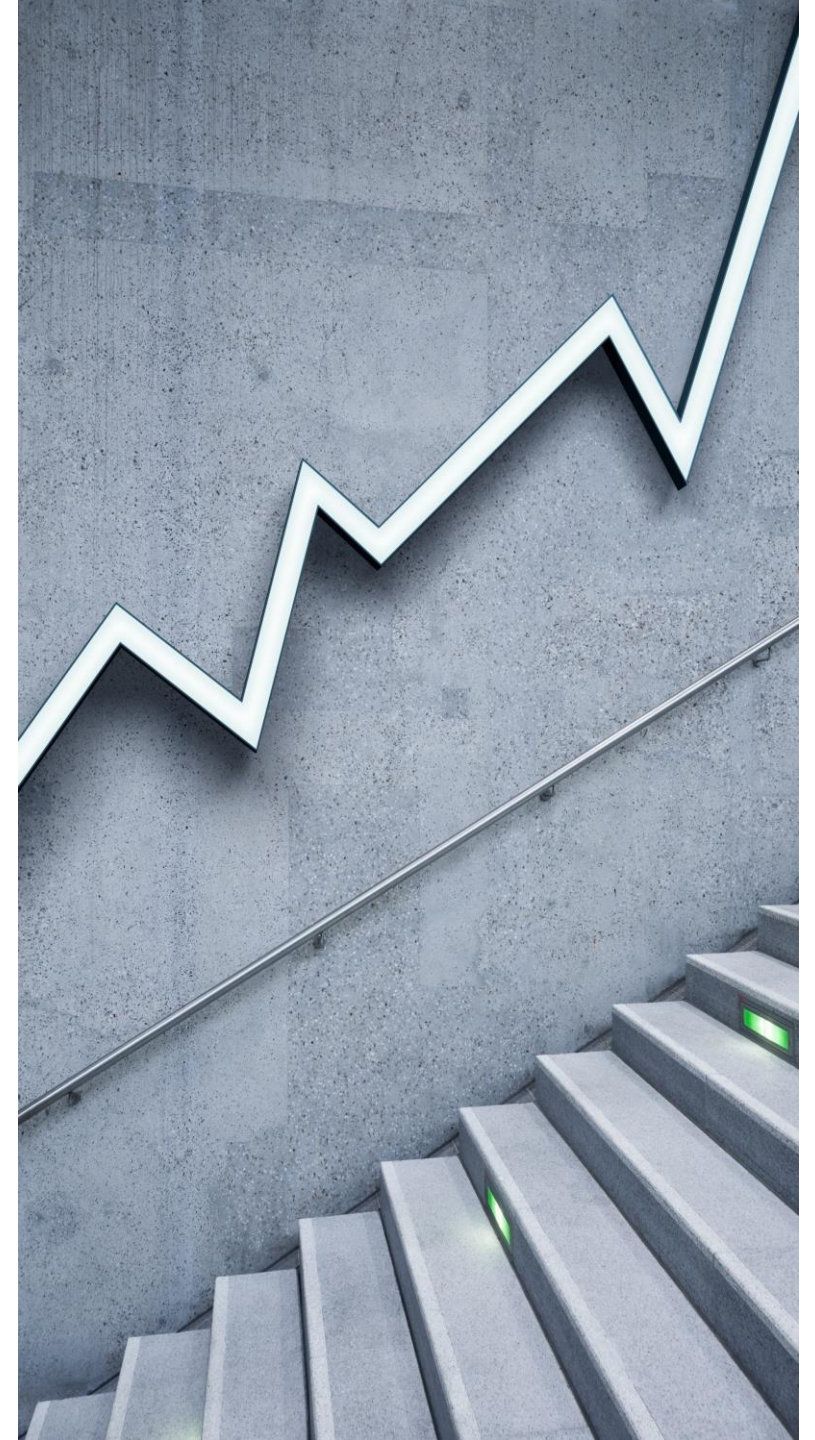


# ***The Employment Injury Scheme (EIS) of Bangladesh An Interim Review***

**Presented by**  
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# STUDY TEAM



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# I. BACKGROUND AND OBJECTIVES



## Employment Injury Scheme (EIS) Overview

- Implementing as part of Bangladesh's National Social Insurance Scheme (NSIS) under NSSS
- Pilot launched June 2022; based on 2019 Berlin Declaration (DGUV)
- Covers 28 lakh workers in export-oriented RMG factories
- Vision: Efficient, no-fault, risk-sharing system aligned with ILO standards

## Mid-Term Evaluation

- Conducted by CPD with GIZ after three years of pilot
- Aims to review achievements, challenges & lessons for scale-up by 2027

## 2. CROSS-COUNTRY EXPERIENCES OF EII



- **Selected 5 countries:** Thailand, Cambodia, Malaysia, India and Philippines
- **Legal Structure:** Selected countries have enacted specific laws or decrees mandating employment injury insurance, with provisions on institutional setup and benefit delivery, ensuring mandatory participation
- **Institutional Framework:** Each country assigns implementation to a centralized institution. Medical and legal appeals are handled by dedicated boards or tribunals
- **Coverage:** Coverage varies in scope, but all schemes apply to formal sector workers. Informal, self-employed, and seasonal workers are included in some but not all systems
- **Eligible Beneficiary:** Ensure benefits for both injured workers and legal dependents in death cases, though the criteria for dependents slightly vary
- **Benefits:** Provide comprehensive benefits including medical care, pensions, funeral grants, and rehabilitation
- **Registration:** Registration of employers and employees is mandatory, mostly digitized, and required early in employment to ensure access to benefits

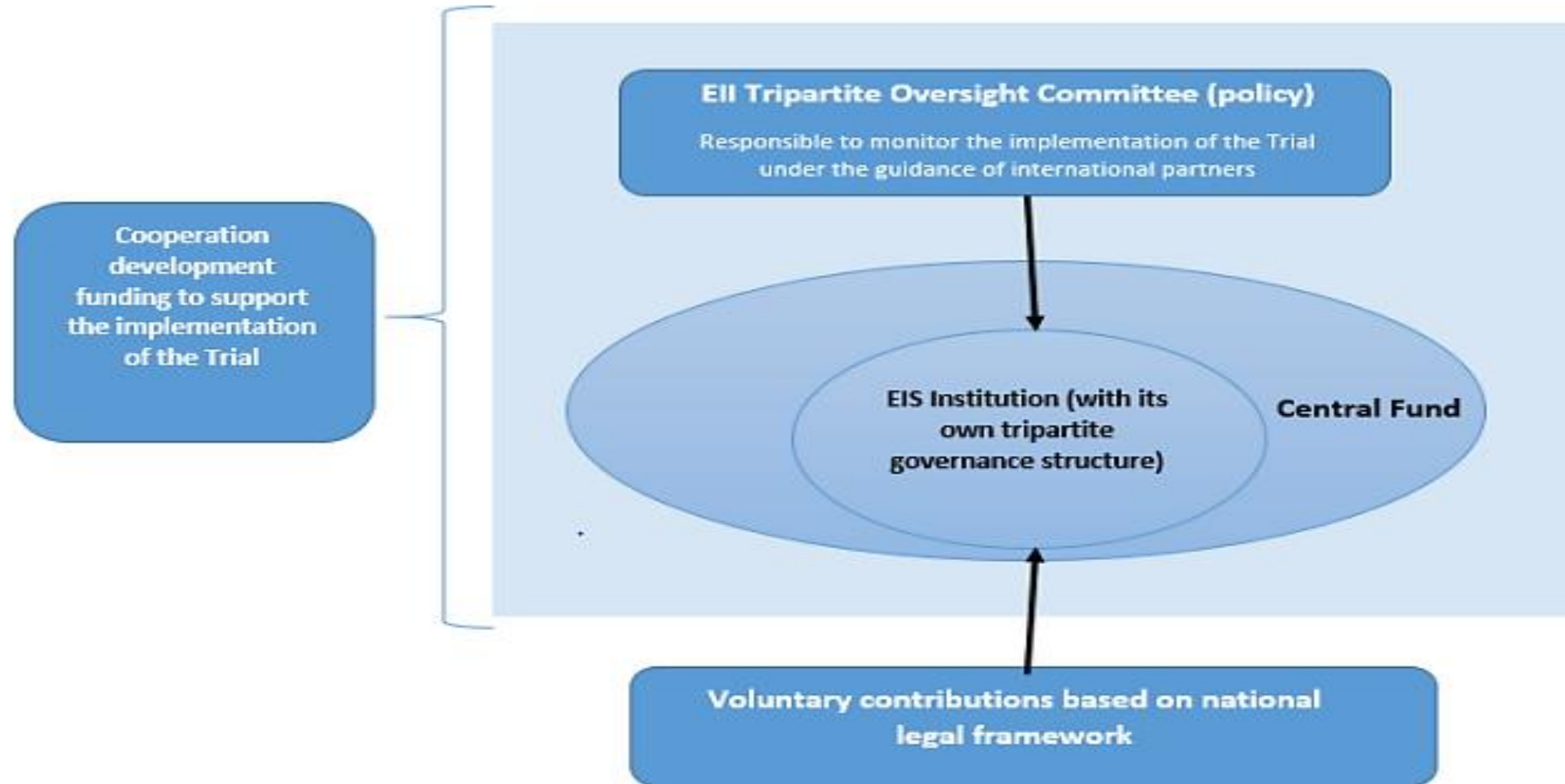
### 3. CROSS-COUNTRY EXPERIENCES OF EII



- **Reporting:** Prompt reporting by employers is mandated, with fixed deadlines ranging from 24 hours to 15 days, depending on country
- **Medical Treatment and Assessment:** Primary care is the employer's responsibility, while final assessment and benefit decisions are handled by certified boards
- **Benefit Payments:** Payments are typically deposited directly into beneficiary bank accounts, ensuring transparency and traceability
- **Funding:** EII schemes are mostly employer-funded, with variable contribution rates depending on wages. Penalties for late payments are common and enforce compliance

## 4. CURRENT STATUS OF THE EIS: **INSTITUTIONS**

### 4.1 Institutional Structure as per Framework





## 4. CURRENT STATUS OF THE EIS: **FINANCING**



### 4.2 Financing & Contribution Mechanism

#### Compensation & Funding

- Central Fund covers long-term compensation for permanent disability and death
- Pilot fund provides top-up pensions aligned with ILO Convention No. 121
- Total cost estimated at 0.15% of wages; USD 8.99 million annual benefits; USD 900,000 institutional cost

#### Employer Contributions

- Employer contributes to the central fund, not to the EIS. EIS funding is provided by the brands
- Financial transparency through cost data collection aims to build employer acceptance for future national funding
- Currently, brands voluntarily fund all Pilot benefits

#### Brand Contributions

- Started with 7 brands; now more than 80 brands, mostly from the EU
- ILO and GIZ actively engage brands, highlighting ethical responsibility and low cost
- Brands pledge 0.019% of sourcing value; contributions managed by the ILO with independent audits selected by EIS Pilot tripartite body



## 4. CURRENT STATUS OF THE EIS: OPERATION



### 4.3 Operational Mechanisms

#### Scope & Coverage

- Covers export-oriented RMG sector workers for workplace-related accidents (excluding natural disasters)
- Event-driven scheme with no prior registration needed
- Both permanent and temporary workers eligible for permanent disability benefits
- Survivors/dependents can claim benefits after document verification

#### Limitations & Expansion

- Does not yet fully comply with ILO Convention No. 121; lacks full medical services coverage
- Commuting accidents covered from July 2024, including accidents on travel between home and factory
- On-duty road traffic accidents included

#### Challenges

- Eligibility disputes when workers take alternate routes during disruptions
- Some factory owners are reluctant to accept responsibility for commuting RTAs
- Natural deaths at work (e.g., heart attacks) are excluded despite possible workplace contribution
- Case study highlighted the need for better coverage of sudden health events and improved leave policies

## 4. CURRENT STATUS OF THE EIS: **REPORTING**



### 4.4 Reporting Mechanisms & Claims Processing

#### EIS Reporting Requirements

- Worker/dependents apply via factory (covers Central Fund & EIS)
- Form on Central Fund website; documents: NID, certificates, bank details, etc.
- Factory → BGMEA/BKMEA → Central Fund → EIS PSU (verification & MIS entry)
- Sub-Committee approves; SMS sent; payment to bank account
- Rejected cases sent to EIS Governing Body

#### Duration & Efficiency

- Avg. 30 days with correct documents
- Up to 60 days if further verification needed
- Delays often at factory/association level

#### Reporting via LIMA

- Factories report accidents digitally through DIFE's LIMA system
- Tutorials for registration and reporting are on the EIS website

#### Assurances & Incentives

- Brands assure owners reporting won't harm business
- Non-reporting owners bear costs; Central Fund may deduct from exports

## 4. CURRENT STATUS OF THE EIS: **REPORTING**



### **Challenges in Reporting**

- Owners often suppress reporting to protect their reputation, using threats, cash offers, or ID seizure.
- Accidents are sometimes misclassified as commuting incidents, while victims fear job loss if they report.
- Resistance from factories and workers hinders verification, leading to widespread underreporting.

### **DIFE**

- Often misses commuting/workplace accident reports
- Third-party audits & complaint boxes suggested for transparency

### **Claims Challenges**

- Delays from factories/associations compiling cases
- Difficulties collecting documents (e.g., inheritance)
- Legal issues: minors, multiple dependents, negligence

### **Database & Awareness**

- Databases exist but need digitalisation & due diligence
- Low worker/family awareness; factories usually guide process

## 4. CURRENT STATUS OF THE EIS: **TREATMENT & INJURY**



### 4.6 Medical Treatment & Injury Assessment

#### General Framework & Medical Care

- General Framework & Medical Care
- Employers must provide compensation and medical treatment for work injuries; DIFE doctors assess cases under BLA Schedule I.
- Victims are usually treated in nearby hospitals, with costs mainly covered by factories or EIS.
- Minor expenses may still fall on victims' families.

#### Rehabilitation & Reintegration

- Laws lack formal rehabilitation or return-to-work provisions; some support provided near factories.
- Plans to collaborate with KComwell and local bodies (e.g., BRAC, CRP, CDD) for prosthetics and rehab.

#### Capacity & Assessment

- Only two DIFE doctors are trained; Schedule I is outdated and excludes many injuries (e.g., brain, internal).
- Regional centres and updated guidelines are needed for better assessment and compensation.

#### Occupational Diseases & Awareness

- EIS does not yet cover occupational diseases; BLA Schedule 3 is outdated.
- ILO & GIZ working to update list and train doctors; 100 factory staff trained, NOSHTRI to provide ongoing training.
- Yearly health checks and worker awareness are recommended.

## 4. CURRENT STATUS OF THE EIS: **BENEFIT**



### **EIS Pilot – Benefit Payments Overview**

#### **Existing Benefits:**

- Lump-sum: Tk 2 lakh (death/permanent disability; BLA Sec 215) – below ILO standards; not age/wage/dependent-based.
- Top-up payments added via brand agreements (not mandatory by law).

#### **Monthly Benefits:**

- Death: 40–60% of former wage (based on dependents).
- Disability: Up to 60% of former wage (DIFE assessment).
- Paid if > Tk 1,000; otherwise lump-sum; lifelong/conditional for dependents (e.g., widow, children).

### **EIS Pilot – Benefit Payments Overview**

#### **Payment Procedure:**

- Beneficiaries notified via SMS/call; direct bank transfers; minors' payments via guardians.

#### **Compliance & Challenges:**

- Regular payments but insufficient to cover living and health costs.
- Limited physical/vocational rehabilitation.
- Benefits align with ILO framework but remain inadequate.

## 5. PREPARATION OF FULL-FLEDGED WAGE-BASED EIS



- **Employment Injury Scheme (EIS) Pilot – Key Updates**
- **Timeline & Scope:** 5-year pilot (2022–2027) covering all RMG workers; supported by ILO & GIZ
- **Expansion:**
  - EPZ RMG factories included via BEPZA funding
  - Leather & footwear sectors show interest; funding confirmation pending
  - Future sectors: high-risk industries (steel, transport, construction); informal sector inclusion challenging
- **Governance & Safeguards:** Pilot limit, voluntary brand contributions, brand monitoring, ILO governance
- **Awareness:** 1,100+ factories reached; brochures, posters, theatre, webinars, union leader training
- **Challenges:** Low worker literacy, owners' limited awareness, political uncertainty for national roll-out
- **Legal Framework:** Based on Bangladesh Labour Act (BLA); stakeholders favour amending existing law over creating a new one
- **Goal:** Gradual expansion to a full, wage-based national scheme for all workers post-2027

## 6. CHALLENGES OF THE EIS

Key challenges relate to accident reporting, claims processing, and information collection/verification are –

- Owners are often reluctant to report accidents due to reputational concerns
- Workers fear reporting accidents because of potential job termination
- Underreporting occurs through the LIMA system
- Claims processing is delayed due to underreporting and difficulties in document collection
- Verification of beneficiaries in death cases is problematic
- Communication with beneficiaries is hindered by emotional distress, network issues, language barriers, and health/age factors
- Lack of comprehensive and accurate accident data within factories and Central Fund applications delays case processing
- Accidents often misclassified or underreported, with death certificates frequently missing accurate causes
- Failure to file GD/FIR for accidental deaths impedes proper verification
- Missing or incorrect demographic and ID information complicates validation



## 7. RECOMMENDATIONS & WAY FORWARD



The following recommendations are based on stakeholder input and scheme analysis to aid expansion and nationalisation -

### 7.1 Legal Reforms

- Amend the Bangladesh Labour Act (BLA) to make the EIS mandatory for all businesses
- Customize Chapter XII of BLA to include EIS operations rules aligned with ILO Convention No 121
- Amend Section 80 of BLA for mandatory digital reporting of workplace and commuting accidents
- Introduce penalties for employers who refuse participation or delay contributions, as done in India and the Philippines

## 7. RECOMMENDATIONS & WAY FORWARD

### 7.2 Institutional Reforms

- Upgrade and legally mandate the existing institutional framework for the national scheme
- Ministry of Labour and Employment (MoLE) to serve as the legal guardian for monitoring and policymaking
- Establish the EIS Special Unit (EIS PSU) as the core operational institution under MoLE's supervision
- Set up regional and local offices for easier access and operations nationwide
- Create a centralized digital database accessible by EIS PSU, regional offices, and stakeholders
- Upgrade digital tools like Safety@Work app to support direct incident reporting
- Use the Central Fund for collecting employer contributions; contribution rate to be finalized post-Pilot
- Establish an official Medical Division with trained doctors for diagnosing occupational diseases
- Include rehabilitation and return-to-work facilities, leveraging existing centers and international collaboration
- Adopt multi-disciplinary rehabilitation approaches including occupational therapy, prosthetics, and vocational training

## 7. RECOMMENDATIONS & WAY FORWARD



### 7.3 Operational Mechanisms

- Introduce a mandatory registration process for businesses and workers in the national scheme
- Improve reporting via third-party audits alongside DIFE inspections
- Install secure complaint boxes in factories for confidential worker reports
- Allow flexible investigation policies for commuting accidents
- Provide regular medical checkups for workers in hazardous environments
- Mandate factory-level training with certification on OSH and EIS topics
- Extend benefit coverage to occupational diseases by updating BLA's Schedule 3
- Provide constant attendance allowance for total disablement pensioners requiring assistance

## 7. RECOMMENDATIONS & WAY FORWARD



### 7.4 Expansion of the Pilot

- Continue raising awareness using animated videos and other tools
- Train employers on contribution mechanisms; educate workers on disease symptoms for reporting
- Expand coverage to leather and footwear sectors with technical support for database preparation
- Prioritize inclusion of low-cost industries first, then high-cost sectors for smoother transition
- Increase government proactiveness in nationalizing the scheme and driving legal amendments
- Gradual inclusion of other industries in the national scheme over time

***Thank you***