged 0-4 years. However, before doing that there has plans on taking iterative approach – first integrating both the programmes named the Improved Maternity and Lactating Mother Allowance (IMLMA) and then rolling out the programme nationally both in rural and urban areas. Afterwards, the IMLMA will be transferred into MCBP.

beneficiaries of MALMA programmes increased to 10.45 lac (MA=7.7 lac and LMA=2.75 lac) in 2021-22. Under these programmes, a beneficiary mother gets a monthly transfer of BDT 800 for 36 months. Along with cash allowances, the programmes should have a training component through which pregnant women are made aware of a number of health and nutrition concerns pertaining to pregnancies and new-borns, progression of pregnancy and danger signs, child delivery, and social development aspects.

The LMA programme initially focused its activities in the geographic areas with a relatively high concentration of women in the workforce. The garment or textile-oriented factories have been given preferences in selecting the beneficiaries from the industrial sectors dominated by the women workforce. Working women from the poor families with a monthly household income of BDT 5,000 or less are eligible for getting benefits from the LMA programme. Other eligibility criteria include, amongst others, age not less than 20 years, must be permanent residents or working at garment factories under BGMEA or BKMEA, and must be pregnant with a first and second child. However, it must be pointed out that being eligible does not imply automatic inclusion in the programme given inadequate financial resources through the budgetary allocation.

Figure 4: Allocation and number of beneficiaries for the maternity allowance programme

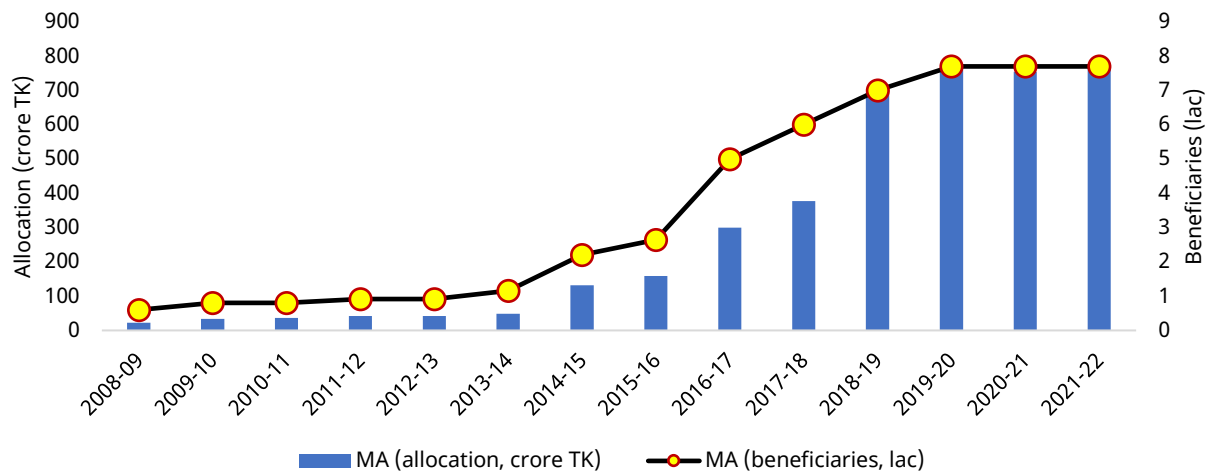
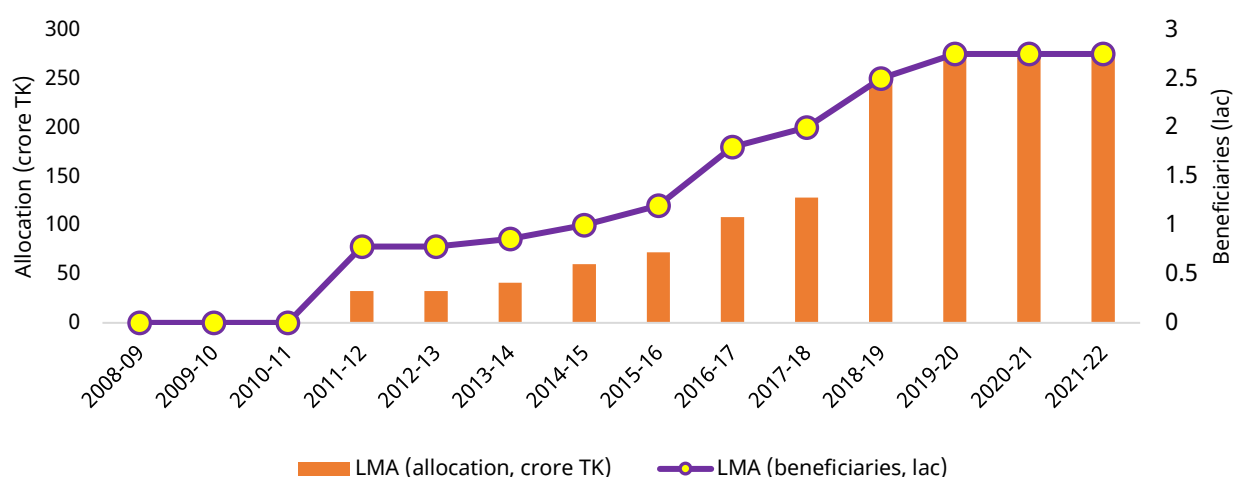


Figure 5: Allocation and number of beneficiaries for the lactating mothers allowance programme



Source: Authors' representation using data from the MoF.

The government of Bangladesh with financial support from the development partners also introduced a maternal health voucher scheme (MHVS) targeting the poor women.⁵³ The overarching objective of this programme is to reduce maternal and neonatal morbidity and mortality by increasing the use of qualified birth attendants, promoting institutional delivery, improving access to Upazila Health Complexes (UHC) and raising maternal health services awareness. The programme was being implemented in a phased manner: first phase – initially started in 21 Upazilas, second phase in late 2007 – expanded to another 12 Upazilas, and third phase in 2010 – 11 new Upazilas included. In this way, a total of 46 Upazilas covering 31 districts were under the coverage of MHVS by 2014 (Talukdar et al., 2014). Currently, this programme is being operated in 53 Upazilas (Mia et al., 2021). Each year, the MVHS aims to serve 174,000 pregnant women. Eligibility criteria include, inter alia, poor and vulnerable pregnant women, individuals of functionally landless families, women with a low and irregular monthly income of BDT 2,500 and those lack productive assets. The MHVS benefits package include: (i) free antenatal care (ANC), (ii) emergency referral and postnatal care (PNS) services, (iii) free medicine for complications and delivery, (iv) transportation costs in the form of unconditional cash grants which include BDT 500 (for 3 ANC visits, delivery, and 1 PNC service) to UHCs, (v) additional BDT 500 for referral (if needed) to a designated district hospital, (vi) incentives (cash – BDT 2,000 and in-kind – a gift box) to pregnant mother if delivery was performed in a facility or at home by skilled health personnel (Talukdar et al., 2014). An evaluation of the programme suggests that the voucher recipients have substantially received the more components of ANC compared to non-recipients (Mia et al., 2021).

However, there are some problems associated with all the programmes. Firstly, all the programmes are either implemented by the Government of Bangladesh (GoB) or the GoB with financial support from the donors/development partners. Therefore, the programmes are far from the standards of contributory mechanisms or social insurance principles. Secondly, all the maternity benefits related programmes provide mainly cash benefits and thereby undermining

⁵³ Despite introduced in 2006, the MHVS was first implemented in 2007.

other important benefits as mentioned. Thirdly, all the programmes target the poor and vulnerable pregnant women and mothers with children aged less than a predetermined threshold level. This eligibility criterion rules out the inclusion of pregnant women in need irrespective of socioeconomic status. Finally, despite the LMA programmes targeting working pregnant women in the RMG sector, the number of beneficiaries is still very low. An ILO supported survey in 2017 reported that about one-third of RMG workers did not know about the maternity benefits as specified in the labour law (ILO, 2019b). Besides, pregnant working women in sectors other than RMG have not been covered and thus they are deprived of the benefits.

- **Implementation of the NSIS schemes**

In the two other NSIS components (i.e., UI scheme and sickness insurance), there has not been much progress. Therefore, the focus of the current study is UI and sickness insurance schemes. The NSSS Action Plan Phase-II provides special focus on UI by incorporating various time-bound targets such as conducting a study on possible options for establishing UI by December 2023, introducing UI on a pilot basis by July 2024, and a nationwide roll-out by July 2025.

Implementing a UI scheme can result in positive outcomes in supporting the workers who would lose jobs. Studies further suggest that as UI benefits increase unemployed workers' income, they need to devote less time to informal jobs and they can spend more time securing opportunities in the formal sector (Bardey et al., 2015). That is, UI benefits can boost the chances of workers' not to falling into informality (Landry and Brimblecombe, 2021). Findings from a study conducted in Bangladesh also suggest workers' transitioning between jobs are most likely to remain in the same type of employment (Gutierrez et al., 2019).

Countries grappling with huge informal employment usually adopt a progressive UI implementation strategy starting with the formal sector to gradually expand the coverage to informal sector workers (Box 5). In the absence of a robust digitised employment database, it is difficult to monitor movement between formal and informal sectors thereby posing risks of abusing the UI scheme. However, there are many instances where countries have implemented their UI schemes even without having a comprehensive employment database in place at the initial stage (Box 6). Over time, these countries managed to establish their databases as well as to grow administrative capacity to strengthen monitoring mechanisms.

Box 5: Indonesian Employment Insurance (EI) scheme

Indonesia is at an early stage of introducing unemployment insurance. In January 2018, it committed to considering the establishment of an employment insurance (EI) system. The current effort is best to install a mechanism for protecting the unemployed in the face of any unfavourable events.

Dealing with informality in rolling out the EI scheme

Over the last decade, Indonesia attained significant progress in terms of expanding its social security coverage although it still has some way to go to reach all employees. The currently available basic schemes operated by Badan Penyelenggara Jaminan Sosial Ketenagakerjaan (BPJS-TK) – work injury benefits and death benefits--already cover some 25 million employees, and the system is constantly being expanded. BPJS-TK has a system in place for periodic payments to injured workers and should be able to build on it to offer EI benefits. Nevertheless, rolling out an EI

scheme will be challenging due to the predominance of informal economy employment, the huge scale of under-employment, limited scope of existing unemployment-related services, and financing difficulties.⁵⁴ Discussions in the context of the country seem to suggest that self-employed individuals may not be covered under an EI scheme largely due to their status in work or out of work. Also, earnings of self-employed people would be difficult to verify. In order to minimize the effect of informal employment on the cost of UI scheme, there is an emphasis that BPJS TK develop a strong administrative capacity to check the working status of the applicants and monitor that recipients are actively looking for a job. Without such controls--it is argued that--the UI scheme will likely be far less efficient and more costly (Landry & Brimblecombe, 2021).

Presence of employment database

BPJS-TK and JHT (Jaminan Hari Tua - Old age savings/provident fund) provide periodic benefits to workers temporarily unable to work (under the work injury scheme). Therefore, the administrative procedures and the existing database for ongoing payments that are in place could be adapted to EI payments. There are some limitations associated with the database. For instance, the likelihood of a former JHT worker to have found another job in an employment sector that is not mandatorily covered by JHT remains high. In such cases, the JHT database would not reflect that the former worker has indeed found another job; and the worker still be accounted as an inactive contributor in the scheme's database. According to some analysts, given the current workers' database, it would be difficult for Indonesia to introduce a nationwide UI scheme.

Source: Authors' compilation from various sources.

Box 6: Unemployment insurance in Viet Nam

Since 1986, the Vietnamese economy has been transforming from a centrally planned economy to a market-based one leading to rapid developments in the labour market. Given its large workforce and youth population in particular, the unemployment problem and unemployment insurance have been recognised as important social issues for the country. In Viet Nam, the unemployment policy is an important part of the Social Insurance Law, which was promulgated in 2008. The financial crisis of 2008 provided further justification and impetus for a UI policy that was introduced in 2009. Later, UI has been stipulated under the 2013 Law on Employment covering 4 schemes, viz. (i) unemployment benefit, (ii) employment placement, (iii) vocational training, and (iv) training for improved professional skills for the employed workers.

Dealing with informal sector employment

Mandatory UI participants include the formal sector workers (i.e., who work under indefinite-term or definite-term labour, working contracts, as well as those with seasonal or job-specific contracts with contract terms ranging from 3 full months to less than 12 months).⁵⁵ Under the existing regulations, workers with labour contracts of 1 to 3 months' duration, domestic workers, and informal sector workers are not allowed to join the UI scheme largely due to their unstable employment type with high likelihood of employment changes. Very recently, a study conducted by ILO recommends that the country can follow a roadmap in realising the expansion of the UI scheme to every worker: (i) workers' working under seasonal labour contracts or working in a certain job with the duration of 1 month or more; (ii) domestic workers; (iii) pensioners continuing to work under a labour contract; (iv) officials and civil servants; (v) workers in the informal sector; and (vi) expansion to all workers. For the time being, it is necessary to revise regulations on the inclusion of additional beneficiaries into UI for those working under labour contracts with the duration of 1 month and more to be in line with regulations on mandatory participants of UI. There are also recommendations for the development of voluntary unemployment insurance policies for the informal sector as they are more vulnerable to job loss. However, some believe that, as UI works on the basis of sharing, it can only apply to groups of workers

⁵⁴ Most of the employed people in Indonesia are in the rural and informal economy rather than in the formal sector. A majority of informal economy workers are self-employed farmers, vendors and small traders, and unpaid family workers. It is estimated that the formal economy accounts for about 27 to 32 million jobs, while the corresponding figures for the informal sector are in the range 58—62 million.

⁵⁵ Employer's perspective: the employee - Vietnamese citizen working with employers under the definite term or indefinite term of labour contracts, work contracts from full 12 months to 36 months and the employer - employing 10 or more employees.

sharing common qualities/characteristics. It is difficult to design an unemployment insurance policy that can be highly applicable to a large group of beneficiaries and work on a voluntary basis. Experience shows that short-term insurance funds such as the UI Fund, which must be balanced annually, are difficult to operate on a voluntary basis and run the high risk of 'fund failure'.

Managing UI scheme without a digitised database

At the very outset, Viet Nam did not have a well-structured data management system (digitised database) to track employment status, contribution record, employment length, etc. Rather than using an electronic data management system, the country made use of a social insurance booklet. The booklet would be issued to each employee to keep track of the contributions made and entitlement of social insurance benefits and also be used to settle the social insurance benefits. The sample of social insurance booklet is regulated by the Social Insurance Organisation. The profile of the insured person for compulsory social insurance comprises: (i) an individual declaration form of the employee issued by the social insurance organisation; (ii) list of voluntary social insurance participants prepared by the employer; (iii) a copy of the decision on the establishment or certification of business registration or business license of the employer who joins social insurance for the first time; labour contract with the employer who employs the employee. The profile of insured person of unemployment insurance scheme includes an individual declaration from issued by the social insurance organisation and list of insured persons for unemployment insurance scheme prepared by the employers. Within 30 days from the date of signing labour contract or recruiting employees, the employer submits the profile of his/her employees for social insurance benefits to the Social Insurance Organisation. The employee also submits the profile to the social insurance organisation as follows.

Profile claim for unemployment benefits includes:

- Requesting letter for unemployment entitlements issued by the Social Insurance Organisation
- A copy of labour contract, labour contract termination or agreement of labour contract termination, the latest labour contract or certificate of the latest employer before unemployed on the legal unilateral termination of labour contract.

Settlement of claims for unemployment benefits

- The employee submits the profile claim for unemployment benefits to the Social Insurance Organisation.

The Social Insurance Organisation has to settle claims of the insured persons within 20 days from the date of receiving their profiles to claim for the unemployment benefits. In case, the claim cannot be settled, a written response to the claimant will be sent.

The Social Insurance Organisation has the responsibility of issuing social insurance booklet for the insured persons within 30 days from the date of receiving profile of the employees under the compulsory social insurance and unemployment insurance act; and within 20 days from the date of receiving profile of the employees under the voluntary social insurance. If the social insurance booklet cannot be issued, a written response explaining the reason has to be sent to the applicant. This booklet shall gradually be replaced by an electronic card.

The stated procedure requires substantial paperwork and is time-consuming. However, overtime the difficulties are expected to be dealt with an appropriate digitised database.

Source: Law on Employment, Viet Nam (2006).

Apart from the stated issues, some other areas require careful consideration to roll out the NSIS schemes successfully. They are as follows:

- **Incremental approach for rolling out the NSIS schemes**

As per the NSSS 2015, the NSIS will initially be targeting the formal sector workers, and it will gradually be expanded to the informal sector workers in a phased manner. At the outset, the draft framework also recognises this as it states, ‘...the scope of NSIS covers all employed population in the formal sector (which will gradually extend over to the informal sector in Bangladesh)’. The same framework also provides a possible NSIS implementation roadmap. However, it does not specify strategies to fulfil that objective. In line with the existing framework’s proposition, it is plausible to start with the more organised formal sectors (e.g., the readymade garment sector). However, this could also lead to some problems. For instance, if a worker is previously employed in the RMG sector, and later employed in a not so structured or semi-formal sector (e.g., the tannery sector), it would be difficult to track and monitor the worker’s mobility, determining his/her eligibility, and collecting contribution. This problem might create a bottleneck in the NSIS schemes implementation processes unless the financial design takes this explicitly into consideration in ensuring sustainability of the scheme.

- **Reviewing and setting the unemployment rate based on a realistic approach**

Under the unemployment insurance scheme, the unemployment rate for the formal sector was assumed to be 4.17 per cent which is basically the national unemployment rate. The information on the formal sector’s unemployment is not available due to a lack of adequate labour market information. One could argue that such a rate for the formal sector could be different. Many formal sector activities expanded rapidly in all the broad sectors – agriculture, manufacturing, and services. Therefore, it is important to generate formal sector specific information for an effective financial design.

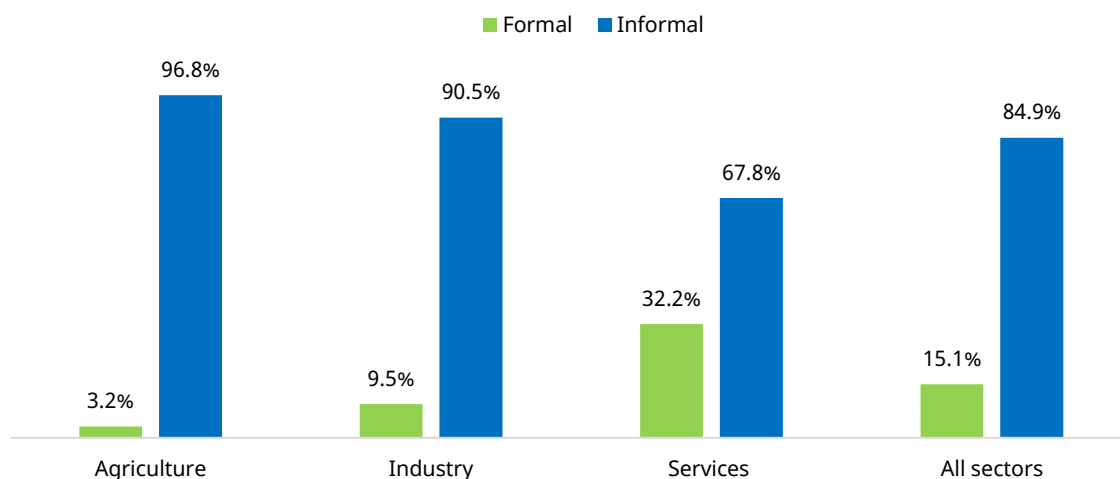
- **Determining the coverage for different NSIS branches**

The primary objective of UI--a branch of the NSIS—is to achieve an adequate level of protection against the risk of job loss. In addition, a system financed in whole or in part through contributions can only be sustainable if it is based on a sufficiently wide pooling of risks. These dual goals are met by extending coverage to most workers, thereby ensuring that as many unemployed as possible are in fact compensated, and second and equally important, spreading costs over a large group of contributors (Carter et al., 2013). However, as stated in Section II, Convention No. 102 requires that, at a minimum, at least 50 per cent of employees are covered. It is noted that most countries initiating a UI scheme mainly focuses on formal sector employees before gradually extending it to the informal sector workers. (Asenjo & Pignatti, 2019). More than 85 per cent of the workers in Bangladesh are employed in the informal sectors (Figure 6).⁵⁶ The

⁵⁶ Informal employment refers to working arrangements that are de facto or de jure not subject to national labour legislation, income taxation or entitlement to social protection or certain other employment benefits (e.g., advance notice of dismissal, severance pay, paid annual or sick leave). Workers in informal employment are defined as those who work in informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households; including employees holding informal jobs; employers and own-account workers employed in their own informal sector enterprises; members of informal producers’ cooperatives; contributing family workers in formal or informal sector

presence of such high level of informal employment and self-employment significantly limits the UI coverage (Carter et al., 2013). That is, the potential coverage at the initial stage will be lower if only the formal sector is considered.

Figure 6: Employed population (%) aged 15 and above by formal and informal sectors



Source: Authors' presentation based on Bangladesh Labour force Survey (2022).

- **Costing simulation exercises for rolling out the NSIS**

With a view to conducting costing simulation exercises, most of the assumptions previously considered in the draft NSIS framework are retained. Only a few are adjusted considering the available information (Box 7). The draft framework assumed the formal sector employees to be 8.74 million, which according to the Labour Force Survey (2016–17), is estimated at 9.094 million. The average monthly wage is obtained for formal sector employees only. The benefit rate has been revised from 45 per cent of previous earnings to 50 per cent of previous earnings.

enterprises; and own-account workers engaged in the production of goods for own end use by their household (ILO, 2021b).

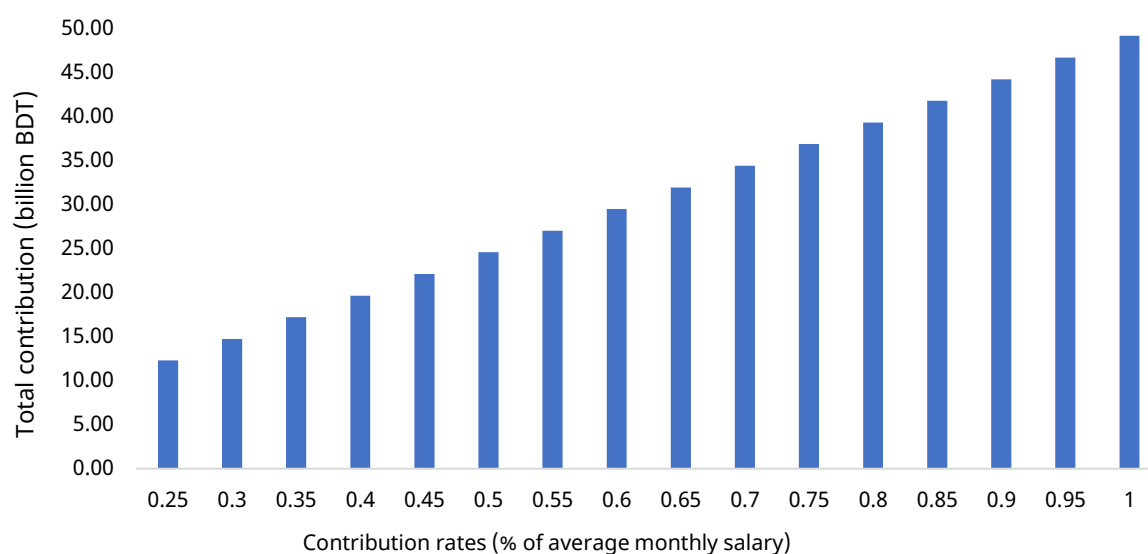
Box 7: Necessary assumptions for cost estimation

The estimated cost for rolling out the UI scheme is subject to the following assumptions:

- Coverage – only formal sector employees having written contract
- Total number of formal sector employees: 9.094 million (LFS 2016-17)
- The estimated average monthly wage: BDT 18,090.15 (LFS 2016-17)
- Estimated average monthly wage for 2020–21: BDT 22,510.48 (adjusted for inflation)
- Unemployment rate: 4.2 per cent (LFS 2016-17)
- Equal contribution rate for both the employer and the employee (joint contributory scheme)
- Contributory record required for benefit eligibility: a total of 12 months in the preceding 24-month period leading up to date of claim
- Eligibility criteria: involuntary loss of job or forced termination
- Benefit rate: 50 per cent of previous earnings/wage/income
- Maximum benefit duration: 6 months/26 weeks/182 days

Under a joint contributory scheme, the estimated UI fund ranges from BDT 12 billion (BDT 1,228 crore) to BDT 49 billion (BDT 4,913 crore) for contribution rates 0.25 per cent and 1 per cent each by the employee and the employer (Figure 7). The estimated costs correspond to 0.38 per cent and 1.52 per cent of the national budget 2020–21, respectively (or, 0.11 per cent and 0.42 per cent of GDP).

Figure 7: Total estimated contribution in UI fund for a joint scheme (billion BDT)



Source: Authors' estimation.

Rolling out such an UI scheme for the formal sector employees appears to be not very financially demanding. At 4.2 per cent unemployment rate, the estimated cost of UI benefit payment will be BDT 26 billion if the benefit duration is 6 months (Table 14). This amount corresponds to about 0.8 per cent of the national budget 2020–21. Paying the mentioned amount as UI benefit requires both the employer and the employee to contribute 0.55 per cent of the average monthly wages (about 124/month, or \$1.43/month). However, one can argue that not all the unemployed employees (4.2% of 9.094 million formal sector employees = 0.38 million) will perhaps require/be

eligible for availing the UI benefits. This can be attributed to two potential reasons: firstly, the unemployment rate in the formal sector might be lower vis-à-vis the national unemployment rate of 4.2 per cent. Therefore, the unemployed in the formal sector will be lower than the maximum number of unemployed for any given point of time. Secondly, some of the unemployed workers can quickly get back to employment opportunities. Consequently, not all the workers might need the UI benefits for the entire period of 6 months.

Table 14: Estimated cost of UI benefit payments for different unemployment rates

Unemployment rate (%)	Estimated no. of beneficiaries (million)	Estimated cost of UI benefit payment (billion BDT)					
		1 month	2 months	3 months	4 months	5 months	6 months
2.5	0.227	2.56	5.12	7.68	10.24	12.79	15.35
3	0.273	3.07	6.14	9.21	12.28	15.35	18.42
3.5	0.318	3.58	7.16	10.75	14.33	17.91	21.49
4	0.364	4.09	8.19	12.28	16.38	20.47	24.57
4.2	0.382	4.30	8.60	12.90	17.20	21.49	25.79
4.5	0.409	4.61	9.21	13.82	18.42	23.03	27.64
5	0.455	5.12	10.24	15.35	20.47	25.59	30.71

Source: Authors' analysis.

Slightly over 2 years of contribution is required to receive benefits for 6 months/182 days as estimated. In the existing framework, 86 months (7.2 years) of contribution is required to be entitled for 6 months of benefits. Whereas findings from the simulation exercise suggest that about 25 months (2.12 years) of contribution is required for availing UI benefits for 6 months given the unemployment rate is 4.2 per cent (Table 11).

Table 15: Minimum months of contribution under different unemployment rates to avail 6 months of UI benefits

Unemployment rate (%)	No. of days benefits that can be received per year	No. of years required for 6 months/182 days of benefits	No. of months of contribution required to avail 6 months of benefits
3.0	120.00	1.52	18.20
3.5	102.86	1.77	21.23
4.0	90.00	2.02	24.27
4.2	85.71	2.12	25.48
4.5	80.00	2.27	27.30
5.0	72.00	2.53	30.33

Source: Authors' estimation.

- **Piloting unemployment insurance in the RMG sector**

Given the bottlenecks as discussed, introducing a full-fledged UI scheme within a short period of time would not be an easy task. Therefore, some intermediary steps can be considered as the

potential way forward. One approach could be to consider designing a scheme targeting one to two certain groups/specific sectors. At the very outset though it needs to be clearly specified that designing a UI pilot scheme for a particular group/industry is far from being an ideal social insurance model and international social security standards and best practices as discussed in Section II. However, under an incremental approach to making progress towards a comprehensive UI, such a sector-specific approach may be considered. Given the availability of information, employment practices (e.g., issuance of appointment cards, workers' registers, etc), the readymade garment (RMG) sector is likely to be the most prominent sector for UI piloting.

The pilot UI scheme will cover the entire RMG sector workers. Approximately 4 million workers are employed in the sector. The average monthly wage is approximately calculated as the sum of minimum wage (BDT 8,000) and maximum wage (BDT 13,000) divided by 2.⁵⁷ The unemployment rate/turnover rate is assumed as 3–5 per cent of the sector's total workforce. The piloting design has considered a joint contributory scheme where both the employer and worker will equally contribute (as percentage of average monthly wage). The eligibility criteria to for availing UI benefits include involuntary loss of jobs or forced termination. The benefit amount will be 50 per cent of the average monthly wage while the maximum the duration of benefits will be 3 months (lower than the ILO recommended threshold – maximum of 6 months if workers contribute for 12 months in the last 24 months). Here, in this case, the pilot design assumes that if a worker contributes for 12 months, he/she will avail the benefits for a maximum of 3 months. Finally, as managing the whole scheme requires financial costs, this study assumes that the government will bear all administrative and operating expenditures. It is noted that the existing NSIS framework also makes a similar assumption. A summary of all the required assumption for pilot designing is provided in Box 8.

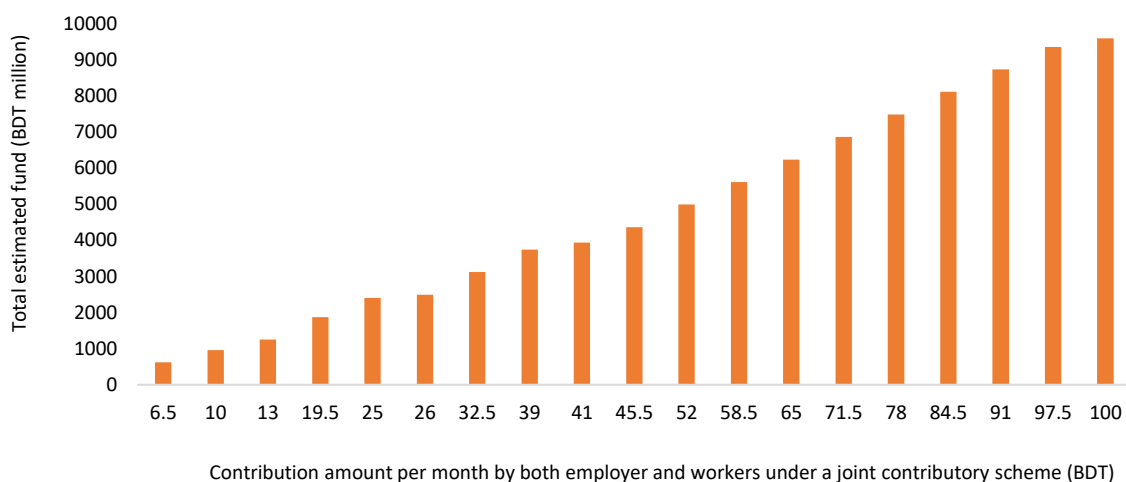
Box 8: Required assumptions for UI scheme pilot designing in the RMG sector

- Coverage – Only RMG sector workers
- Total RMG workers – 4 million
- Estimated average monthly wage – BDT 13,000 [minimum wage = BDT 8,000 and Maximum wage = BDT 18,000 (considering the maximum overtime and bonus)]
- Unemployment rate – approximately 3-5 per cent
- Joint contributory scheme – equal contribution for both the employer and the employee
- Eligibility criteria – involuntary loss of job or forced termination
- Benefit rate – 50 per cent of the average monthly wage
- Maximum benefit duration – 3 months
- Administrative and operating cost – entirely borne by government

Under this scheme, an attempt is made here to estimate the total contribution to the UI fund under a joint contributory scheme. The UI fund ranges from BDT 624 million (BDT 62.4 crores) to BDT 9,600 million (BDT 96 crores) per year for the contribution amount of BDT 6.5 and BDT 100 per worker per month (Figure 8). The stated contribution amounts correspond to 0.05 per cent and 0.77 per cent of worker's monthly average wages, respectively.

⁵⁷ The maximum over time hours including the weekly bonuses is considered while calculating the maximum wage. The relevant information is extracted from a key informant interview (KII) as part of this study.

Figure 8: Total estimated UI fund for RMG sector



Source: Authors' estimation.

A summary of the estimated cost of UI benefit payments for different unemployment rates is presented in Table 12. A closer look at Figure 8 and Table 12 suggests that financing the UI pilot design for the RMG sector is not that demanding.

- Firstly, assume the extreme case of unemployment rate to be 5 per cent. The estimated number of beneficiaries will be 200,000 RMG workers (5%*4,000,000). If all the unemployed workers claim UI benefits at the same time for 3 months, the estimated total UI benefit payments will be BDT 3,906 million (BDT 39.06 crores). If both the workers and the employers pay BDT 41 only to the UI fund, then the estimated pooled fund will be BDT 3,936 (BDT 39.36 crores). Therefore, the scheme is financially viable given that unemployment rate is 5 per cent and the employer pays to fund BDT 41 per worker per month and each worker contributes BDT 41 every month.
- However, the more realistic assumption for unemployment could be around 3 per cent. Given this unemployment rate, the total estimated beneficiaries count will be 120,000 (3%*4,000,000). Similarly, if all unemployed workers claim benefits for 3 months, the demand for fund will be BDT 2,344 (BDT 23.44 crores). This will require each employer paying BDT 25 per worker and each worker contributing the same amount.

Table 16: Estimated cost of UI benefit payments for different unemployment rates

Unemployment rate (%)	Estimated no. of beneficiaries	Total UI benefit payments (BDT million)			
		Per day	1 month	2 months	3 months
0.25	10,000	2.17	65	130	195
0.5	20,000	4.34	130	260	391
0.75	30,000	6.51	195	391	586
1	40,000	8.68	260	521	781
1.25	50,000	10.85	326	651	977

1.5	60,000	13.02	391	781	1,172
1.75	70,000	15.19	456	911	1,367
2	80,000	17.36	521	1,042	1,562
2.25	90,000	19.53	586	1,172	1,758
2.5	100,000	21.7	651	1,302	1,953
2.75	110,000	23.87	716	1,432	2,148
3	120,000	26.04	781	1,562	2,344
3.25	130,000	28.21	846	1,693	2,539
3.5	140,000	30.38	911	1,823	2,734
3.75	150,000	32.55	977	1,953	2,930
4	160,000	34.72	1,042	2,083	3,125
4.25	170,000	36.89	1,107	2,213	3,320
4.5	180,000	39.06	1,172	2,344	3,515
4.75	190,000	41.23	1,237	2,474	3,711
5	200,000	43.4	1,302	2,604	3,906

Source: Authors' estimation.

A sound management of the pilot UI scheme will require a digitised employment database. The database will store workers' information on job type, recruitment paper, (any) identification card, contribution to the UI fund, reasons for job termination, etc. Given the current circumstances, it is difficult to establish such database. In this situation, providing unemployment insurance booklet, following the example of Viet Nam, to all the workers might be a potential solution. The booklet will contain all the relevant information as supposed to be included in the database for the time being. Application-based systems (i.e., mobile app) having all the relevant features can also be a potential substitute for the database. Administering the whole system including fund management is also critical for a successful piloting of the UI scheme. It is worth pointing out that piloting itself can be a lengthy process (i.e., after contributing for 1 year or 12 months, a worker will be eligible to avail UI benefits).

- **Micro-health insurance – another potential option for piloting**

Given the circumstance, a micro-health insurance programme for workers could be developed as part of sickness insurance. Again, this type of micro-health insurance schemes is far from an ideal social insurance model. Micro-health insurance can play an important role, as most of workers' pressing vulnerabilities are often associated with sickness. According to the World Health Organization and the World Bank's Global Monitoring Report on Financial Protection in Health (2019), residents in Bangladesh pay for more than 70 per cent of their health-care expenses as out-of-pocket expense. In the late 1990s and early 2000s, Bangladeshi micro-finance NGOs entered the health micro-insurance market. There are already several micro-health insurance programmes offered in Bangladesh for employees (Table 13 and a summary on some other major micro-health insurance programmes targeting the formal, semi-formal, and informal sector workers is provided in Annex 10).

Customised factory-specific micro-health insurance projects can be developed under the sickness insurance branch of the NSIS. A survey with workers, including KIIs and FGDs with employers and employees, should be conducted before building the pilot for a micro-health insurance plan so that workers may reap the maximum benefit from it.

Table 17: Available micro-health insurance models

Product	Niramoy Micro Health insurance	World Marketing Summit
Proposer	Any individual having attained a minimum age of 18 years	World Marketing Summit
Type of insurance	<ul style="list-style-type: none"> Health insurance Family Floater covers inpatient treatment costs on hospitalization (IPD) and Outpatient (OPD) treatment costs 	Group health insurance including personal accident (Death only)
Project period	12 months	12 months
Persons to be insured	a) Individual and his/her spouse b) Individual and his/her family (4 members maximum) (unmarried children aged 3 months up to 18 years and dependent parent mother/father of the insured)	a) Individually an RMG worker option b) RMG worker & his/her spouse c) RMG worker and his/her family (spouse, 2 children up to 18 years, one dependent parent/ in-law parent)
Scope of cover	<ul style="list-style-type: none"> Inpatient hospitalization to individual members and for his/her family Outpatient service to individual members and his/her family 	RMG worker and his/her family Personal accident death only covers the RMG worker
Sum insured	<ul style="list-style-type: none"> Family (4 members): Sum insured BDT 50,000 Individual Cover: Sum insured BDT 25,000 	<ul style="list-style-type: none"> Health Insurance: BDT 25,000/person Personal Accident Insurance: BDT 100,000/person
Premium	<ul style="list-style-type: none"> BDT 1518/family (4 members) (net premium BDT 1320 + VAT 198) per year BDT 759/single member (net premium BDT 660 + VAT 99) per year 	To be determined depending on the willingness to pay and depending on the available cost, RMG workers incur for medical service.
Location of the project	Bangladesh	Bangladesh
Type of service	Cashless	Cashless
Cover	<ul style="list-style-type: none"> Health insurance Inpatient Services Basic hospitalization including medicine (treatment for minimum 24 hours, for any disease) Cost of drugs and diagnostic treatment Outpatient service Outpatient services cover up to maximum limit of BDT 10,000 per family/year Diagnosis and Drug Cost for a single outpatient visit shall not exceed BDT 2000 per family per incident 	<ul style="list-style-type: none"> Health insurance Basic hospitalization including medicine (treatment for minimum 24 hours, for any disease) Maternity care Childcare/Hospitalisation No out- patient service cover Personal accident cover Personal accident case in workplace
Premium payment mode	Upfront/Instalment	Upfront/Instalment

Source and note: Authors' compilation from various sources. VAT = Value-added tax

- **Expanding social insurance coverage for the informal sector workers**

Expanding social insurance coverage to the informal sector workers is an extremely challenging task, especially in developing countries like Bangladesh where there has always been a predominance of informal employment. Sometimes stringent eligibility criteria might act as drawbacks for informal sector workers to be under the umbrella of social insurance. This happens due to some underlying reasons: firstly, negligence to be registered in the social insurance schemes and thereby making it difficult to identify, track and monitor them; secondly, administrative bottlenecks and higher costs associated with monitoring the social insurance contributions from micro-, small-, and medium-sized firms or small agricultural producers resulting in inefficiency and a distorted labour market; finally, contributing to the social insurance fund is often difficult due to their and/or firm's low productivity and associated transaction costs (Almeida and Carneiro, 2017; Winkler et al., 2017). Nevertheless, there might be some arrangements to encourage some informal sector workers to seek coverage under the social insurance system. UI scheme can be considered in this regard as the workers might have the chance to realise near-term welfare gain.

Given the challenges in extending coverage and the absence of a universal mechanism, different countries have adopted different strategies.

- Two such widely implemented strategies are subsidised contributions (for any particular target group) and voluntary contributions.
- Evidence suggests that voluntary contribution can be more effective when coverage is aimed to expand to small enterprises, farmers, and the informal sector in general (Cook and Pinus, 2014).
- Some other strategies include non-contributory universal programmes (i.e., general tax-financed programmes like social pensions, universal health insurance, and unemployment assistance) and parallel schemes (e.g., different pension programmes for public and private sector workers in Tunisia; separate contributory and non-contributory health insurance schemes in Mexico where an individual's labour market status is taken as eligibility criteria) to cover the informal sector workers as well as other marginalised and vulnerable group workers under the ambit of social insurance (Homes and Scott, 2016; Winkler et al., 2017).
- However, a well-integrated social insurance system combining 'an actuarially fair contributory system with explicit subsidies for the poor and informal sector workers seems to be more financially sustainable' compared to all other available schemes/programmes (Winkler et al., 2017). For instance, the Republic of Korea launched a pilot project in February 2012 based on the premise of subsidised social insurance contributions for non-covered low-paid workers in small workplaces employing less than 10 workers. The primary objective of the programme was to promote participation in the employment insurance and national pension schemes. Realising the effectiveness of the pilot programme, it has been expanded nationwide only for nationals. As of 7 July 2012, the programme was rolled out nationally (ILO, 2017).
- Similarly, the Danish UI scheme covers self-employed workers largely due to the government's significant subsidy (about 70% of the total costs) to cover the UI benefit

payment costs (ILO, 2017). Table 18 lists some other examples of social insurance programmes currently being operated in Asian developing countries targeting the informal sectors. India is implementing the Rashtriya Swasthya Bima Yojana (Health Insurance for the Poor). This health insurance scheme links universal health care to voluntary health insurance. Targeting the private sector workers, Indonesia is implementing employment insurance on a voluntary basis. This scheme offers informal sector workers health insurance as well as coverage against occupational injury and death. However, the current coverage of the scheme is relatively limited. Similarly, Thailand is implementing a voluntary social insurance scheme. In 2011, the country expanded their coverage. This voluntary insurance scheme provides insurance against sickness, disability, and death for B100 (\$3.20) monthly contributions. For B150 (\$4.80) monthly contributions, a contributory pension scheme is also included.

Table 18: Social insurance schemes targeting the informal sector

Country	Scheme name
India	Rashtriya Swasthya Bima Yojana (Health Insurance for the Poor)
Indonesia	Employment insurance for the workers in the private sector
Thailand	Voluntary Social Insurance scheme

Source: Samson & Kenny (2016).

V. Policy recommendations

The adoption of the NSIS under the National Social Security Strategy (NSSS) 2015 has marked a significant advancement in the country's social protection development agenda. To achieve the objectives of implementing the NSIS, the National Action Plan Phase I (2016–2021) was formulated and executed. These steps were seen as positive developments. However, the implementation of the NSIS during the first phase did not make substantial progress. Against this backdrop, the National Action Plan Phase II (2021–2026) was adopted to advance the implementation of the NSIS within the stipulated timeframe. Nevertheless, there are several issues that require specific attention before the full realisation of the targets and goals enshrined in the NSIS, some of which may necessitate medium to long-term planning and policies. Therefore, the following avenues should be given priority to implement the NSIS by 2025.

Different provisions of the NSIS schemes should comply with the international social security standards and globally recognised social insurance models being practised in the comparable countries. To ensure that the NSIS schemes align with international social security standards and comparable social insurance models, certain norms should be followed when designing social and economic policies related to labour welfare. These standards serve as guiding principles and establish minimum protection levels that can be tailored to each country's unique context, taking into account factors such as macroeconomic outlook, legal framework, and institutional capacities. The standards also emphasize the importance of a rights-based approach and offer guidance on designing, financing, implementing, governing, and evaluating social insurance schemes. However, the current NSIS framework falls short of international standards, indicating the need to make it more compatible with international standards to

achieve the main objectives of the NSIS fully. Therefore, the schemes' provisions should include multiple options and flexibility clauses to ensure universal coverage and adequate benefits. The Ministry of Finance and the Ministry of Labour and Employment may need to work with other relevant departments/divisions and/or institutions to make the necessary changes to meet international standards.

The establishment of a comprehensive employment database is crucial for successful Implementation of the National Social Insurance Scheme. Such a database will be needed for registering employees, keeping track of their contributions, determining the length of benefits, processing claims, and detecting fraudulent activity.

However, creating a well-organized and fully functioning database takes time. In the meantime, ad-hoc measures such as social insurance booklets and emerging technologies can be used to support the basic functions of social insurance schemes. For example, mobile applications can be developed to facilitate payments and enrolment, even for informal workers. Countries such as Indonesia, the Philippines, Viet Nam, and Mongolia have already implemented similar systems successfully.⁵⁸ Bangladesh could consider developing a mobile-based app linked to the National Identity Number. However, in the medium to long term, there is no substitute for a complete and fully functional database. Adequate policies should be put in place to ensure the database is established as the NSIS progresses.

Well-developed and market-driven active labour market policies (ALMPs) are critically important for ensuring the effectiveness of social insurance schemes, especially unemployment insurance scheme. Without functional ALMPs, the objective of supporting workers in finding decent employment cannot be achieved. In Bangladesh, ALMPs are mainly focused on skills development training programs, but they lack coordination and efficiency, leading to duplication. To address this issue, the scattered training programs need to be consolidated and delivered efficiently, with an expansion of their scope and coverage. The quality of the training programs can be improved through a policy focus on recruiting competent instructors, updating course curricula, augmenting soft skills, extending financial support, and strengthening monitoring mechanisms.

The public workfare programs for rural poor and vulnerable agricultural workers, such as Test Relief (TR) Cash, Food for Work (FFW), Work for Money (WFM), and Employment Generation for the Poor (EGGP), are insufficient in terms of coverage and benefit amount. The vulnerabilities of urban poor people who are mainly informal workers are not being addressed. Therefore, the

⁵⁸ For instance, Indonesia's JKN aims to develop Mobile JKN, a mobile application that allows members to register, pay monthly contributions, submit complaints, and access information on their own. It also plans to introduce an auto-payment mechanism using e-wallet accounts to facilitate members' payment of contributions without bank accounts. Moreover, the BPJS Employment of Indonesia is collaborating with Go-Jek (a ride-sharing app) to facilitate the enrolment of Go-Jek partner riders through technology-based platforms. These mobile-based application services can be effectively used to extend the coverage towards informal workers. For example, in the Philippines, PhilHealth has facilitated online payment of contributions through the introduction of Moneygment, an independent mobile application that serves as a contribution payment tool for self-employed individuals, small- to medium-sized enterprises, overseas foreign workers, and those who are out of formal banking services. Some other examples include Viet Nam's unique VSS-ID and Mongolia's Social Insurance Mobile App, which currently facilitate access to social insurance and monitoring of contribution payments (ILO, 2021f).

coverage of these programs needs to be expanded to urban areas and extended beyond lean seasons.

Incorporating different ALMP components into the national policy framework can be an effective policy stance for their implementation. The country's national jobs strategy, 2019, and National Skills Development Policy, 2020, are only available in draft formats, with not much concrete directions on ALMPs. Hence, the policies need to be extensively reviewed, identifying gaps, key stakeholders, and areas that require improvements critical to social insurance issues such as UI schemes. The role of ALMPs and employment services should be articulated effectively in these policies to appreciate their significance. Finally, a well-devised framework should be introduced, supporting workers in availing jobs and other support services, and developing a shock-absorbent labour market.

There is a need for establishing a job searching and matching mechanism within the ALMPs framework. Currently, this mechanism is largely dominated by private sector channels such as newspapers and online portals (e.g., Bdjobs.com, Chakri.com, Job.com.bd, bdjobs today, Prothom Alo jobs, etc.) to provide job searching services. These services are mainly targeting formal sector white-collar jobs mostly based in Dhaka. People working in the large informal sector and living in rural as well as hard-to-reach areas are out of these services.

To deliver labour market services, such as maintaining an active job market, job searching and matching, counselling and career guidance services, etc. establishing an efficient and decentralized public employment services (PES) system can be an effective policy option (Table 19). The PES system can also offer other services, including profiling job seekers' skills, assisting with career orientation, referring job seekers to auxiliary services such as job training or education, conducting preliminary screening for employers, and actively collecting and analysing data about local labour market conditions.

Table 19: Public employment services and its core functions

Functions	Descriptions
Maintain an active job bank	<ul style="list-style-type: none"> Establishing a database containing information on both job seekers and job vacancies that employers and job seekers can respectively use to assess the potential fit of an employee or job, and that job counsellors can use to match job seekers to job vacancies Making job bank accessible online and be compatible with a larger (national) labour market system that can aggregate information across regional job banks to identify trends across markets and occupations
Provide job counselling services	<ul style="list-style-type: none"> Assess job seeker skills and qualifications Help job seekers access and use the job banks and facilitate a job match Provide job seekers with local labour market and career information Profiling job seekers skills, assisting in career orientation, referring job seekers to auxiliary services such as job training or education, conducting preliminary screenings for employers, or actively collecting and analysing data about local labour market conditions
Match job seekers to appropriate employment	<ul style="list-style-type: none"> Enhancing job search efficiency (increasing the share of workers placed in high-quality jobs) Contributing to local development (e.g., increasing the number of job placements in key sectors)

Source: Mazza (2019).

Some other comparable countries are taking advantage of an effective PES system. For instance, Viet Nam possesses a strong decentralised PES. Labour market services are provided by two groups of employment service providers: (i) public employment services centres (ESCs) – having the mandate to serve all job seekers (currently serving UI beneficiaries working in the formal sectors) and (ii) private employment agencies – primarily serving foreign firms looking for high-

skilled workers (Mazza, 2019). For effectively delivering employment services, it appoints and defines the roles of human resources (ESC director, job counsellor, private sector/vacancy specialist, and labour market information specialist). Moreover, with a view to strengthening the Vietnamese labour market services delivery mechanism, a recent study by the World Bank recommends some pragmatic policies: increase ESC employer outreach, integrate job fairs more effectively with other job placement tools, expand ESC job seeker client base, design a national labour market information system (Stienon et al., 2020). Like Viet Nam, Mexico is providing its National Employment Services (NES) which is alternatively known as Servicio Nacional De Empleo (SNE) both at national level and local level through its 167 employment offices and 36 service modules distributed across the country (ILO, 2018e). The NES Central Coordination Unit is the primary responsible organisation at the national level. It is actively involved in the formulation of employment strategies to respond to specific bottlenecks, challenges or requirements of the local labour market like anticipating the skills needed in specific industries and making investment plans that will create new jobs (Table 20). On the other hand, NES directors are appointed by the local governors to provide core employment services and ALMPs at the local level. The country has introduced digital channels for delivering services towards employees using a mix of in-person services, online provision through job portal and self-service tools for job searching, including a toll-free telephone number, job kiosks, labour observatory and mobile units.⁵⁹ On the other hand, services delivered to employers include labour market information, specialised counselling, registration of job vacancies, filling vacancies (referrals and placements), and active labour market programmes concerning job preservation and short-term training (ILO, 2018e).

Table 20: Decentralised National Employment Services (NES) system in Mexico

Level	Responsible unit/person	Responsibilities	Medium of services delivery
National level (Federal Government)	National Employment Service (NES) Central Coordination Unit	<ul style="list-style-type: none"> • Design and implementation of PAE's operational rule • Budget allocation and control of spending • Outcome evaluation and performance management • Custody of the jobs portal, call centre and labour observatory • Technical support and staff training • Administration of online databases, software and web-management systems 	<ul style="list-style-type: none"> • Jobs portal website • Call centre • Labour observatory
Local level (Local State Government)	NES's directors in 32 states appointed by local governor	<ul style="list-style-type: none"> • Delivery of core employment services and ALMPs • Building cooperative relationships with employers • Adapting PAE to local conditions • Financing operating costs and local staff • Partnering with local stakeholders (e.g., training providers) • Co-funding of the NES through a bidding system 	<ul style="list-style-type: none"> • Local employment offices • Branch offices

Source: Adapted from ILO (2018e).

⁵⁹ Job portal – which can grant free access to a nationwide pool of vacancies and jobseekers' profile as well as many other resources such as tutorials for job searching, virtual job fairs, and a live chat application enabling the user to contact job counsellor directly. Labour observatory – works interactively with the jobs portal; its main objective is to assist people in particular young people to make informed decisions about their career choices and job opportunities (ILO, 2018e).

Bangladesh can take lessons from both Mexico and Viet Nam to introduce a strong job searching and matching mechanism. Setting up job centres or strong network of employment offices can be an option to provide such labour market services. In the short run, Bangladesh can utilise its 42 Divisional Employment and Manpower Offices (DEMOs) in this regard.⁶⁰ Moreover, the National Skills Development Authority (NSDA) is working on developing a central and comprehensive database named 'National Skills Portal' with an aim to systematically collect, organise, analyse, and publish data on issues related to competent labour pool and live job opportunities (NSDA, 2020). The portal should be operational as soon as possible incorporating all the relevant information related to labour market. Moreover, job fairs can be arranged at regular intervals. Finally, effective implementation of the above-mentioned policies can guarantee a strong job searching and matching mechanism.

Raising awareness amongst all the relevant stakeholders are critical for the development of a well-functioning NSIS. The success of the NSIS relies on stakeholders having proper knowledge of social insurance principles, such as solidarity and risk-pooling. Without this knowledge, unfavourable and/or misleading connotations may arise, leading to a lack of effective participation in policy discourse and weak implementation of the underlying schemes. Continued consultations at regular intervals involving the representatives of all the relevant stakeholders is extremely important in raising awareness about the NSIS governing parameters and modalities. The currently limited consultations are sporadic in nature being largely limited to the RMG firms only. This will have to be scaled up, made regular and extended to beyond the RMG sector. The Ministry of Labour and Employment (MoLE) can work closely with the ILO to gather the necessary technical and advisory support in designing, expanding, and conducting such consultations in order to raise awareness and help build consensus on various aspects of the NSIS.

An effective legal and regulatory framework should be in place before rolling out the NSIS. There could be one broad social insurance act with special and separate provisions for different branches of NSIS. The act will clearly articulate the responsibilities of different stakeholders (employers, employees, government, and others) related to NSIS and its branches. While formulating the act, Bangladesh can take lessons from the laws implemented in other countries like Viet Nam's Law on Social Insurance, 2014, India's Employees' State Insurance Act, 1948 and China's Social Insurance Law, 2010. Like other countries, the Ministry of Labour and Employment (MoLE) should be in charge of formulating such law complying with the country's existing legislative framework and international norms.

Effective measures need to be taken for monitoring the enforcement of the legal framework and its different provisions. Employing adequate human resources in the judiciary system can speed up in dismissing labour related cases. In addition, punitive measures should be stricter so that no one can violate labour laws. A court-sponsored Alternative Dispute Resolution (ADR) mechanism can play an effective role in solving complaints and cases on a fast track basis and thereby clearing the backlog of cases. Finally, strengthening and adding necessary features to the 'DIFE Complaint Box' which is integrated with the Labour Inspection Management

⁶⁰ DEMOs operate under the Bureau of Manpower, Employment and Training (BMET). The major objective of DEMO is to produce skilled human resources for local and foreign employment.

Application (LIMA) under the Department of Inspection for Factories and Establishments' (DIFE) can also help settle workers' or employers' problems out of the court.

Strengthening institutional capacities must be ensured for introducing and effective functioning of NSIS. In this regard, it is extremely important to identify the institutions and relevant areas for capacity building. The Ministry of Labour and Employment, the Ministry of Finance, other ministries, and departments and agencies administering labour market policies will require, amongst others, employing adequate and skilled manpower and their appropriate training and ensuring sufficient resources. Even institutional capacities are required for effective implementation of consultations with effective participation of the representatives from employers, employees, and the government. Bangladesh can consider establishing a separate institutional structure for NSIS following the practices in other comparable countries namely Thailand and Viet Nam. In this process, there is a need for conducting a comprehensive study on the institutional readiness of relevant institutions at the first place. Findings from the study can be helpful in order to assess the current capacities, identify (any) limitations, and recommend pragmatic policy options for expanding capacities.

Capacity-building is also important for establishing a strong employment database and updating it at regular intervals. While the Bangladesh Bureau of Statistics (BBS) is officially responsible for undertaking labour market surveys and publishing data, capacity constraints (i.e., lack of human and financial resources) have taken its toll on data availability. Apart from the BBS, some other government organisations/agencies provide data on various aspect of the labour market (Table 21). In most cases, the available data are limited to supply sides only thereby making job searching and matching mechanisms difficult. In relatively recent times, there have been encouraging efforts in building such databases as 'National Skills Portal' by the National Skills Development Authority (NSDA). However, generating data on a regular basis will remain a challenge.

Table 21: Bangladesh government database potentially relevant to labour market information

Data holder	Available database system
Access to Information (a2i), Prime Minister's Office*	Civil Registration and Vital Statistics (CRVS) database, National Job Portal
Bangladesh Bureau of Statistics (BBS)	National Census Database, Household Income and Expenditure Survey (HIES)
Election Commission	National ID database
Department of Immigration & Passports, Ministry of Home Affairs	Passport database system
Bangladesh Road Transport Authority, Ministry of Roads and Bridges	Driving license and other personal information
Bureau of Education Information and Statistics (BANBEIS), Ministry of Education	Education information
Department of Youth, Ministry of Youth and Sports	Skill training with personal profile of youth
National Skill Development Council, Ministry of Education	Household data including remittance
Supply Chain Management Portal, Ministry of Health and Family Welfare	Health workers database
Ministry of Disaster Management and Relief	Employment Generation Programme for the Poorest (EGPP) project database
Ministry of Social Welfare	Data on disabled people, including widows above the age of 18 who received allowances

Source: ILO (2018f).

Capacities will also have to be built in monitoring of the implementation of different NSIS schemes to prevent fraudulent practices.

It is recommended to conduct actuarial valuations of NSIS schemes before their implementation to assess their financial feasibility and level of protection. In line with the international standards, actuarial study should be conducted periodically to review and assess the functionality as well as financial prospect of any social insurance system.⁶¹ The analysis requires various parameters such as insurable earnings, contribution rates, benefit types, eligibility requirements, retirement ages, and benefit levels. Policymakers can use the analysis to make projections on the number of insured persons, claims, and total benefits paid. Actuarial assessments should be conducted periodically to review and assess the functionality and financial prospect of the social insurance system, propose consistent contribution rates, and test the system's reaction to changing conditions. The Ministry of Finance can collaborate with the Ministry of Labour and Employment and other relevant departments/institutions to conduct such analyses and integrate them into the NSIS framework. Capacity building and institutional options for periodical actuarial valuations need further review.

Stabilisation analysis, which is an equally crucial aspect as the actuarial analysis in the context of social insurance schemes, should also be undertaken. The main objective of this analysis is to establish the contribution rates that support a countercyclical stabilisation of the economy, ensuring that revenue requirements remain as stable as possible over time. This requires estimating a higher reserve fund amount than the estimated annual benefit payment commitments in any future period. It is important to note that a well-governed social insurance scheme can also have a significant redistribution effect, which may cause macroeconomic instability. Although social insurance schemes were not able to fully counterbalance the primary income effects of the global financial and economic crisis of 2008-10 in Europe, they played an important role in providing income support to the affected people (Gongcheng and Scholz, 2019). Therefore, social insurance schemes can contribute to stabilising the economy and promoting economic growth. As stabilisation analysis is essential, it should be carried out alongside actuarial analysis. The Financial Division/ Financial Institutions Division under the Ministry of Finance can take an active role in conducting such stabilisation analyses for both economic downturns and upswings.

One practical approach to implementing NSIS given current administrative and institutional capabilities is to launch it in phases. One possibility is to begin with a pilot program in the more structured formal sector and progressively expand coverage in stages, extending beyond the formal sector. After gaining enough experience and developing administrative and institutional capacities, strategies for gradually expanding scheme coverage to broader segments of workers (both formal and informal) should be considered in conjunction with policies for boosting the formalisation of the economy and employment.

⁶¹ Article 71(3) of Convention No. 102 provides that States shall ensure, where appropriate, that the necessary actuarial studies and calculations concerning the financial equilibrium are made periodically and, in any event prior to any change in benefits, the rate of insurance contributions or the taxes allocated to covering the contingencies in question.

An unemployment insurance scheme along with a micro-health insurance as part of sickness insurance scheme can be considered for piloting, as these are the two areas where not much progress has been made.⁶² A targeted approach could involve piloting the schemes in a specific industry or group within the formal sector. It is true that not all organized formal sectors may be ready to implement the NSIS schemes, particularly the UI scheme. Therefore, the targeted approach within the formal sector may also be considered to begin with. The RMG sector is a suitable industry to pilot the schemes as it is well-structured and has a substantial number of workers (around 4 million). However, piloting can be a lengthy process, taking up to 3 to 5 years to evaluate its effectiveness. Assessing the effectiveness of these pilot schemes can inform the way forward to scale up and expand the schemes to other economic sectors and industries with the aim of providing protection for all workers in Bangladesh in accordance with international standards and best practices.

Self-sustainability of the social insurance schemes should be ensured to achieve the desired results in the medium to long-term. Proper management of the social insurance fund is crucial to ensure this sustainability. One way to achieve this is to develop an investment framework for the social insurance fund, similar to the one established in Viet Nam. The fund should be invested following a sound business model, with provisions in place to absorb any potential shocks during emergencies or crises. The Ministry of Finance, along with other relevant departments and institutes, can take the lead in managing the fund and implementing necessary measures to make the NSIS schemes self-sustaining.

To promote NSIS effectively, champions are required both within the government and amongst social partners with the Ministry of Labour and Employment (MoLE) acting as the main focal point for the NSIS. The MoLE must seek technical and advisory support from other social partners that have experience of dealing with social insurance, can provide financial assistance, can facilitate necessary information, promote stakeholder consultations, help secure consensus among key stakeholders, identify constraints, and help develop appropriate action plans to address them. Additionally, the MoLE should collaborate with the Cabinet Division and the General Economics Division of the Planning Commission in gathering both high-level political and analytical support to act as the central point for NSIS.

A summary of the key policies and the implementing authorities is provided in the following policy action matrix.

⁶² One such micro-health insurance can be factory-specific group health insurance.

Table 22: Policy action matrix: Towards a feasible NSIS model in Bangladesh

Broad area for action	Key issues for policy focus	Specific actions to be undertaken	Responsible government ministries/departments and stakeholders	Supporting ministries/departments and other relevant stakeholders	Expected outcomes
International Social Security Standards and global best practices	<ul style="list-style-type: none"> International Social Security Standards (ILO conventions & Recommendations) Lessons from the practices in comparable countries 	<ul style="list-style-type: none"> Review the International Social Security Standards, especially the compliance with ILO Conventions and Recommendations for different branches of social insurance Incorporate such standards in designing the NSIS schemes Conduct in-depth country case studies both from developed and comparable developing countries like India, Indonesia, Thailand, and Viet Nam Take lessons from the cross-country assessment and accommodate good practices 	Ministry of Labour and Employment (MoLE)	General Economics Division (GED); Ministry of Planning; Cabinet Division; and Social and development partners*	<ul style="list-style-type: none"> Establishment of the NSIS following rights-based approach Improved awareness about the International Social Security Standards (e.g., ILO Conventions and Recommendations) Such standards reflected while making strategies and action plans regarding the NSIS Gained better understanding of the experiences of countries implementing different branches of social insurance Lessons learnt from those countries and contextualised to Bangladesh
Legal and regulatory framework	<p>distinct and separate legal framework for social insurance</p> <ul style="list-style-type: none"> Review of existing acts/laws/policies 	<p>Formulate a broad social insurance law</p> <ul style="list-style-type: none"> Review the available Bangladesh Labour Law 2006 (amended in 2018) carefully and comprehensively to identify gaps (if any) and address those to strengthen workers' protection Review and finalise the draft national jobs strategy covering the issues pertaining to social insurance, particularly UI Review the lenient punitive measures for the breach of labour act Install Alternative Dispute Resolution (ADR) mechanism to solve cases off the labour court Finalise the draft National Skills Development Policy (NSDP) 2020 	MoLE; Department for Inspection of Factories and Establishments (DIFE); National Skills Development Authority (NSDA); Ministry of Law, Justice and Parliamentary Affairs	Cabinet Division; Employers' association; workers association/trade unions; and technical support from social and development partners	<ul style="list-style-type: none"> An updated and timely labour law formulated Acceleration in clearing backlogs of cases in labour courts ensured Loopholes in the existing Labour Act and Labour Rules addressed Improved legal basis for protecting workers' rights A robust national jobs strategy incorporating the impending critical issues like the NSIS and its associated factors achieved A sustainable NSIS (e.g., UI) developed and operationalised Effective punitive measures in labour laws introduced. Alternative dispute resolution (ADR) mechanisms established. Adopted NSDP considering the country context and incorporating factors related to NSIS schemes

Institutional capacity building	<ul style="list-style-type: none"> • Employment database 	<ul style="list-style-type: none"> • Creating a robust, digital and dynamic employment database possibly linking with the national identity (NID) database • Build and expand the technical capacity of Bangladesh Bureau of Statistics (BBS) and MoLE • Publish updates on the key labour market trends and other related issues 	MoLE; Bangladesh Bureau of Statistics (BBS); NSDA; Aspire to Innovate (a2i) of the Information & Communication Technology Division; Election Commission; and any other relevant ministries/departments	Technical know-how and support from the social and development partners	<ul style="list-style-type: none"> • Ensured smooth functioning of the NSIS schemes including UI • Evidence-based labour market policies formulated and implemented • Implementation of the NSIS including UI is backed by employment record • Increased efficiency in job searching and matching services achieved • Prospective jobseekers receiving career advice and support • Developed a structured intervention mechanism • Introduced the missing components of ALMPs i.e., job searching and matching services • Enhanced better quality skill development programmes • Increased capacity achieved in implanting and overseeing programmes geared towards workers' welfare
	<ul style="list-style-type: none"> • Public employment services • Active labour market policies (ALMPs) • Institutionalisation of Public Employment Services (PES) and ALMPs 	<ul style="list-style-type: none"> • Introduction of job searching & matching services • Establish job centres/employment offices to provide information on jobs, training and matching services both at the national and local level • Use online portals effectively to provide such services with a special focus on geographic location and job types (white vs. non-white-collar jobs) • Job counselling and placement services • Build institutional capacity for career guidance and placement services • Design a well-structured PES and ALMPs • Strengthen the existing services • Introduce the PES and ALMPs in the national development agenda • Improve institutional capacities and mechanisms in improving labour market outcomes • Employ adequate and skilled manpower • Ensure appropriate training for the employed • Provide sufficient financial resources • Build cooperative relationships with (public & private) employers 			
Labour market issues	<ul style="list-style-type: none"> • Labour market information system (LMIS) 	<ul style="list-style-type: none"> • Develop and maintain an LMIS to provide major labour market trends and developments, including employment opportunities 	BBS; MoLE		<ul style="list-style-type: none"> • LMIS established and regularly updated • Job placement rates after being trained increased.

	<ul style="list-style-type: none"> Quality improvement of skills development training programmes 	<ul style="list-style-type: none"> Review and strengthen training curriculum and manuals catering the needs for the industry Ensure adequate trained instructors and quality of training programmes Provide adequate financial resources Strengthening monitoring mechanisms 	NSDA; MoLE	Department of Youth Development (DYD); Ministry of Youth and Sports (MoYS); Ministry of Women and Children Affairs (MoWCA); Ministry of Education (MoE); Ministry of Expatriate Welfare and Overseas Employment (MoEWOE); Bureau of Manpower, Employment and Training (BMET); a2i; NSDA; Ministry of Finance (MoF); and other concerned departments/ministries	<ul style="list-style-type: none"> Implemented training programmes of high quality Transformation from informal to formal sector initiated and accelerated Gained efficiency through avoiding duplication and bringing similar programmes under a common implementing agency to ensure improved coordination Freed up resources, and most useful schemes are scaled up
	<ul style="list-style-type: none"> Labour market formalisation 	<ul style="list-style-type: none"> Formalising the informal sectors gradually Conduct in-depth studies to understand the dynamics of the informal sector and policy options for its gradual formalisation 	MoLE; GED		
	<ul style="list-style-type: none"> Coordination among labour market programmes implemented by different departments/ministries 	<ul style="list-style-type: none"> Map the currently available programmes and their implementing agencies Consolidate the duplicate programmes if possible 	MoLE		
Financial management mechanism	<ul style="list-style-type: none"> Social insurance fund management Actuarial valuations and stability analysis 	<ul style="list-style-type: none"> Develop an investment framework for social insurance fund Make investment decisions following a sound business model Conduct periodical reviews and assess the functionality and financial prospects of NSIS schemes Assess compatibility with the changing macroeconomic and labour market conditions Conduct stabilisation analysis at regular intervals to set contribution rates for different schemes 	MoF, MoLE	Finance Division (FD); Financial Institutions Division (FID); GED; Cabinet Division; and technical support from social and development partners	<ul style="list-style-type: none"> A self-sustaining NSIS system is established Made projections on the number of insured persons, claims, and total benefits paid Achieved an adaptable social insurance system Ensured countercyclical stabilisation of the economy and stability of revenue requirements over time
Awareness raising	<ul style="list-style-type: none"> Social dialogue Awareness about workers' rights and protection Dissemination on various aspects of social insurance 	<ul style="list-style-type: none"> Arrange consultations with relevant stakeholders (i.e., the government, employers, workers, and other relevant stakeholders) Develop informed inputs to facilitate consultations to help reach broad consensus Undertake research and analysis as well as disseminate the relevant findings in accessible manner for non-technical stakeholder representatives 	MoLE & its various departments; Employers organisation (e.g., Bangladesh Employers' Federation-BEF); & Trade Unions (i.e., National Committee for Workers' Education-NCCWE)	GED; Cabinet Division; MoF; Ministry of Social Welfare (MoSW); other relevant ministries/department; business/trade associations; think tanks; and technical support by social and development partners	<ul style="list-style-type: none"> Participation in the decision-making process Increased awareness about worker rights, labour laws/acts/policies both in the formal and informal sectors

		<ul style="list-style-type: none"> Organise social dialogues and dissemination events 			
Rolling out NSIS schemes	<ul style="list-style-type: none"> Assessing and fulfilling unemployment insurance (UI) prerequisites 	<ul style="list-style-type: none"> Make progress on UI prerequisites (i.e., PES, ALMPs, social dialogues, legal framework, institutional capacity etc.) 	MoLE	GED; Cabinet Division; FD; FID; MoF; MoSW; relevant other ministries/departments; and technical support from the social and development partners	<ul style="list-style-type: none"> NSSS reforms implemented Increased protection for the vulnerable working age population Unemployment insurance (UI) in some selected sectors (e.g., the readymade garment sector) piloted. Scaled up UI scheme after successful piloting
	<ul style="list-style-type: none"> Incremental approach in rolling out different NSIS schemes including the UI 	<ul style="list-style-type: none"> Introduce NSIS schemes (including unemployment insurance) with more organised formal sector like the export-oriented readymade garments (RMG) Extending the schemes to other formal sectors and to informal sectors gradually 			

Source and notes: Authors' analysis and presentation. a2i – Aspire to Innovate; BBS – Bangladesh Bureau of Statistics; BEF – Bangladesh Employers' Federation; BMET - Bureau of Manpower, Employment and Training; DIFE – Department for Inspection of Factories and Establishments; DYD – Department of Youth; EU – European Union; FD – Finance Division; FID – Financial Institutions Division; GED – General Economics Division; GIZ – German Development Agency; ILO – International Labour Organization; LGD – Local Government Division; MoDMR – Ministry of Disaster Management and Relief; MoE – Ministry of Education; MoEWOE – Ministry of Expatriate Welfare and Overseas Employment; MoF – Ministry of Finance; MoLE – Ministry of Labour and Employment; MoSW – Ministry of Social Welfare; MoWCA – Ministry of Women and Children Affairs; MoYS – Ministry of Youth and Sports; NCCWE – National Committee for Workers' Education; NSDA – National Skills Development Authority; NSDP – National Skills Development Policy; NSIS – National Social Insurance Scheme; UNDP – United Nations Development Programme.

*Social and development partners include UN bodies (i.e., ILO, UNDP), ADB, GIZ, World Bank, the European Union etc.

VI. Conclusion

Addressing the vulnerabilities of the working-age population by providing adequate protective measures is a critical element of social protection. It is widely recognized that the rights to social security and work are fundamental human rights. Prior to the adoption of the NSSS 2015, social security programmes targeting the working-age population were virtually non-existent in the country's social protection framework. The NSSS 2015 introduced the National Social Insurance Scheme (NSIS), based on a joint contributory mechanism, aimed at supporting these target groups. The Action Plan Phase I (2016–2021) of NSSS 2015 was developed to roll out the NSIS nationwide by 2021.

While some progress has been made on schemes such as the Employment Injury Scheme (EIS) and Maternity Insurance (or maternity benefits), the overarching objectives of the NSSS Action Plan Phase I were not fully realised. A draft NSIS framework has been developed, providing cost estimates for various schemes including Unemployment Insurance. This framework outlines different modalities for implementing NSIS schemes and offers detailed cost assessments based on coverage, contribution rates, minimum contribution periods, benefit levels, and durations. Additionally, it calculates the costs required to launch various components of the NSIS under scenarios such as a universally funded government scheme or a jointly contributed scheme by employers and workers. The framework also addresses the legal structure, institutional setup, financial management, and potential options for piloting the NSIS schemes.

While the draft framework makes significant strides toward establishing social insurance schemes, it does not fully align with some international social security standards and practices already in use in other countries. The parameters of the NSIS schemes as estimated in the framework occasionally fall short of the benchmarks set by globally recognized organizations, a point corroborated by cross-country comparisons. Moreover, the framework might benefit from incorporating certain critical prerequisites for launching specific NSIS schemes. For example, it currently overlooks elements like public employment services, active labour market policies, social dialogue, and a digital employment database, which are particularly crucial for the unemployment insurance scheme. Therefore, refining the framework to include these aspects could enhance the effectiveness of the NSIS implementation and ensure more optimal outcomes.

Given the political and policy commitment to introducing the National Social Insurance Scheme (NSIS), the revised NSSS Action Plan (2021–2026) places a special emphasis on its implementation. The timeline for the NSIS is set as follows: the NSIS framework to be designed by June 2022, a study on Unemployment Insurance (UI) to explore possible options by December 2023, introduction of the UI on a pilot basis by July 2024, and a nationwide rollout of the UI by July 2025.

Considering the current circumstances, developing and implementing a feasible NSIS model involves addressing the shortcomings of the existing framework. The revised framework should adhere to international social security standards and embrace best practices from countries with successful social insurance schemes. Despite the challenges, including compliance with international standards, there is still potential to refine the NSIS framework. In this context,

adopting an 'incremental progress approach' would be beneficial. This strategy involves initiating various NSIS schemes, or even a single scheme, in a phased manner to ensure gradual and steady progress.

In the implementation process, specific standards, requirements, and components of the NSIS can be introduced and developed gradually. Meanwhile, certain issues should be prioritised to ensure the smooth functioning of the NSIS schemes. These include reviewing and refining the labour-related legal and regulatory frameworks to address any loopholes, creating a robust and dynamic employment database, and developing market-driven active labour market policies. Such policies should encompass job searching and matching mechanisms, as well as counselling and placement services. Additionally, managing the NSIS fund, conducting actuarial and stabilisation analyses, and building institutional capacity are critical for the successful rollout of these schemes.

The Ministry of Labour and Employment (MoLE) is set to play a crucial role among all the implementing agencies and stakeholders, including government bodies, employers' associations, and workers' associations. The MoLE will be instrumental in driving initiatives to align the National Social Insurance Scheme (NSIS) with international standards, developing a comprehensive social insurance law, and collaborating with the Bangladesh Bureau of Statistics to create a digitised and dynamic employment database. Additionally, the MoLE will work with other relevant departments and ministries to introduce public employment services and active labour market policies, and to improve the quality of skills development training programmes. The Finance Division, Financial Institutions Division, and the Ministry of Finance will need to collaborate with the MoLE to manage and invest the accumulated funds and to conduct actuarial and stabilisation analyses periodically. It is also vital to sensitise the private sector, workers, and other relevant stakeholders about the different aspects of the NSIS schemes to help build consensus on key issues and ensure smooth implementation. Effective promotion and implementation of the NSIS will require champions both within the government and among social and development partners, with the MoLE serving as the central focal point. The support and technical assistance from development partners are also essential for achieving the desired outcomes of the NSIS initiatives.

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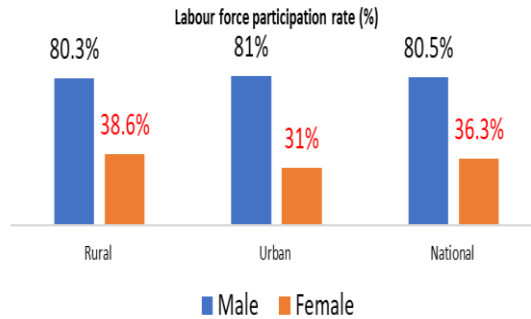
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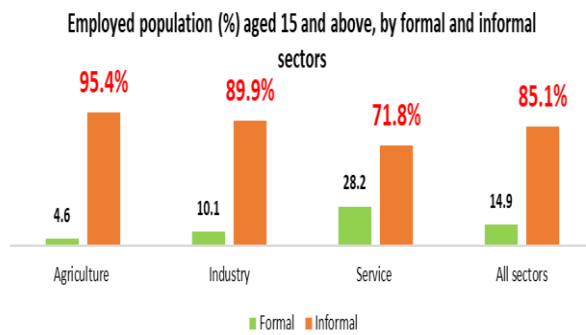
Annex

Annex 1: Labour market challenges in Bangladesh

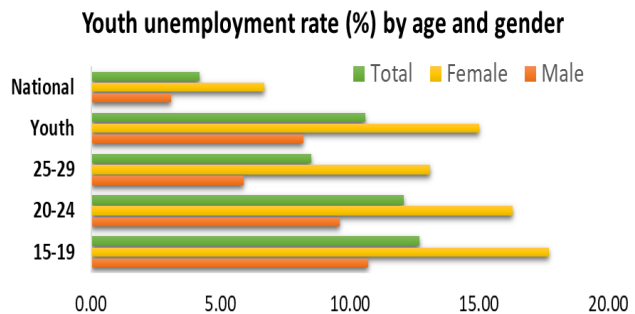
Low participation of women in the labour market



Overwhelming dependence on the informal sector for employment



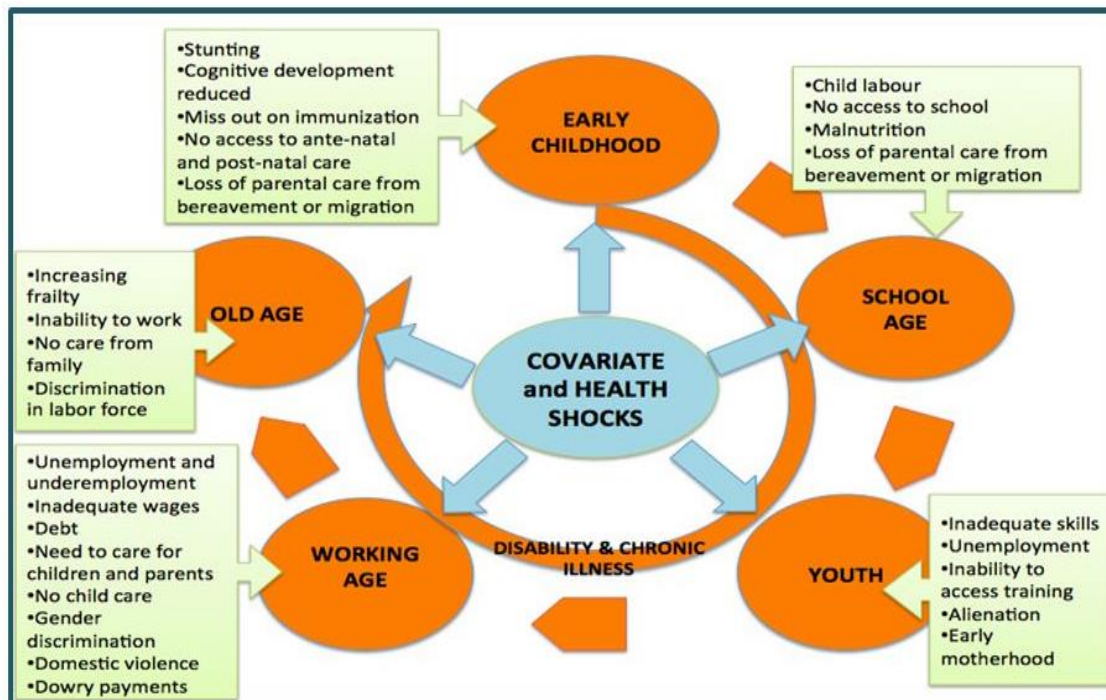
Very high and persistent unemployment among youth



Virtually non-existent unemployment protection measures for the working-age population

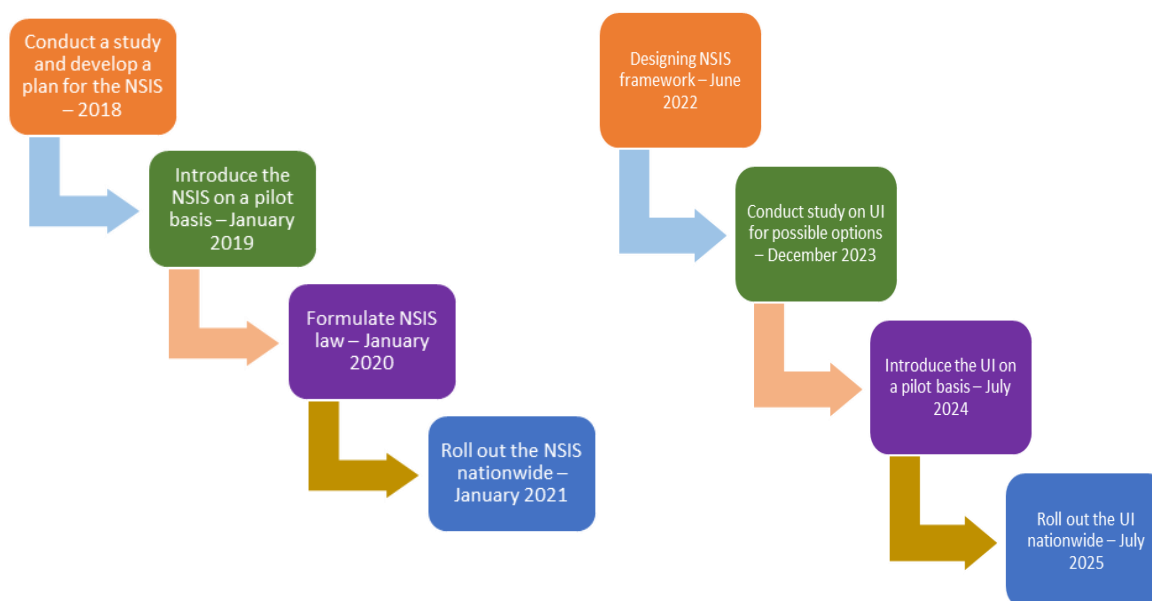
Source: Authors' presentation.

Risks and vulnerabilities faced by people across their lives



Source: GED and Planning Commission (2015).

Annex 3: Initial and revised implementation plan of the NSIS



Source: Cabinet Division and GED (2018).

Annex 4: The social insurance principle – a fundamental basis for different insurance branches

Branch of social insurance	No. of countries having insurance benefits	Based on social insurance principle only
Maternity	143 out of 195	137 countries
Sickness	109 out of 184	94 countries
Employment injury protection	129 out of 186	109 countries
Unemployment	96 out of 199	85 countries

Source: Authors' presentation based on ILO (2021a).

Annex 5: Cross-country comparative assessment criteria

Assessment criteria	Parameters
Target sectors	Formal sectors, informal sectors, or both
Coverage	at least 50% of employees or at least 85% of all employees including public employees and apprentices
Contribution rates	Bipartite (employer and employee) or tripartite (employer, employee, and government)
Quantum of benefits	45% of the previous earnings or 50% of the previous earnings
Duration of benefits	13 weeks within a period of 12 months or 26 weeks within a period of 24 months
Exclusion criteria	Self-employed workers, working employed in the informal sectors etc.
Legal framework	Social insurance act, labour act
Institutional capacity	Digitised workers' database, Workers' registry system, provision of active labour market policies (ALMPs), grievance redressal system (GRS), etc.

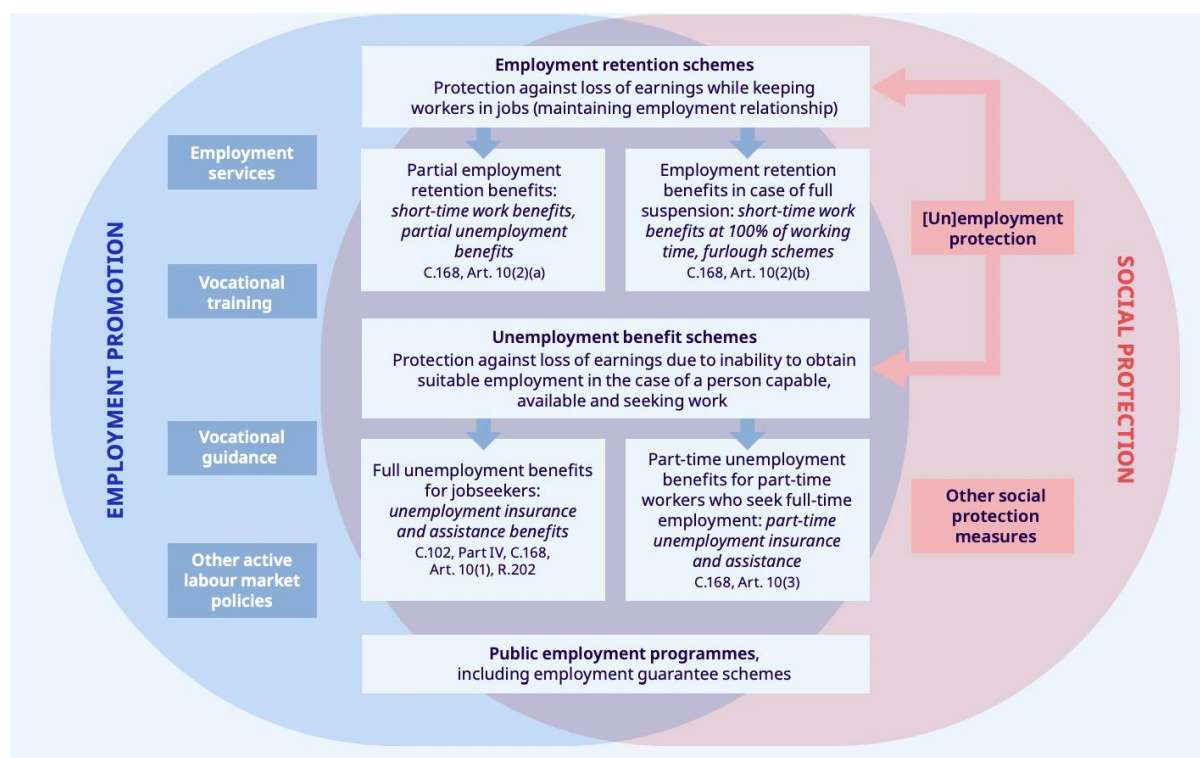
Source: Authors' presentation.

Annex 6: A summary of major ILO Conventions and Recommendations associated with social insurance

Social insurance and its branches	Relevant ILO Conventions and Recommendations
Social insurance	ILO Social Security (Minimum Standards) Convention, 1952 (No. 102)
Sickness	Medical Care and Sickness Benefits Convention, 1969 (No. 130)
	Medical Care and Sickness Benefits Recommendation, 1969 (No. 134)
Maternity	Maternity Protection Convention, 2000 (No. 183)
	Maternity Protection Recommendation, 2000 (No. 191)
Employment injury	Employment Injury Benefits Convention, 1964 (No. 121)
	Employment Injury Benefits Recommendation, 1964 (No. 121)
Unemployment	Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168)
	Employment Promotion and Protection against Unemployment Recommendation, 1988 (No. 176)
Social Protection Floor	Social Protection Floors Recommendation, 2012 (No. 202)

Source: Authors' presentation.

Annex 7: Unemployment protection strengthens a strong linkage between social protection and employment



Source: ILO (2021a).

Annex 8: Assumption considered for counting the estimated number of beneficiaries in the draft framework

- Annual growth rate of total employed persons has been 5% over the last 3 years (i.e., 2016–2018). Hence, the annual average growth of employed person was 1.55%.
- The ratio of formal to informal to formal sector employment will remain same as 14:86.
- The gender ratio for the whole population is 1.01.
- Gender ratio for the employed population is 2.26.
- Fertility ratio will remain constant at 2.05%.
- Labour force as a percentage of the total population will remain constant at 39%.
- The average annual growth of the unemployment rate (as a % of labour force) is assumed as 4.17%.
- The count of unemployed people in the formal and informal sector are distributed in the same ratio as the total employment in the formal and informal sectors respectively.

Source: Cabinet Division and GED (2020).

Annex 9: Assumptions considered for financial cost estimation in the existing NSIS framework

Indicators	Amount
Inflation rate	5.5%
Even though an employee works for 6 days in a week, the framework assumes an employee's total working days in a month	30 days
The ratio of formal to informal employment	14:86
Gender ratio (i.e., male: female)	101:100
Annual growth rate of total employed persons	4.647% over the last 3 years
No external shocks during the implementation of the NSIS	N/A
Fertility rate	2.05%
Labour force as a percentage of the total population	39%
Average unemployment rate	4.17%
Unemployment rate for both formal and informal sector remains the same	N/A
Self-employed individual	44.3% of total employed

Source and note: Cabinet Division and GED (2020). N/A – Not available.

Annex 10: A summary of major (micro-) health insurance schemes in Bangladesh

Groups	Scheme name	Target population and coverage	Salient features
Informal	Urban Poor Insurance Plan (BRAC and concern worldwide)	<ul style="list-style-type: none"> Target population: Urban poor Current beneficiaries: 4,000 households Current geographical coverage: Dhaka 	<ul style="list-style-type: none"> Premium: BDT 1,100 per household (initially shared by both donor and household; phasing out of donor parts gradually) Types of services covered: Life benefits, hospitalisation, OPD and maternity benefits Annual benefit limit per household: BDT 20,000 Nature of benefit: Cashless Provider: Empaneled hospital Insurance company: Pragati Life Insurance Co. Ltd Enrolment: Voluntary
	Nirapotta by SAJIDA Foundation (International Labour Organization Impact Insurance 2015; SAJIDA Foundation, 2019)	<ul style="list-style-type: none"> Target population: SAJIDA's microcredit members Current beneficiaries: 315,663 member households Current geographical coverage: Keranigonj (Dhaka), Narayanganj and some other areas 	<ul style="list-style-type: none"> Health insurance policy must be purchased by all SAJIDA foundation's microcredit borrowers. Annual premium per household: BDT 150 to BDT 450 (varies based on the term of the loan) Types of services covered: Health (OPD and IPD) Annual benefit ceiling for healthcare per household: BDT 6,000 Life benefit ceiling: BDT 4,000 (per policy holder or spouse) Nature of benefit: both cashless and reimbursement Service provider: SAJIDA Foundation and other providers Insurance company: SAJIDA Foundation Enrolment: Mandatory

Semi-formal	RMG workers' insurance scheme (by SNV Netherlands)	<ul style="list-style-type: none"> • Target population: RMG workers • Current beneficiaries: 20,000 workers (out of 4 million) 	<ul style="list-style-type: none"> • Annual premium per worker: BDT 575 • Premium contributor: SNV (65%), factory owner and/or insured worker (35%) • Annual benefit coverage per worker: BDT 15,000 • Types of services covered: IPD and OPD • Insurance company: Pragati Life Insurance Co. Ltd and Alpha Islami Life Insurance Co. Ltd • Service providers: Selected hospitals • Nature of benefits: Cashless • Enrolment: Group health insurance
	Leather good and footwear manufacturing workers' scheme	<ul style="list-style-type: none"> • Target population: Leather goods and footwear workers • Current beneficiaries: 26,000 workers (out of 40,000) 	<ul style="list-style-type: none"> • Annual premium per worker: BDT 750 • Annual benefit coverage: BDT 125,000 for disability; BDT 100,000 for life; and BDT 20,000 for IPD and up to BDT 7,500 for maternity services • Insurance company: Guardian Life Insurance Ltd • Enrolment: Group Health Insurance
Formal	Corporate (e.g., Group health insurance scheme for icddr,b/ BRAC/Grameenphone employees, University of Dhaka faculties etc.)	<ul style="list-style-type: none"> • Target population: Formal sector employees • Current coverage: 500,000 (out of 6 million) 	<p>BRAC (BRAC introduces health insurance scheme for its staff nationwide)</p> <ul style="list-style-type: none"> • Annual coverage per family: Up to BDT 100,000 • Annual premium per family: BDT 150 • Premium contributor: BRAC (100%) • Types of services covered: IPD • Insurance company: Guardian Life Insurance Ltd • Nature of benefit: Cashless • Enrolment: Group health insurance <p>Grameenphone</p> <ul style="list-style-type: none"> • Annual coverage per beneficiary: Up to BDT 510,000 • Annual premium per family: BDT 150 • Premium contributor: Grameenphone (100%) • Types of services covered: IPD, OPD, Maternity services and life • Insurance company: Pragati Life Insurance Co. Ltd • Nature of benefit: Cashless • Enrolment: Group health insurance

Source: Authors' presentation based on Hamid et al. (2017) and Hamid (2019).

Annex 11: Swapno Shiri Micro-health insurance model

Swapno Shiri Micro Insurance		
<ul style="list-style-type: none"> • Hospitalized due to accident or sickness • Services such as ICU, CCU, post-operative, blood circulation • Intensive care facilities • Oxygen therapy • Efficient nursing services • Ambulance services • Dressing services • Check-ups-up by doctors and medicines 		
Policies	Swapno Surokkha Policies	Swapno Sathi Policies
Coverage	Hospicash: <ul style="list-style-type: none"> • Death due to accident: TK 1,00,000 • Hospital coverage: TK 20,000 (maximum) • 4 days/nights (Each time): TK 1,000 (maximum) • Outdoor coverage: TK 3,000 (year) 	Hospitalization Indemnity coverage: <ul style="list-style-type: none"> • Death due to the accident: TK 1,00,000 • Hospital coverage: TK 20,000 • Outdoor coverage: TK 5000
Premium	Personal: TK 33/per person (month) 4 persons in a family: TK 46.20 (month)	Personal: 63.25/per person (month) 4 persons in a family: TK 82.22 (month)
Conditions	<ol style="list-style-type: none"> 1. Benefits under Hospital Cash Cover will be applicable from 21 days after the first policy 2. The facility will be applicable subject to 24 hours hospitalisation. 	<ol style="list-style-type: none"> 1. Benefits under Hospitalization will be applicable from 21 days after the first policy 2. Existing illnesses will be excluded for the 1st year 3. The facility will be applicable subject to 24 hours hospitalisation.

Source: Authors' compilation.



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Social Security Policy Support (SSPS) Programme
Cabinet Division, and
General Economics Division (GED) of Bangladesh Planning Commission
Government of the People's Republic of Bangladesh

