

**Minutes of the 3rd Meeting of the Local Consultative Group (LCG) Working Group (WG) on
Governance and Social Protection**

Venue:	Conference Room of the Cabinet Division (CD)
Date and Time:	25 May 2023; 10.00 am to 12.00 pm
Chairperson:	Md. Mahmudul Hossain Khan Secretary, Coordination and Reforms Cabinet Division
Co-Chair	Maurizio Cian, Minister Counsellor & Head of Cooperation European Union (EU)

Participants: Appendix- A

1. The Chairperson, Honorable Secretary, Md. Mahmudul Hossain Khan, commenced the meeting by extending a warm welcome to the esteemed participants representing relevant ministries/divisions and Development Partners (DPs). The Chairperson expressed delight in hosting this gathering, which marked the third meeting of the group. The Chairperson, although new to the position, conveyed enthusiasm for participating in this collaborative forum dedicated to achieving common objectives. A special acknowledgment was given to Mr. Maurizio Cian, the Co-chair of the WG and Head of Cooperation from the EU, extending a warm welcome to him. To promote active engagement and fruitful discussions, the Chairperson requested each participant to provide a brief introduction, enabling a better understanding among the attendees and fostering a deeper sense of engagement.
2. After the short round of self-introduction, the Chairperson invited Mr. Maurizio Cian, the Co-chair of the meeting, to deliver a concise opening speech. Mr. Cian, in his opening remarks, extended a warm welcome to all participants and acknowledged the wide-ranging scope of Social Protection (SP). He emphasized that the Government of Bangladesh (GoB) has embraced a comprehensive lifecycle approach to SP, which holds the potential to benefit citizens across multiple areas. Recognizing the numerous initiatives involving both the GoB and the DPs, Mr. Cian stressed the importance of coordination and information exchange. He highlighted that the LCG WG serves as a platform for facilitating such exchanges and coordinating these initiatives.
3. Following the opening speech of Mr. Cian, the Chairperson proceeded by requesting Mr. Khaled Hasan, Joint Secretary of the Cabinet Division, to present the proposed agenda and its corresponding items. Mr. Hasan was asked to provide a comprehensive overview of the agenda items for discussion, guiding the participants through the planned activities of the meeting.
4. In response to the Chair's directives, Mr. Hasan proceeded to present the agenda points for discussion. With the Chair's permission, he commenced with agenda points 2 and 3, focusing on the topics: (i) the National Social Insurance Scheme (NSIS) as embedded in the National Social Security Strategy (NSSS) and its Action Plans, and (ii) Progress on the enactment and institutionalization of private pensions.
5. Mr. Hasan delivered a comprehensive overview of the agenda points, providing insightful elaboration on the significance of social insurance and private pensions. He emphasized the

importance of these topics and their relevance to the ongoing efforts in the field of social protection. In his presentation, he emphasized that social insurance holds a central position within the NSSS framework, encompassing five broader components: social allowance, food security, social insurance, labor and livelihood interventions, and human development.

6. Mr. Hasan highlighted that the country has made significant progress in the development of social allowance and food security programs. Similarly, various initiatives have been implemented to address the thematic areas of labor and livelihood interventions, and human development and social empowerment. However, he pointed out that social insurance requires substantial attention and action. Mr. Hasan further clarified that social insurance falls under the protective function of social protection and should be self-sustaining, with contributions being made by the beneficiaries.
7. Mr. Hasan acknowledged that social insurance is a relatively new and less familiar concept in Bangladesh, requiring efforts to increase its popularity among the masses and raise stakeholders' awareness. He proceeded to outline the key features of the NSIS, emphasizing the need for a trust fund and a statutory body to govern the social insurance system. He also highlighted the importance of designing, piloting, and gradually scaling up social insurance schemes.
8. Regarding private voluntary pensions, it was stated that significant progress had been made with the passing of the Universal Pension Management Bill-2023 on January 24, 2023. To effectively implement the law, the GoB needs to develop rules outlining the modalities for implementing the voluntary pension system. The process of establishing a National Authority, led by the Honourable Finance Minister, is also underway, with responsibilities for fund management.
9. In addition, Mr. Hasan raised the question of whether the same legal authority responsible for private pensions can also handle social insurance. Initially, the suggestion was to assign this responsibility to the Insurance Development and Regulatory Authority (IDRA). However, it was later concluded that a dedicated authority is needed. With the enactment of the private pension bill, the idea emerged of potentially entrusting the pension authority with the management of social insurance as well.
10. Mr. Hasan also provided updates on the NSIS, mentioning that a comprehensive framework study has been completed. The GoB is now preparing for a review session to finalize a social insurance model. In this regard, the Finance Division (FD) leads the social insurance cluster, with the Financial Institutions Division (FID) taking the lead on strategy, and the Ministry of Labor and Employment (MoLE) focusing on creating a model specifically tailored to formal sector workers.
11. Mr. Hasan acknowledged the importance of addressing and minimizing existing gaps, expressing gratitude for the consensus among participants to work together. He suggested that all DPs can provide support and emphasized the need to finalize a strategy that consolidates this collaborative approach. Multiple DPs can contribute by supporting initiatives, raising awareness among relevant stakeholders, and providing combined inputs and recommendations for the future NSSS beyond 2026.
12. Dr. Nahid Hossain, Joint Secretary, FID noted that the accounting system for insurance and funds management differs significantly, requiring the GoB's focus on these aspects. He emphasized the need for flexibility in managing reinsurance, especially when dealing with premiums from global companies that may exceed domestic insurance capacity. From the perspective of the FID, they primarily operate on the supply side. This means that any individual or entity can demand various types of insurance, and the companies affiliated with GoB corporations can design programs based on those demands. Additionally, it was mentioned that the Ministry of Expatriates' Welfare and Overseas Employment has already introduced their insurance products.

13. The ILO representative, Gunjan Dallakoti, informed about the collaboration between the ILO, GIZ, and MoLE with support from the Netherlands Embassy in Bangladesh. They successfully concluded the first round of the Employment Injury Insurance Scheme program, drawing insights from global practices and governance models. The first benefit rollout is scheduled for June 1, 2023. They are also conducting a pre-feasibility study for unemployment insurance. The ILO Convention 102 covers various areas of social insurance, including maternity, child and family protection, sickness, unemployment, injury, disability, survivor benefits, and old age insurance. The ILO is specifically focusing on the injury and unemployment insurance scheme and is ready to provide technical support in the additional areas of attention in the NSIS, contributing global practices and facilitating discussions.
14. The UNDP representative, Mr. Aminul Arifeen, mentioned the private pension initiative, which began in 2016 with key Line Ministries studying India's system. The comprehensive study was entrusted to the Social Security Policy Support (SSPS) program of the Cabinet Division and the General Economics Division (GED) implemented by UNDP and funded by DFAT and DFID. Its findings were endorsed by the Cabinet Division and forwarded to relevant ministries. Mr. Arifeen highlighted significant progress in implementing the private pension system, with DPs actively involved, especially during the COVID-19 pandemic. Addressing concerns about deposited money returns, Mr. Arifeen emphasized the need for a robust awareness campaign.
15. Mr. Arifeen stressed extending social insurance to expatriate labor and piloting initiatives for informal sector workers, as around 90% of the workforce operates informally. He mentioned that the enactment of private pension coverage for both formal and informal sectors is expected in 2025. Regarding the future NSSS, Mr. Arifeen stated that preparations would start after the mid-term review in the next year. He emphasized the importance of dialogues in 2025 to develop a new strategy. Mr. Arifeen also mentioned the banking sector's interest in bank insurance, emphasizing the significance of the FID perspective. Dr. Nahid Hossain, Joint Secretary, FID mentioned that FID is in the final stages of the bank insurance approval. Although they initially aimed to launch it on March 1st, there have been some delays. However, they are scheduled to have the final meeting by the end of this month, and anticipate that bank insurance will be officially launched by July. It's important to note that the banks themselves will not directly engage in insurance activities. Instead, they will serve as agents for the bank insurance services.
16. Mr. Forhad Siddique, Joint Secretary of GED mentioned that the NSSS was developed by GED in collaboration with the Cabinet Division. The 8th 5-year plan places a strong emphasis on social protection, specifically highlighting the importance of social insurance interventions. The plan acknowledges the need for action in social assistance and social insurance, and proposes a range of initiatives targeting different age groups. To facilitate collaboration, the LCG WG serves as a platform, bringing together initiatives supported by the DPs and those initiated by the government. The establishment of a formal social insurance system is seen as a positive step forward for the country. In order to drive progress, it is important to have a dedicated champion who can coordinate and advocate for the cause. While the platform allows for information sharing, designating a responsible organization to take the lead can ensure more tangible results. Continued momentum and effective collaboration among stakeholders are essential to advancing this agenda and achieving the desired outcomes.
17. Mr. Asad, Assistant Resident Representative of UNDP, congratulated the GoB on the successful enactment of the Private Pension Act, which represents a significant milestone in the social insurance framework. He also acknowledged the contributions of UNDP, with support from DFAT under the SSPS project, in conducting a study for the CD and the GED to facilitate the design of an appropriate social insurance model. It was noted that the acceptance of insurance among the

general population in Bangladesh is still limited due to lack of knowledge and understanding. Therefore, there is a critical need to raise awareness, as highlighted by Mr. Khaled during his presentation. With regards to social insurance, it is important to recognize the differences between urban and rural contexts. Urban areas have distinct poverty dynamics and face climate-related challenges that drive migration. Mr. Asad also highlighted the contribution of UNDP in strengthening the Grievance Redress System (GRS) and the establishment of the 333 helpline. These initiatives have played a crucial role in improving access to support services and providing protective support to beneficiaries.

18. The ILO representative informed the meeting about the Assessment-based National Dialogue, a global process initiated by the ILO. This process utilizes methodologies, tools, and processes to assess existing practices in social protection and ensures the active participation of workers, the private sector, and all segments of society. He mentioned that discussions had taken place between the ILO, UNDP, UNICEF, and other agencies to explore the possibility of applying this assessment process for social insurance as well. He highly recommended that the GoB initiate the Assessment-based National Dialogue for social insurance. He assured that the ILO is fully prepared to provide the required technical support to facilitate the Assessment-based National Dialogue.
19. The representative from the Ministry of Disaster Management and Relief (MoDMR), Dr. Kisinger Chakma, informed the meeting about the Ministry's plan to develop a Disaster Risk Financing strategy within the framework of the International Monetary Fund (IMF) requirements. As part of this strategy, they are considering the inclusion of social insurance issues. Acknowledging the prevailing misconceptions about social insurance among the general population, he proposed the implementation of the "triple A" strategy. This strategy emphasizes the importance of raising awareness, enhancing accessibility, and ensuring accountability in order to effectively address these misconceptions.
20. The Co-Chair, Mr. Maurizio Cian commented that social protection in Bangladesh is implemented with a lifecycle approach, focusing on different stages of life. Within the working age stage, protection can take various forms. Traditionally, families provide support in times of need, but this approach has limitations, leading the government to intervene and provide social protection in the form of assistance. Additionally, there are insurance options, both public and private. The GoB needs to make political decisions regarding the type of mechanism they wish to implement for providing protection to the working-age population in the formal sector, whether it be social assistance or social insurance, private or public. Considering the current situation where approximately 90% of workers are in the informal sector, opting for a private social insurance would cover a limited number of people - about 10% of the population with a formal employment. Maternity benefits at the moment are totally on the employers' shoulders and it would be interesting to know from the DPs how the injury scheme will be scaled up. Since the discussion is on workers, particularly formal workers, and the mechanisms that can be deployed to protect them, MoLE is at the forefront. One crucial aspect to consider is the existence of a robust database. Without a strong database, any measures put in place will be ineffective as they won't reach the intended beneficiaries. Therefore, it is essential to prioritize the development and maintenance of a comprehensive database that accurately captures information about formal workers.
21. Mr. Khaled Hasan, Joint Secretary, Cabinet Division in response to the comments of Mr. Cian acknowledged that the idea of initially confining the NSIS coverage to the formal sector workers is a debated issue. While the NSSS initially focuses on formal sector workers, there is a discussion on how to include workers in the informal sector, which represents a substantial portion of the workforce in Bangladesh. He added that after successfully implementing social insurance for the formal sector, coverage can be extended to the informal sector as well.

22. Regarding the social insurance model to be adopted in the country, Mr. Hasan added that there are two broader models - the Beveridge model and the Bismarck model. The Beveridge model involves social insurance being entirely controlled by the government, without private sector involvement. Conversely, the Bismarck model allows for private insurance investment. Based on some studies conducted in Bangladesh, it is suggested that the Bismarck model is more appropriate. However, the current NSSS is formulated based on the Beveridge model. Ongoing discussions may explore the possibility of a hybrid model that combines elements of both approaches. Currently, key aspects that require attention include whether to implement social insurance, determining the implementing authority, and identifying the leading entity for this initiative. While ILO Convention 102 mentions 13 branches, this convention has not been ratified yet. However, the NSSS has proposed 4 components initially, and the GoB will focus on those or even on a smaller number.
23. MoLE representative, Mr. Kader, Deputy Secretary shared the initiatives being undertaken for social protection of workers in both the formal and informal sectors. He mentioned the existence of a Welfare Fund contributed by owners of factories and establishments (excluding the Ready-Made Garments – RMG- sector) and a Central Fund contributed by the RMG sector. These funds provide assistance to workers, and applications are reviewed and approved by a scrutiny committee. Disbursements are made every three quarters to eligible applicants. He also highlighted the launch of the Employment Injury Scheme with the support of ILO and GIZ. This scheme provides pensions to the applicant or to her/his family members in the event of death or permanent disability of a worker. The establishment of a tripartite body involving workers, employers, and the government played a significant role in reaching agreements and eligible applicants will receive the payments starting from June 2023. A sub-committee has been formed, and a bank account has been opened to facilitate the process. Additionally, the representative mentioned the provision of group insurance when there are 50 workers in an organization or factory. While this initiative has made progress, there have been challenges related to trust issues and the movement of workers between different factories. The Department of Labour (DoL) and Department of Department of Inspection for Factories and Establishments (DIFE) officials are actively engaged in grassroots-level discussions and tripartite social dialogues to address disagreements and ensure the acceptance of social protection measures by workers and employers.
24. Ms. Iole Valentina Lucchese, European Union. said that the GoB is at the moment discussing the social insurance models to implement. The EUD has appreciated the frank discussion and is recommending to look into those initiatives already in place like the Employment Injury Scheme and to those DPs who have the technical background in social insurance, specifically ILO and GIZ. The DPs main concern is the fragmentation of initiatives. For example, it is known that there is a maternity benefit pilot under the Ministry of Health and Family Welfare. All these initiatives shall be included under one umbrella within one legal framework driven by the GoB vision. Please open the dialogue to other DPs who can bring the knowledge and experience of the global practice on the table.
25. Ms. Silvia Popp, GIZ, shared that GIZ has been extensively working with the Center for Policy Dialogue (CPD) on social insurance and they own deep knowledge of the Bangladesh context, including the economic landscape, trade dynamics, and employer perspectives. GIZ offered to engage CPD to provide technical support and facilitate inputs in the social insurance cluster for the ongoing discussions on social insurance. The suggestion to involve CPD in supporting the social insurance agenda from a civil society perspective aims to ensure a more inclusive and

comprehensive dialogue. Mr. Khaled Hasan agreed to utilize the expertise of the organizations like CPD.

26. Mr. Hasan, CD, then moved to the first item in the agenda. Although it was decided in the previous meeting that no specific work plan was required, the recent plenary meeting of the LCG emphasized the need for each LCG working group to develop a work plan and hold their second meeting of the fiscal year. Therefore, it was proposed to change the previous decision and initiate the preparation of a work plan for this LCG WG. The meeting's facilitator suggested sharing a dummy action plan, which can serve as a starting point for discussion and input from the DPs. The plan will be circulated among the DPs, and they will review and provide their inputs within the next 10 days. It was emphasized that the work plan needs to be finalized by June 15, considering the limited time available.
27. Ms. Lucchese, EU, shared that the DPs have been conducting regular coordination meetings, and they have compiled a list of topics that they would like to discuss in the upcoming meetings. The topics include:
- a) Social insurance;
 - b) Sustainable financing of social protection;
 - c) Institutional reforms: Discuss reforms related to the Single Registry, Grievance Redress System (GRS), Monitoring and Evaluation (M&E), and Government-to-Person (G2P) systems.
 - d) Program reforms: Exploring opportunities for reforming existing social protection programs to enhance their effectiveness and impact.
 - e) Investment in early years;
 - f) Strengthening social protection in urban areas;
 - g) Adaptive social protection;
 - h) Active labor market policies: Exploring strategies for promoting employment opportunities, skill development, and income generation through active labor market policies.
28. Mr. Hasan, CD, recommended to the Chair to agree with this suggestion and requested to incorporate in the action plan the first 5 or 6 topics. The timeline of the action plan shall be till June 2024. Mr. Hasan also mentioned that the Economic Relations Division (ERD) requires a progress report by the end of the fiscal year (June 2023) and requested the EU to prepare this report.
29. Mr. Cian, EUD, reminded the audience that the main objective of this Working Group, which meets three times a year, is to share information on ongoing and planned activities for better coordination. Therefore, the work plan and progress report should align with this scope of work and shall not be over ambitious. On the private pension, he asked whether any DP is supporting the GoB. UNDP representative replied that they have offered technical assistance on establishing a pension authority, and they have conveyed this message to the Finance Division. As of now, no request of support have been placed to UNDP.
30. GIZ representative, Ms. Promita Sengupta requested clarification on who is responsible to raise awareness among the public and incentivize the public with regards to social insurance. Mr. Khaled Hasan replied that this will be detailed out in the rules. Mr. Cian concluded by summarizing the following information - the Finance Division is taking the lead for private pension; the FID is leading the preparations of the rules, and the UNDP has offered technical assistance in establishing the pension authority.
31. Mr. Md. Mahmudul Hossain Khan, the Chairperson thanked everyone for their participation and for the support in advancing the cause of the LCG and particularly the NSSS. He mentioned that

there are significant progress in the NSSS and with the cooperation and assistance of the DPs, the GoB can make its citizens socially protected and insured. He emphasized the importance of development partners' support and urged all participants to collaborate synergistically in order to successfully implement a meaningful social insurance system in the country.

Decisions/Recommendations

32. After a thorough and detailed discussion, the committee has reached a consensus on the following decisions/recommendations:

- a) The efforts for coordination and information exchange between the GoB and the DPs will be further enhanced to ensure the effective implementation of social protection initiatives.
- b) It is recommended that the Cabinet Division organizes workshops to review the report on the framework study for the NSIS in order to finalize a social insurance model. Additionally, it is recommended to explore the possibility of a hybrid model that combines elements from the Beveridge and Bismarck models.
- c) The DPs are requested to extend their support in terms of raising awareness, and providing inputs and suggestions for the social insurance model to be incorporated in the second phase of the NSSS.
- d) It was recommended that organizations with expertise in social insurance, such as CPD, should be invited to participate in meetings and seminars focused on social insurance and facilitate ongoing discussions within the social insurance cluster.
- e) The relevant ministries, especially MoLE, FID, and FD, will take measures to raise awareness and understanding of social insurance among the general population through robust awareness campaigns.
- f) An Assessment-based National Dialogue for social insurance may be initiated by the GoB with technical support from the ILO.
- g) It was recommended that MoLE would create a comprehensive database to accurately capture information about formal workers for effective social protection measures.
- h) The EU is requested to draft the progress report of the LCG WG by the end of June 2023 and subsequently send it to the Cabinet Division. The Cabinet Division will then review the report and forward it to the ERD.
- i) The Action Plan of the WG will be formulated within 15 June 2023 and specific responsibilities are as follows:
 - o The EU is requested to collaborate with the other representatives of the DPs and develop an action plan for the WG within a timeframe of 10 calendar days.
 - o Upon receiving the draft action plan of the WG from the EU, the Cabinet Division will conduct a comprehensive review and finalize it accordingly. Once the action plan is finalized, it will be forwarded to the LCG Secretariat, which is situated at the ERD.
 - o The finalized action plan will be submitted for retrospective approval during the upcoming LCG WG meeting. In the event that any changes are suggested during the meeting, a revised action plan will be prepared which will then be forwarded to the ERD.

33. As there were no further items on the agenda for discussion, the Chair concluded the meeting by expressing gratitude to all participants.



Maurizio Cian
Minister Counsellor and Head of
Cooperation,
European Union, and Co-chair
LCG Working Group on Governance and
Social Protection



Md. Mahmudul Hossain Khan
Secretary, Coordination and Reforms
Cabinet Division, and
Chair,
LCG Working Group on Governance and
Social Protection