german cooperation
DEUTSCHE ZUSAMMENARBEIT

Co-funded by the European Union

Implemented by

giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

সেন্টার ফর পলিসি ডায়লগ (সিপিডি)
Centre for Policy Dialogue (CPD)

CPD-GIZ-EU Initiative

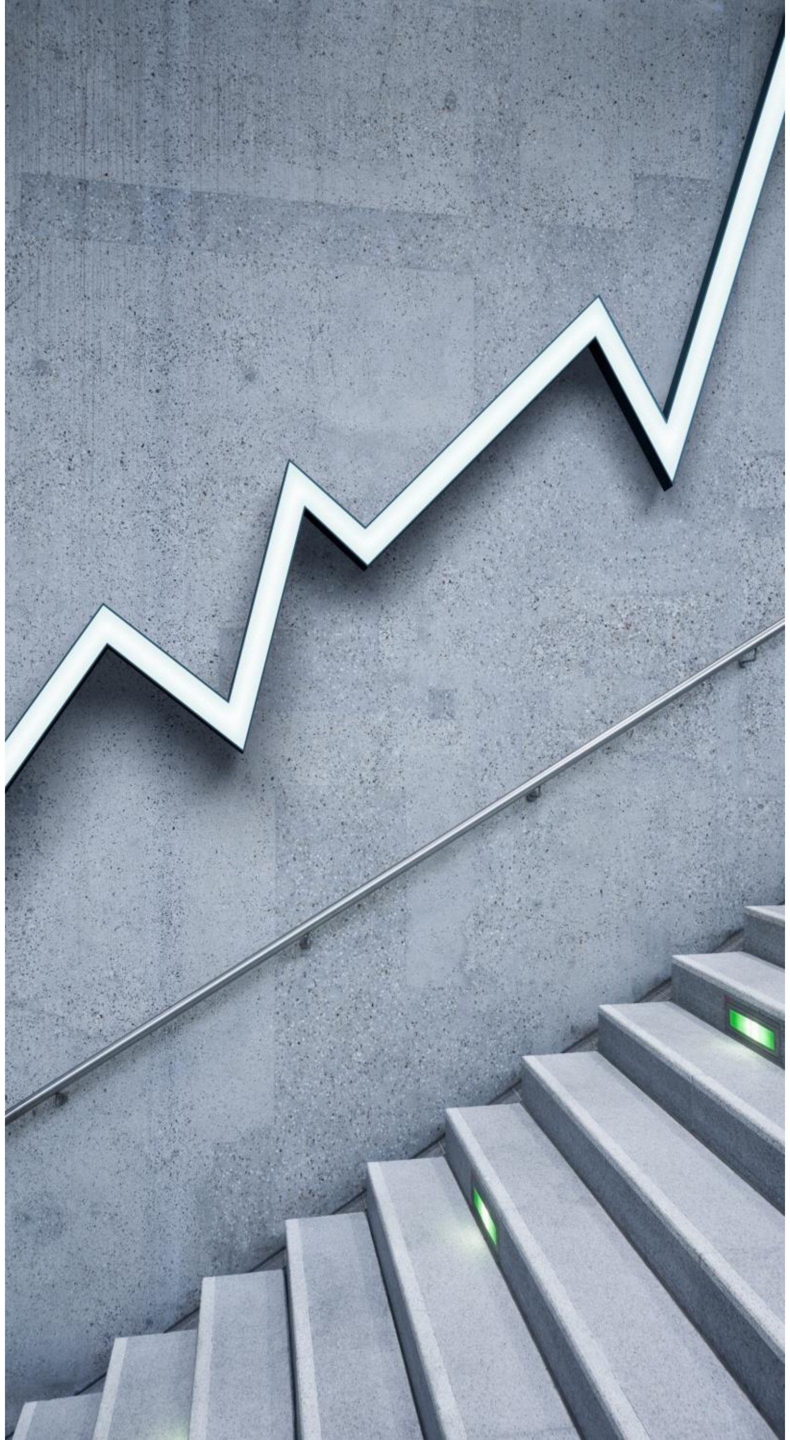
Social Insurance Forum

on

National Social Insurance Scheme (NSIS) and Action Plan

Reform Agenda for the Interim Government

6 November 2024



STUDY TEAM

Dr Khondaker Golam Moazzem
Research Director, CPD

Ms Jebunnesa
Programme Associate, CPD

Mr A S M Shamim Alam Shibly
Senior Research Associate, CPD

CONTENTS

1. INTRODUCTION

1. INTRODUCTION

- The **interim government**, which assumed power in August 2024, is **committed to implementing** significant reforms across economic, social, and other critical areas
  - Developing **a lifecycle-based social security system** to ensure inclusive, broad-based social protection is one **important social agenda** that needs to be addressed by the interim government
- The **foundation** for comprehensive social protection modernization in Bangladesh was laid by the **National Social Security Strategy (NSSS)**, formulated by the previous government in **2015**
- The NSSS identified **five key priorities** for social protection, each to be overseen by following clusters of relevant ministries and institutions:
  a) Social Allowance Cluster
  b) Food Security & Disaster Assistance Cluster
  c) Social Insurance Cluster
  d) Labour & Livelihood Intervention Cluster and
  e) Human Development & Social Empowerment Cluster
- To drive NSSS implementation, two action plans have been introduced:
  a) Action Plan Phase I (2016-2021)
  b) Action Plan Phase II (2021-2026)
- However, progress across these clusters has been **mixed,** and the interim government is expected to **focus on essential reforms** to ensure effective implementation of NSSS by all five clusters

1. INTRODUCTION

- Since 2023, the Centre for Policy Dialogue (CPD), in partnership with GIZ, has been leading a project titled "***Establishing Social Insurance Forum (SIF): A Platform for Discussion on Implementing NSIS***"
- This project aims to **support the implementation** of the National Social Insurance Schemes (NSIS) as outlined in Action Plan Phase II, with a particular focus on the **Social Insurance Cluster**
- Considering the project's objective and the current expectations of reforms to ensure effective implementation of NSSS, today's **Social Insurance Forum** will focus on:
  - Reviewing **institutional progress** in social insurance and recognising entities that have achieved significant advancements
  - Revisit the **implementation gaps** identified through field visits and Key informant Interviews
  - **Identifying priority** reform areas for the interim government, particularly concerning NSIS-related issues
  - Encourage **informed decision-making** of newly appointed focal points of NSIS cluster ministries

2. POLITICAL VIEW OF THE NEW INTERIM GOVERNMENT ON SOCIAL INSURANCE

2. POLITICAL VIEW OF THE NEW INTERIM GOVERNMENT ON SOCIAL INSURANCE

CENTRE FOR POLICY DIALOGUE

"SOON WE WILL VISIT THE MUSEUM TO SEE POVERTY"

—***Dr Muhammad Yunus***

- In his book ***'A World of Three Zeros'***, Dr Yunus advocates for a **"zero poverty"** world, which he believes can be achieved by **creating economic opportunities** that empower individuals
  - He argues that poverty is not only an economic issue but a denial of basic human rights, calling for financial systems that allow everyone fair access to resources
- Rather than relying on **isolated** welfare programs, Dr Yunus emphasises the importance of **integrating** the poor into systems where **their dignity and rights** are upheld, aligning with the objectives of modern social insurance and safety net programs
- The interim government of Bangladesh has already been working on **expanding and solidifying the Universal Pension Scheme (UPS)** to support all demographics
  - The government has planned on **increasing incentives**, such as guaranteed profits for beneficiaries, to build public trust
  - The **Samata scheme**, which targets **low-income citizens**, has become the most popular choice, drawing **78 per cent** of total subscribers
  - The monthly instalment fee under the Samata scheme is Tk 1,000, and half of this fee will be paid from government funds

2. POLITICAL VIEW OF THE NEW INTERIM GOVERNMENT ON SOCIAL INSURANCE

- Already the government has also **proposed a project**, likely backed by the Asian Development Bank, to **improve infrastructure, capacity-building**, training facilities for officials, hiring public relations firms, **establishing a permanent NPA** office, and hiring consultants
  - Further enhancements, including potential **health insurance** and **one-time gratuity**, are under consideration
- In addition, a **joint announcement** was made on September 23 at the Bangladesh Secretariat, involving 18 demands of workers, including representatives from the government, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), and labor unions in the Presence of Honourable Advisory Committee
  - The announcement includes plans to establish a ***contributory provident fund system*** in Bangladesh
  - The system will be **developed through discussions** between workers and employers
  - The initiative will be guided by **best practices** from **other countries** with socio-economic conditions similar to Bangladesh's

3. NSIS ACTION PLAN II (2021-26) UNDER NATIONAL SOCIAL SECURITY STRATEGY (2015)

NSIS ACTION PLAN II (2021-26) UNDER NATIONAL SOCIAL SECURITY STRATEGY (2015)

- As per the NSSS Action Plan Phase II, Social Insurance is usually a **contributory** social security mechanism with participants **paying regular premiums**
  - A programme where **risks** are **transferred** to and **pooled** by a **government** organization
  - Benefits, eligibility requirements, and other aspects of the programme are defined by **law**
  - Explicit provision is made to account for **income and expenses**, often through a **trust fund**
  - Participation is often **compulsory** for the employees; Funded by the contribution of the **beneficiaries** or their **employers** on behalf of them
  - Covers costs related to life-course events, for example, **maternity**, **unemployment**, **workplace accidents**, **old age** or **illness**
- **Distinctive Feature:** As the Action plan defines, the social insurance has **three distinctive features** that set it aside from social allowance, which are –
  - **Contributory**
  - **Trust funds**
  - **Statutory Authority**

Source: NSSS Action Plan (Phase II)

CENTRE FOR POLICY DIALOGUE

Table: Distinct between Social Insurance and Social Safety Net

Issues	Social Insurance	Social Safety Net / Social Assistance
Contributory	Funded by beneficiaries or/and their employers	Funded by government, based on need rather than contributions
Risk-Pooling	Involves pooling risks among contributors to provide financial protection for those facing adverse events (e.g., illness, unemployment)	aims to provide support based on need without a direct relationship to risk-sharing
Benefits	Benefits are based on prior contributions	Lump-sum benefits for all falling under the same group
Target Group	Aimed at all income groups	Aimed at vulnerable and low-income groups
Examples	Pensions, Health insurance, Employment Injury insurance	Cash transfers, food aid, Old-age/widow allowance

Source: Adapted from World Bank. (2017)

NSIS ACTION PLAN II (2021-26) UNDER NATIONAL SOCIAL SECURITY STRATEGY (2015)

CENTRE FOR POLICY DIALOGUE

- **Vision:** The vision of this cluster is to **implement a suitable social insurance system** in the country
- **Mission:** The mission of the cluster is to design and pilot social insurance and private pension system for the country and gradually roll these out nationwide ***starting from the formal sector workers in the urban areas, and then extending it to informal sectors*** and the country's entire population.
- **Objective:** The objective of the cluster is to ***develop organizational capacity and formulate necessary legal instruments*** for the introduction of social insurance and social pension.
- **Focus Area:** It primarily focuses on insurance against ***unemployment, accidental injury or death, disability, and maternity risks and sickness*** (Page508, NSSS Action Plan Phase II)
- The ***NSIS cluster*** dictates actions for the cluster ministries to implement Social Insurance. Those ministries are as follows

Sl.	Ministry / Division
1.	Finance Division (**Coordinator**)
2.	Financial Institutions Division
3.	Health Services Division (HSD)
4.	Medical Education and Family Welfare Division
5.	Ministry of Labour and Employment
6.	Ministry of Social Welfare
7.	Ministry of Expatriates' Welfare and Overseas Employment
8.	Ministry of Women and Children Affairs

Source: NSSS Action Plan (Phase II)

NSIS ACTION PLAN II (2021-26) UNDER NATIONAL SOCIAL SECURITY STRATEGY (2015)

CENTRE FOR POLICY DIALOGUE

Activity Timeline

Objectives	Activities	Timeframe	Responsible Ministry	Shared Responsibility
An unemployment insurance scheme is to be initiated	Conduct a study on possible options of unemployment insurance	Dec'23	Ministry of Labour and Employment (MoLE)	FID
	Introduce unemployment insurance on a pilot basis	Jul'24		
	Expand unemployment insurance nationwide	Jul'25		
Maternity Insurance	Coordinate with FID to incorporate maternity insurance in the NSIS.	Sep'24	HSD	MEFWD, FID
Mandatory insurance coverage for all aspirant migrant workers.	Issue a circular for providing mandatory insurance coverage for all aspirant migrant workers.	Dec'23	MoEWOE	

NSIS ACTION PLAN II (2021-26) UNDER NATIONAL SOCIAL SECURITY STRATEGY (2015)

Activity Timeline

Objectives	Activities	Timeframe	Responsible Ministry	Shared Responsibility
Activating thematic cluster committees	Capacity building of the thematic clusters.	At least 2 Training Programmes each year	Cabinet Division	Line ministries
Engagement with development partners and the NGOs	Organize dialogues and conferences with DPs and NGOs.	Continuous	Cabinet Division	GED
Formulate NSSS Action Plan of the Second Phase	Complete the NSSS Action Plan. Monitoring the implementation progress of the NSSS Action Plan Final Progress report prepared	Jun'21 Dec'25	Cabinet Division	Line Ministries/ Divisions
National Social Insurance Scheme (NSIS)	Review the study on the NSIS framework to determine its viability. Recommend suitable option of NSIS and support implementation.	Jul'22	Finance Division	Financial Institution Division

NSIS ACTION PLAN II (2021-26) UNDER NATIONAL SOCIAL SECURITY STRATEGY (2015)

CENTRE FOR POLICY DIALOGUE

Activity Timeline

Objectives	Activities	Timeframe	Responsible Ministry	Shared Responsibility
Private pension	Support and coordinate the process of establishing the Pension Regulatory Authority	Jul'23	Finance Division	
Government Service Pension	Continue the programme	Continuous	Finance Division	MoPA
Regular consultation with members	Organize quarterly meetings	Continuous	Finance Division	Regular consultation with members
Organize seminars/ workshops	Organize workshops/ intercluster consultation meetings	Continuous	Finance Division	Organize seminars/ workshops

NSIS ACTION PLAN II (2021-26) UNDER NATIONAL SOCIAL SECURITY STRATEGY (2015)

CENTRE FOR POLICY DIALOGUE

Timeline for Implementation

Jun 21
- **Cabinet**: completion of NSSS Action Plan and submission to the CMC

Dec 21
- **Cabinet:** The NSSS Action Plan of the Second Phase printing and launch

July 22
- **FID:** Design a framework of NSIS is for pilots.

July 23
- **FD**: Establishment of Private pension authority

Dec 23
- **MoLE & FID:** Conduction of a study on possible options of unemployment insurance
- **MoEWOE:** Issuing of a circular for providing mandatory insurance coverage for all aspirant migrant workers
- **Cabinet:** Preparation of Midterm progress report

July 24
- **MoLE & FID:** Introduction of unemployment insurance on a pilot basis

Sep 24
- **MEFWD & FID:** Coordinate with FID to incorporate maternity insurance in the NSIS.

July 25
- **FID:** Expand unemployment insurance nationwide

Dec 25
- **Cabinet:** Preparation of final Progress report

4. PROGRESS UPDATE:

IMPLEMENTATION STATUS ACROSS CLUSTER MINISTRIES

4. PROGRESS UPDATE: IMPLEMENTATION STATUS ACROSS CLUSTER MINISTRIES

Ministry	Activity Assigned in Action Plan II	Current Status	Future Plans
Finance Division – Coordinator	• Private Voluntary Pensions • Share responsibility of the National Social Insurance Scheme (NSIS) • Budgetary Support	• A national voluntary pension scheme titled **"Universal Pension Scheme"** is introduced • Currently, the scheme includes four packages: – **Probashi for expatriates,** – **Pragati for private sector employees,** – **Surokkha for individuals in the informal sector, including self-employed workers and day labourers, and** – **Samata for lowincome and marginalised groups** • These four schemes require monthly subscriptions ranging from **Tk 500 to Tk 10,000** • During a board meeting at the ministry on 14th October 2024, officials shared that **over 3.72 lakh** individuals have registered under the Universal Pension Scheme, contributing a total of **Tk131 crore**	• In addition, to encourage greater participation in the Universal Pension Scheme (UPS), launched in August last year, the government plans to introduce two additional features: – **Onetime gratuity payment** and – **Health insurance coverage**

[1] (Previously it was Financial Institution Division. As per the decision of the CMC meeting on 4th February 2021)

4. PROGRESS UPDATE: IMPLEMENTATION STATUS ACROSS CLUSTER MINISTRIES

Ministry	Activity Assigned in Action Plan II	Current Status
Ministry of Labour and Employment (MoLE)	• Conduct a study on possible options for unemployment insurance. • Introduce unemployment insurance on a pilot basis • Expand unemployment insurance nationwide	• MoLE is working on Employment Injury Insurance (EII) and Unemployment Insurance (UI) in the RMG sector • Among them, only Unemployment insurance is listed under the activity assigned for MoLE in Action Plan 2 **Unemployment Insurance (UI):** • A project titled "Building institutional mechanisms for the gradual extension of social protection in Bangladesh" was initiated with ILO's efforts and UN's support to implement unemployment insurance • The project aimed to support the **ReadyMade Garments (RMG) industry** and other structured industries in the formal economy, enabling employers and workers to continue employment relations during economic shock

4. PROGRESS UPDATE: IMPLEMENTATION STATUS ACROSS CLUSTER MINISTRIES

Ministry	Activity Assigned in Action Plan II	Current Status
Ministry of Labour and Employment (MoLE)	• Conduct a study on possible options for unemployment insurance. • Introduce unemployment insurance on a pilot basis • Expand unemployment insurance nationwide	• The project's objectives were – – To undertake a preliminary feasibility analysis of an unemployment insurance system and establish a framework based on policy and legislative feasibility studies. – advocacy activities aimed to strengthen social protection as per International Labour Standards and expedite the project implementation • Under this initiative, **a feasibility study** titled Towards an Unemployment Insurance Scheme in Bangladesh: A Preliminary Feasibility Assessment and **a technical note** titled Options for Improving Unemployment Protection in Bangladesh has been done • In addition, a high-level tripartite-plus consultation was organised on 31st March 2022, where the preliminary feasibility assessment was presented, and the roadmap for further developing unemployment insurance in Bangladesh

4. PROGRESS UPDATE: IMPLEMENTATION STATUS ACROSS CLUSTER MINISTRIES

Ministry	Activity Assigned in Action Plan II	Current Status
Ministry of Labour and Employment (MoLE)	• Conduct a study on possible options for unemployment insurance. • Introduce unemployment insurance on a pilot basis • Expand unemployment insurance nationwide	**Employment Injury Insurance (EII):** After the Rana Plaza collapse, a proposal for EII was introduced • In November 2017, the proposal received approval, and a notice was issued to form a tripartite committee on EII. • The committee, chaired by the Additional Secretary of MoLE, includes representatives from the Bangladesh Employers' Federation (**BEF**), Bangladesh Garment Manufacturers and Exporters Association (**BGMEA**), Bangladesh Knitwear Manufacturers and Exporters Association (**BKMEA**), National Coordination Committee for Workers' Education (**NCCWE**), and IndustriALL Bangladesh Council (**IBC**). • Earlier, a **feasibility study** titled 'Technical Recommendations on the Feasibility Assessment of an Employment Injury Insurance (EII) Scheme in Bangladesh' was conducted on EII by ILO • The study summarizes the findings from public consultations held between 2015 and 2017. These consultations focused on a **draft legal framework** and financial analysis based on ILO Convention No. 121.

4. PROGRESS UPDATE: IMPLEMENTATION STATUS ACROSS CLUSTER MINISTRIES

Ministry	Activity Assigned in Action Plan II	Current Status
Ministry of Labour and Employment (MoLE)	• Conduct a study on possible options for unemployment insurance. • Introduce unemployment insurance on a pilot basis • Expand unemployment insurance nationwide	• The report also reflects input from the HighLevel National EII Tripartite Committee and social partners. • It aimed to guide further discussions toward creating a national EII scheme for all workers, starting with the readymade garment sector in the initial phase. • As part of this effort, a pilot project titled Employment Injury Scheme (EIS) was launched in 2022, with the support of ILO • The scheme covers **all RMG factories** in Bangladesh and **4 million workers** • The scheme covers compensation for medical treatment and rehabilitation services, as well as income loss caused by occupational injuries and disease • The pilot project aims to top up the lump sums already paid in Bangladesh for death and permanent disability due to work injury and to ensure that workrelated compensations are in line with international labour standards • The EIS Pilot also includes a datagathering and capacitybuilding component on occupational accidents, diseases and rehabilitation, based on a **sample of approx. 150 representative factories**. • This will enable the assessment, based on reliable data, of the feasibility, viability and cost efficiency of a comprehensive EIS in Bangladesh after the pilot ends in **2027**

4. PROGRESS UPDATE: IMPLEMENTATION STATUS ACROSS CLUSTER MINISTRIES

Ministry	Activity Assigned in Action Plan II	Current Status	Challenges
Financial Institutions Division	• National Social Insurance Scheme (NSIS) • Formulation of a social insurance framework collaborating with the Cabinet Division, FID, and IDRA	• In earlier discussions, the Financial Institutions Division (FID) recommended that the **Insurance Development and Regulatory Authority (IDRA)** manage the National Social Insurance Scheme (NSIS), given its expertise in insurance related activities in Bangladesh • Action Plan II also proposed that a study on the framework for social insurance be conducted in **collaboration** with the **Cabinet Division, FID, and IDRA** • A Study on the 'Framework for Introduction of National Social Insurance Scheme in Bangladesh' was conducted in collaboration with the Cabinet Division, FID, and IDRA	• Upon consultation with IDRA, it was clarified that their focus is limited to the business model of insurance • Establishing a social insurance scheme requires the development and **approval** of a comprehensive framework through the **relevant ministry** • IDRA currently lacks both the **capacity** to formulate such a framework and the **mandate** to organize meetings for obtaining input from cluster ministries

4. PROGRESS UPDATE: IMPLEMENTATION STATUS ACROSS CLUSTER MINISTRIES

CENTRE FOR POLICY DIALOGUE

Ministry	Activity Assigned in Action Plan II	Current Status	Future Plans
Health Services Division	• Coordinate with FID to incorporate maternity insurance in the NSIS	• HSD reports no specific initiatives undertaken to launch Maternity Insurance in collaboration with FID • While contacted, the ministry also didn't provide any indication to work **solely with maternity** as a scheme in the future	• However, the ministry and Health Economics Unit (HEU) is interested in working with **Universal Health Coverage (UHC)** • With that aim, the ministry is implementing a pilot scheme named Shasthyo Shurokhsha Karmasuchi (**SSK**) program in the **Tangail district** • However, the current SSK initiative differs from the Social Insurance initiative • For the SSK initiative, the **government pays** the premium, and the scheme is available for below poverty line people, while the NSIS is contributory and for all income class • In that sense, SSK is more similar to social protectionrelated programmes.

4. PROGRESS UPDATE: IMPLEMENTATION STATUS ACROSS CLUSTER MINISTRIES

CENTRE FOR POLICY DIALOGUE

Ministry	Activity Assigned in Action Plan II	Current Status	Future Plans
Ministry of Expatriates' Welfare and Overseas Employment	There is no activity assigned under the NSIS cluster, but as the following activity is assigned – • Mandatory insurance coverage for all aspirant migrant workers	• MoEWOE has initiated a **onetime gratuity payment like** insurance program for **migrant workers** in 2019 and subsequently revised it in 2023 to extend the duration of the coverage • Workers contribute a onetime premium of **BDT 990** for coverage, and If work related incidents result in injury or death of that worker, affected workers or their families receive compensation **up to BDT 10 lacs** • The implementation process for aspirant migrant workers has been completed	• The MoEWOE is planning on designing a scheme for the **returnee migrant worker**

4. PROGRESS UPDATE: IMPLEMENTATION STATUS ACROSS CLUSTER MINISTRIES

CENTRE FOR POLICY DIALOGUE

Ministry	Activity Assigned in Action Plan II	Current Status	Future Plans
Ministry of Expatriates' Welfare and Overseas Employment	There is no activity assigned under the NSIS cluster, but as the following activity is assigned – • Mandatory insurance coverage for all aspirant migrant workers	• Presently, any worker who went abroad for work in the past and received their BMET clearance before 2019 can pay the onetime payment and can get included under the scheme • In addition, the MoEWOE stated to provide support in designing the pension scheme " Probashi" • MoEWOE successfully ensured the worker working in **Malaysia** gets the **same benefits any Malaysian worker gets in his own country**	• The Ministry of Expatriates' Welfare and Overseas Employment (MoEWOE) has successfully ensured that Bangladeshi workers in Malaysia receive the same benefits as local Malaysian workers. MoEWOE is also committed to extending **similar opportunities** to workers in other countries in the future

4. PROGRESS UPDATE: IMPLEMENTATION STATUS ACROSS CLUSTER MINISTRIES

CENTRE FOR POLICY DIALOGUE

Ministry	Activity Assigned in Action Plan II	Current Status	Challenges	Future Plans
Cabinet Division	• Activating thematic cluster committees • Organize dialogues and conferences with Development Partners and NGOs • Monitoring implementation progress and preparation of progress report	• Although the Cabinet Division coordinates the overall activities of the National Social Security Strategy (NSSS), it **does not have the authority to compel** ministries to implement the committed activities • According to the Cabinet Division, NSIS cluster meetings were held **regularly** prior to the recent political reforms	• Despite regular meetings, significant ambiguity persists among the assigned ministries regarding their **respective roles in implementing both Social Safety Net Programmes (SSNPs) and social insurance schemes,** making it hard to achieve progress in its implementation	• Following the evaluation of the National Social Security Strategy (NSSS) 2015, the NSSS 2026 and its accompanying Action Plan will be developed. • The objective is to identify implementation gaps and outline a roadmap for future progress.

4. PROGRESS UPDATE: IMPLEMENTATION STATUS ACROSS CLUSTER MINISTRIES

Ministry	Activity Assigned in Action Plan II	Future Plans
Cabinet Division		• The new strategy will be accompanied by a **corresponding Action Plan**, which will integrate these findings and guide subsequent efforts • Cabinet Division identified developing a **unified Management Information System (MIS)** database for households is essential for ensuring streamlined and efficient service delivery • The Cabinet Division indicated that new safety net programs for individuals with **disabilities** will need to be introduced. • Additionally, urban social protection issues, along with provisions for coastal communities and those engaged in the blue economy, must also be incorporated

4. PROGRESS UPDATE: IMPLEMENTATION STATUS ACROSS CLUSTER MINISTRIES

Ministry	Activity Assigned in Action Plan II	Future Plans
Medical Education and Family Welfare Division	• No Social Insurance related activities are mentioned by these ministries despite being a member of social Insurance Cluster	–
Ministry of Social Welfare	• No Social Insurance related activities are mentioned by these ministries despite being a member of social Insurance Cluster	–
Ministry of Women and Children Affairs	• No Social Insurance related activities are mentioned by these ministries despite being a member of social Insurance Cluster	–

5. CHALLENGES AND GAPS IN NSIS IMPLEMENTATION

5. CHALLENGES AND GAPS IN NSIS IMPLEMENTATION

CENTRE FOR POLICY DIALOGUE

❑ *Conceptual Gaps*

- There remains no ***unified definition*** of "social insurance" among government ministries, development partners, and implementing agencies
    - All relevant **bodies agree that** Bangladesh is **not yet ready** to fund social insurance through personal ***contributions alone***, necessitating ongoing government contributions for below-poverty-line people
- Although the NSSS Action Plan Phase II mentions ***two modeling*** options for social insurance, it allows the **Social Insurance (SI) cluster** and the **Coordination and Management Committee (CMC)** discretion to finalize the design
    - Despite this provision, ***no centralized model has yet been selected***, and progress has been limited to developing scenarios and calculating contributions for various stakeholders
- Even though the Action Plan mentioned ***accidental injury, death, sickness, and disability*** on several pages, ***no specific ministry*** under the social insurance cluster ***is assigned*** to implement these schemes
    - The mentioned **accidental injury, death, and disability** can fall under the employment injury scheme for the **working class**. However, that would just include 1/4th of all population
    - ***Sickness coverage*** must be provided under ***a separate insurance*** scheme as mentioned in the NSSS original document

5. CHALLENGES AND GAPS IN NSIS IMPLEMENTATION

CENTRE FOR POLICY DIALOGUE

❑ *Conceptual Gaps*

- Medical Education and Family Welfare Division, Ministry of Social Welfare, Ministry of Women and Children Affairs has no ***activities assigned*** under the thematic cluster activities
  - However, MoSW and MoWCA have well-established databases for the social allowance programmes which can be a great source to integrate beneficiaries

5. CHALLENGES AND GAPS IN NSIS IMPLEMENTATION

CENTRE FOR POLICY DIALOGUE

❑ *Legal and Planning Gaps*

- The constitution serves as the foundation for social protection in Bangladesh; however, ***specific laws and regulations*** directing ministerial actions on social insurance, except the NSSS strategy paper, ***are absent***
  - This ***gap limits formal development*** in key sectors, as many ministries provide only traditional social protection schemes rather than **comprehensive social insurance**
  - In countries with existing social insurance systems (e.g., China), an ***umbrella framework*** defines **premiums, collection methods, and service providers**
- While the NSSS strategy and action plan propose a National Social Insurance Scheme (NSIS) covering sickness, maternity, old-age pensions, employment injury, and unemployment insurance, Bangladesh still **lacks a fully established legal framework** to enforce it
  - In the ***draft framework*** for working-age populations proposes ***contributions from employees***, ***employers,*** and ***the government***; the draft National Social Insurance Scheme (NSIS) framework also emphasizes government contributions in specific ***scenarios*** (such as 1 and 3)
  - However, ***government action*** on this draft remains ***unconfirmed***, and further follow-up is essential to clarify the government's position and approach to the framework

5. CHALLENGES AND GAPS IN NSIS IMPLEMENTATION

CENTRE FOR POLICY DIALOGUE

Institutional Gap

- There is **no central body** solely assigned to implementing social insurance in Bangladesh
- Under the Insurance Act 2010, the Insurance Development and Regulatory Authority of Bangladesh (**IDRA**) is assigned to handle insurance-related activity in Bangladesh.
  - However, IDRA's activity **aligns with market-based insurance,** and **IDRA still lacks** any mandate and required capacity to oversee Social Insurance
- Operating social insurance in Bangladesh will require an ***implementing body linked with the service providers, monitoring agency, fund managers, payment agents, banks, hospitals, business owners***, etc.
  - The nature of these ***public-private cooperation*** needs to be included and addressed as the ***operational setup*** to provide maternity insurance varies from the system needed to provide unemployment insurance
- There exists *no **institutional memory***; the coordination body of Social Insurance has changed, and the ***focal person*** of each ministry has changed over the years
  - The knowledge ***attained from the workshop*** and meeting gets lost due to the lack of documentation
- There is a mention of consolidation of programmes according to a lifecycle framework and modernisation of the delivery system by use of a ***Single Registry MIS***
  - ***Attempts*** to unify social insurance schemes and social assistance programmes using a digital platform/Single Registry MIS are ***absent***

5. CHALLENGES AND GAPS IN NSIS IMPLEMENTATION

CENTRE FOR POLICY DIALOGUE

Case Study of EIS

- The EIS Pilot covers all workers of the export-oriented RMG sector. In cases of work-related injuries, the Pilot provides **compensation payments** for the permanently disabled and the dependants of deceased workers
  - This takes the **form** of **monthly payments**/pensions, paid as top-ups to the lump-sum compensation already paid by the national institution (via the Central Fund), rendering the level of benefits compatible with international standards (ILO Convention No. 121)
  - The amount of the pensions depends on the **age** and **last earned wage** of the respective worker, thus serving as an income replacement
- Presently, the EIS Pilot's monthly pensions are **funded** through **voluntary contributions** from **international brands**
- This pilot program will continue until **2027**, but **substantial legal, institutional, and operational challenges** need urgent attention to ensure a **smooth transition** toward a sustainable, permanent **Employment Injury Insurance (EII)** system
  - Action Plans lack clear guidance on this transition, and **no central framework** for Social Insurance is in place
  - As a result, advancing the scheme toward universal coverage is proving challenging
  - To establish a **robust, employer-financed EII system**, it is essential to initiate comprehensive preparations promptly

6. AGENDA FOR THE INTERIM GOVERNMENT

6. AGENDA FOR THE INTERIM GOVERNMENT

CENTRE FOR POLICY DIALOGUE

Short Term

- ***The focal person of NSIS from the Finance Division should be someone closely working with UPS:*** The National Pension Authority (NPA) manages the pension scheme, a key social insurance component. However, the Focal person from FD is not affiliated with the Universal Pension Scheme
  - The focal person of FD should be someone closely working with UPS so that he can share the success challenges in cluster meetings to assist other ministries in designing SI
- ***Avoiding Redundancy with Jiban Bima Corporation:*** The state-run Jiban Bima Corporation offers pension schemes similar to those offered under UPS, creating a potential overlap. Establishing an integrated approach between NPA and Jiban Bima Corporation to avoid duplication is needed
- ***Proper documentation is needed to avoid institutional memory changes:*** There has been a shift in coordination position as well in the focal person of each ministry over the years, and the knowledge attained from the workshops and meetings gets lost. To avoid this,
  - The "Social Security Policy Support (SSPS) Programme " web page should include a **focal person login system**, where meeting minutes/decisions will be properly documented.

6. AGENDA FOR THE INTERIM GOVERNMENT

CENTRE FOR POLICY DIALOGUE

Short Term

- ***Role of Employment Injury Scheme:*** MoLE, mandated to support working populations across formal and informal sectors, could play a larger role in the NSIS's design and implementation. With experience overseeing the EIS, Central Fund and Bangladesh Labour Welfare Foundation, MoLE has capabilities aligned with social insurance initiatives
  - Inclusion of health services provided to workers could be the next step of EIS
  - Inclusion of worker's family (for example, wife of male worker for maternity services) can lead to the implementation of the SI for Maternity mentioned in NSIS
- ***Building MIS should be a priority:*** Each ministry maintains a comprehensive database for various safety net programs offered. These data resources could be instrumental in designing social insurance coverage, especially for individuals living below the poverty line. Each ministry under SI cluster need to make it a priority

6. AGENDA FOR THE INTERIM GOVERNMENT

CENTRE FOR POLICY DIALOGUE

Long Term

- ***Action Plan Phase III:*** Developing a new action plan (Phase III) would build on previous efforts and target new milestones aligned with Bangladesh's current social and economic context
- ***Revision of NSIS and Leadership Transfer:*** While the FD shares responsibility for the NSIS Framework, it has not convened any NSIS cluster meetings, which the Cabinet typically leads. Redefining the NSIS with updated goals and shifting coordination responsibilities from the Finance Division (FD) to the Cabinet would centralize authority, allowing for more cohesive oversight
- ***Dedicated NSIS Authority:*** Establishing a separate entity akin to the National Pension Authority for drafting and implementing the NSIS would create focused leadership dedicated to social insurance reform
- ***Ministries under Social Insurance Cluster:*** To streamline operations, some ministries, such as the Medical Education and Family Welfare Division, Ministry of Social Welfare, and Ministry of Women and Children Affairs, could be excluded from the cluster or have roles specified to avoid overlap
  - **Medical Education and Family Welfare Division & Ministry** of Women and Children Affairs needs to be engaged in implementing Maternity Insurance
  - Given the capacity of the Ministry of Social Welfare at the village and union level across Bangladesh, **single registry MIS database can be assigned** to this ministry

6. AGENDA FOR THE INTERIM GOVERNMENT

❑ *Long Term*

- ***Disability Insurance for Diverse Needs:*** Including a disability insurance under NSIS, covering both physical and mental disabilities like autism, would ensure better inclusivity
- ***Gradual Expansion of Employment Injury Schemes (EIS):*** Initially targeting large industries, EIS could progressively extend coverage to informal sector workers, who form a significant portion of Bangladesh's workforce
  - Incorporating provisions for workers' families for health services (Such as including Workers' wives for maternity services) can implement the social insurance for "Sickness" under NSIS
- ***Leveraging Universal Pension for Awareness:*** By using the Universal Pension Scheme to raise public awareness and support, the government can lay the groundwork for additional social insurance programs, encouraging public engagement and confidence
- ***Private Sector Participation:*** Involving the private sector in providing and managing social insurance services may improve service delivery and nurture innovation, with potential partnerships expanding access and efficiency in the social insurance framework
  - Specifications of the nature of these co-operations in the Action Plan III is needed

Disclaimer: The views expressed in this paper are those of the authors alone and do not necessarily reflect the views of the European Union (EU), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) Bangladesh, and Centre for Policy Dialogue (CPD). This publication was co-funded by the European Union.

Thank you