

# LABOUR MARKET PROFILE BANGLADESH - 2020



The profile provides an overview of the labour market's structures, development, and challenges.

Danish Trade Union  
Development Agency,  
Analytical Unit



ULANDSSEKRETARIATET – DTDA  
DANISH TRADE UNION DEVELOPMENT AGENCY

## PREFACE

Danish Trade Union Development Agency (DTDA) is the development organisation of the Danish trade union movement. It was established in 1987 by the two largest Danish confederations – Danish Federation of Trade Unions (Danish acronym: LO) and Danish Confederation of Professionals (Danish acronym: FTF). These two organisations merged to become the Danish Trade Union Confederation (Danish acronym: FH) in January 2019. The name of this organisation, former known as the LO/FTF Council, was changed to DTDA.

The work of DTDA is in line with the International Labour Organization's (ILO) Decent Work Agenda (DWA) with the four Decent Work Pillars: Creating decent jobs, guaranteeing rights at work, extending social protection and promoting social dialogue. The overall development objective of DTDA's interventions in the South is to eradicate poverty and support the development of just and democratic societies by furthering the DWA.

DTDA works in partnership collaboration with trade union organisations in Africa, Asia, Latin America, and the Middle East. The immediate objective of the programme collaboration is to assist the partner organisations in becoming change agents in their own national and regional labour market context, capable of achieving tangible improvements in the national DWA conditions and towards the achievement of the labour-related Sustainable Development Goals' (SDGs).

The format of the Labour Market Profile (LMP) provides an overview of the labour market situation in the individual countries of engagement. LMP aims at giving a comprehensive view of structures, developments and challenges in the labour market. The document is divided into eleven thematic sections describing trade unions, employers' organisations, government, bi-/tripartite institutions and social dialogue, national labour legislation, violations of trade union rights, working conditions, status of the workforce, education, social protection and economy.

In the framework of DWA and SDGs, LMPs are reporting on several key indicators addressing several aspects of labour market development, especially the trade union membership evolution, social dialogue and bi-/tri-partite mechanisms, policy development and legal reforms, status vis-à-vis ILO conventions and labour standards, among others.

Main sources of data and information for LMPs are:

- As part of programme implementation and monitoring, national partner organisations provide annual narrative progress reports, including information on labour market developments. Furthermore, specific types of data and information relating to key indicators are collected using a unique data collection tool.
- National statistical institutions and international databanks are used as source for collection of general (statistical) data and information. This includes the ILOSTAT and NATLEX, World Bank Open Data, ITUC Survey of violations of Trade Union Rights, the U.S. Department of State as well as other labour related global indexes.
- Academia and media sources (e.g. LabourStart, national news, etc.) are also used in the general research on labour market issues.

Labour Market Profiles for more than 30 countries are available on the DTDA [website](#).

The frontpage's picture is taken by Tina Møller Kristensen in 2011 displaying ship breaking activity in Bangladesh.

The DTDA's Analytical Unit in Copenhagen prepared this report with support from our Sub-Regional Office in The Philippines. Bangladesh Institute of Labour Studies (BILS) contributed with updated data on trade union membership and other essential information. The profile was first published in June 2020, not to mention minor additional inputs were aggregated in July 2020.

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## EXECUTIVE SUMMARY

**E**xtrême working poor among employed in Bangladesh has dropped drastically over the last two decades. The country is one of the fastest-growing economies in Asia. The growth has been driven by export-oriented industrialisation, particularly in Ready-Made Garments (RMG) Industry as well as ship breaking and fishing. Relatively low labour productivity is connected to low-productive and low-income service jobs. RMG wage hike in 2019 was lower than the aggregate inflation rate and GDP per capita growth. The global Coronavirus pandemic walloped the economy at the beginning of 2020 triggering a stimulus package for the export-oriented sector that left out the most vulnerable sectors.

The industrial relations' landscape was evolving in the aftermath of the Rana Plaza collapse in 2013. It was supported by pressure from international stakeholders. Central labour legislation has introduced several improvements in recent years, mainly a higher attendance to industries' occupational safety on the factory-level. There are observations on labour legislation to international standards and the scope of implementing regulations in practice, though.

Despite several existing tripartite bodies, only a few are reaching results. Social dialogue remains fragile. Some improvements are registered, such as forming the permanent 20-member tripartite council for RMG sector in 2017. Application of Collective Bargaining Agreements (CBAs) is relatively new, and their functionality is marred by dissatisfaction. There have been many conflicts between employers and the organised workers, and trade union rights violations are rampant. Labour courts have a substantial backlog of more than 17,000 cases, and alternative dispute resolution other than the court has no substitute. Recent reform has put pressure on the Labour Court to dispose of cases more expeditiously.

Close to nine out of ten enterprises are micro-enterprises and not required to apply Participation Committee requirements. Business regulations are rigid. Generally, close to nine out of ten workers operate in the informal economy who loophole labour regulations. Working conditions are harsh. Employers consider cooperation in labour-employer relations at a low-medium level. Circumstances are challenging unionism, e.g. union-busting is frequent, and workers attempting to form a union often

systematically are dismissed. On the positive side, the impact of the Labour Act reform supported a rise of 31% in basic unions' membership from 2012 to 2019; the total trade union density of employees reached 11% in 2019.

Initially, the unemployment rate was projected at 4.3% in 2020. This rate is expected to rise because of the Coronavirus pandemic, especially in the RMG sector where many factory owners face financial ruin, and the tourism sector thumped by travel flow uncertainties. The livelihoods of hundreds of thousands of workers hang in the balance. Since unemployment insurance is notably missing, most get pushed to generate some income to survive in the informal economy.

Changes happened in the employment structure during the last two decades: the agricultural sector share dropped and enrolled in the service and industry sectors. Employees and employers' segments are evolving. Still, more than half (55%) of the employment are in 'vulnerable' employment. Although women's participation rate increases and superseding the South Asia average, they are less privileged than men in the labour market. As an example, youth not in employment, education or training rate (NEET rate) represents a gender gap of 33 percentage points. Almost every tenth child is working, mostly in agriculture. In 2018, the Bangladesh Labour Act was amended, banning all child labour in factories, and only allowing children age 14-18 to engage in light work. School enrolment on higher levels was progressing during the 2010s, not to mention concerns are emerging in quality of education and high dropout rates at the secondary level.

Social security is mandatory by the constitution, but few schemes are available and sidestep informal workers. It is reflected in the fact that just 28% of the population receives at least one social protection benefit, and 43% is covered by health social protection.

Migrating workers play a part of the national economy, e.g. dependency on personal remittance hovering significantly above the Foreign Direct Investments' (FDI) GDP share. As of March 2020, at least 859,000 Rohingya refugees are stuck in Bangladesh's crowded camps. This vulnerable refugee group is barred from jobs, and local communities are becoming impatient as local prices on markets increase.

The table below provide an overview of key indicators that follow the Decent Work Agenda. The selected indicators are concentrated on areas where the trade union movement has a central role in the labour market.

On next page, page iv, the table presents an overview of the current value of Sustainability Development Goals indicators and targets for labour market issues.

**Status of key labour market indicators in the framework of the Decent Work Agenda (DWA) in Bangladesh, 2019**

<b>Creating decent jobs</b>	
Policy reforms addressing creation of decent employment	Yes. Political commitment accompanied by relevant national policies and programmes have supported some labour and social improvements.
ILO standard setting on improvement of status of workers from the informal economy	The ILO Recommendation 204 concerning the transition from the informal economy to formal is partly introduced in Bangladesh development agenda. Some unions, NGO's, legislation and policies support informal workers in various fora, e.g..
<b>Guaranteeing rights at work</b>	
Growth in basic union and RMG unions members from year 2012 to 2019 (%)	31 %
Violations of trade union rights	Ranking 5 out of 5 (5+ is the worst). *
Labour legislation is improved according to ILO standards	Yes. First, minimum threshold of 30% mandatory membership for forming trade union decreased to 20%. Second, regardless of any other condition, tea sector workers will continue to enjoy pension and other facilities as prescribed by Law. Third, for factories with more than 25 workers, facility and maintenance of dining facility has been provisioned. On this basis, High Court also expressed observation to establish day care centre in factories. Fourth, provision to form trade unions in private air transport officials (pilot, engineer, cabin crew). Fifth, provision for anti-trade union discrimination has been enacted and punishment has been prescribed in such case. Sixth, amount of compensation for occupational death and injury has been increased.
Trade union organisations with minimum 30% women representation in decision-making bodies	Federal level: 16%, Union level: 10%, and Branch level: 3% - 5% (2015)
<b>Extending social protection</b>	
Population covered by at least one social protection benefit	28 %.
Workers from the informal economy have access to national social security schemes	Informal workers have the right to social protection, but, in practice, none are effectively covered by mandatory, voluntary and non-contributory pension schemes. Policy initiatives are underway to tackle the pension system to the informal economy, e.g. new IT-based systems is in progress, which is a pre-condition for enrollment in social insurance programmes. In addition, BRAC, an international NGO development organisation based in Bangladesh, promotes the Targeting-the-Ultra-Poor programme that targets poorest people to receive assets such as a goat, chickens or a cow, along with of cash and food allowance. They also offer training in technical skills, literacy and health, as well as tailored health services.
<b>Promoting social dialogue</b>	
Trade union density of total employment	4.5 %
Trade union density of employees	11 %
Cooperation in labour-employer relations	Ranking 99 out of 141 (1 is best). **
Number of Collective Bargaining Agreements (CBAs)	51 CBAs in the period from 2013 to 2018.
Workers' coverage of Collective Bargaining Agreements to employees	N/a
* This is interpreted as "no guarantee of rights" (Source: ITUC, Global Rights Index). ** This indicator is based on data from the Global Competitiveness Index that represents employers' opinion from surveys (Source: World Economic Forum).	
Source: ILO, Decent Work Country Programme: Bangladesh 2017-2020, ITUC Global Rights Index 2019, The Global Competitiveness Report, 2019, 8 <sup>th</sup> pillar: Labour market efficiency, AWAJ, Key lessons on collective bargaining from Bangladesh's apparel sector, 2019, DTDA Analytical Unit data collection with additional research; own calculations on trade union membership growth and trade union density.	

**Status of key Sustainable Development Goals in labour market related issues in Bangladesh**

Indicators	Value	Year	SDG Targets
1.1.1: Working poverty rate (percentage of employed living below US\$1.90 PPP)	8.8 %	2020	By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than US\$1.25 a day.
1.3.1 Proportion of population covered by social protection floors/systems	28 % *	2016	Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.
5.5.2: Female share of employment in managerial positions	10.7 %	2017	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
8.2.1: Annual growth rate of real GDP per employed person	5.0 %	2020	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.
8.3.1: Proportion of informal employment in non-agriculture employment	91 %	2017	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
8.3.1: Men	91 %	2017	
8.3.1: Women	92 %	2017	
8.5.1: Average hourly earnings of women and men employees	-	-	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
8.5.2: Unemployment rate (Total, 15+)	4.3 %	2020	
8.5.2: Men, 15+	6.4 %	2020	
8.5.2: Men, 15-24 years	15 %	2020	
8.5.2: Women, 15+	3.3 %	2020	
8.5.2: Women, 15-24 years	10 %	2020	
8.6.1: Proportion of youth (15-24 years) not in education, employment or training (NEET)	27 %	2017	By 2020, substantially reduce the proportion of youth not in employment, education or training.
8.6.1: Men	9.8 %	2017	
8.6.1: Women	45 %	2017	
8.7.1: Proportion and number of children aged 5-17 years engaged in child labour (Total)	5.9 %	2013	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.
8.7.1: Girls	5.2 %	2013	
8.7.1: Boys	6.4 %	2014	
8.8.1: Frequency rates of non-fatal occupational injuries	-	-	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants and those in precarious employment.
8.8.1: Frequency rates of fatal and non-fatal occupational injuries	-	-	
9.2.2: Manufacturing employment as a proportion of total employment	14 %	2020	Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.
10.4.1: Labour income share as a percent of GDP	42 %	2017	Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

\* Population covered by at least one social benefit (see also the section: Social Protection). \*\* Proportion of urban population working in the informal economy (NLFS 2013).

Source: United Nations, Sustainable Development Goals, Knowledge Platform and ILO, Key Indicators of the Labour Market (KILM)

## COUNTRY MAP



Source: CIA, *The World Factbook*

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## ECONOMIC PERFORMANCE

Bangladesh experienced steady economic growth during the last two decades and increasingly integrated with the global economy through international trade. The growth has been primarily driven by export-oriented industrialisation of the readymade garment, ship breaking and fishing sector. The country is the second-largest apparel exporter in the world after China. This latter sector continues to expand and has often attracted international attention for its poor working conditions and use of child labour. The domestic agricultural sector also play an important role in the economy: the rice production alone has increased by around 37% from 2009 to 2018, making Bangladesh the world's fourth-largest rice-producing country.<sup>1</sup> Rapid growth enabled Bangladesh to reach a lower-middle-income country status in 2015.

Bangladesh's GDP growth rate was initially forecasted to be 8% in 2020, but the entrance of the global Coronavirus pandemic in the beginning of 2020 readjusted later on the estimation down to 2.0%. The country ran into financial fallout. Millions of jobs are under threat, and a humanitarian crisis is looming. Just one out of four of the population is covered by at least one social protection benefit (see Social Protection section). Battling the Coronavirus forced the government to lock-down the country effectively from March 26 to April 4, later increased to May 5, 2020, to limit the spread of Coronavirus. This situation especially struck workers from the informal economy. Clothes factories lose orders, and many companies reach the point of insolvency, which compels many cannot afford to remain closed to protect the competitiveness to the neighbouring countries. The tourism sector also suffers from travel bans and lost visitors. The World Bank estimated the country's cost of the Coronavirus epidemic at 2 to 3% of GDP in 2020. The Bangladeshi government's US\$8 billion stimulus package, about 2.5% of the GDP, primarily focuses on industries, particularly export-oriented areas.

The country's main macroeconomic concerns are diversification of the economy and developing productive capacities, containing inflation (see ahead). The exchange rate and trade policies are challenging the export expansion, surged balance-of-payment deficit in recent years, and inefficient banking system triggers high cost of credit. Low tax revenue-GDP ratio of below 10% has kept vital social expenditures at minimal levels.<sup>2</sup>

Bangladesh's Gross Domestic Product (GDP) per capita was US\$1,698 in 2018, which was lower than the South

Asia average at US\$1,906. The economy experienced real growth at 6.4%, on average, during the last decade (Table 1). The state is ranking 176 out of 229 regarding the GDP per capita in purchasing power parity (PPP) (1 is best).<sup>3</sup> Tax revenue remains with 8.8% of GDP in 2017 lower than the regional average at 11%.

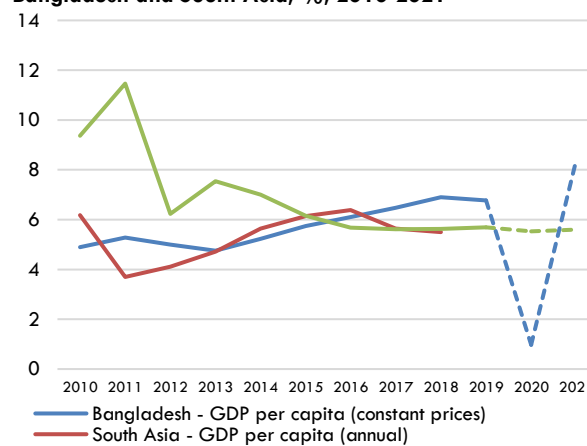
**Table 1: Key Facts on General Economic Performance in Bangladesh, 2018**

GDP	US\$ 274 billion
GDP per capita (current US\$)	US\$ 1,698
GDP real growth (av., 2009-2018)	6.4 %
Inflation in consumer prices (av., 2009-2018)	6.9 %
Tax revenue (% of GDP) (2017)	6.3 %

Source: World Bank, World Development Indicators

Figure 1 depicts the robust GDP per capita growth during the 2010s, except for the mentioned projected economic downturn in 2020. Inflation in consumer prices has been controlled below 6% since 2015. Thus, the country virtually entered a 'high-growth low-inflation' cycle. Bangladesh is not doing well in terms of real wage growth, though. Despite the GDP growth was upwards and inflation was in the lower curve, the rate of real wage growth was declining during the 2010s (see Working Conditions section).

**Figure 1: GDP per capita growth and inflation rate, Bangladesh and South Asia, %, 2010-2021**



Source: World Bank, World Development Indicators and IMF, World Economic Outlook Database

Inequality measured in the distribution of family income is measured in the Gini index. In 2016, the Gini index was estimated at a value of 32 (i.e. Gini index of 0 represents perfect equality, while an index of 100 implies inequality).<sup>4</sup> Bangladesh is among upper-medium level countries in the world. Comparing this value with other countries, Bangladesh ranks as 118 out of 158 countries (158 is the most equal country).<sup>5</sup>

Poverty among employed has over the last two decades been estimated to have decreased drastically. From forming 31% of total employment in 2000, extremely poor only form 8.8% in 2020. Meanwhile, the middle class has increased from forming 11% of total employment in 2000 to 24% in 2020 (see more in Table 2). The share of moderately poor has in the same period decreased from forming 38% of total employment to 33%. The share of near poor has increased from 21% to 34% in the same period. Life expectancy, literacy rates and per capita food production have increased significantly. It is worthwhile to mention that close to one out of two (44%) in the population (aged +15) is inactive on the labour market and excluded from the measurement of the employment by economic class. Thus, the country is still challenged to eradicate extreme poverty by 2030 (see SDG table, Indicator 1.1.1, on Page iv).

**Table 2: Estimation and projection of employment by economic class in Bangladesh, PPP, %, 2000-2020**

Year	Extremely poor (<US\$1.9)	Moderately poor (>=US\$1.9 & <US\$3.2)	Near poor (>=US\$3.2 & <US\$5.5)	Middle class (>=US\$5.5)
2000	31 %	38 %	21 %	11 %
2010	17 %	39 %	29 %	15 %
2020	8.8 %	33 %	34 %	24 %

Note: Data in this table exclude the economically inactive population that cover around 41% of the population (age 15+).

Sources: ILO, Key Indicators of the Labour Market (KILM)

Gross fixed capital formation signals how much of the new value-added in the economy is invested rather than consumed. When the indicator's value increases, it points towards that economic activities are in progress, which could potentially support economic development and job creation. Data shows that the gross fixed capital formation in Bangladesh since 2000 steadily has increased from 24% of GDP to 31% in 2018. The South Asian average in 2018 is slightly lower at 28%.<sup>6</sup>

Foreign Direct Investment (FDI) measures the net inflows of investment to acquire a lasting management interest in an enterprise, operating in an economy, other than that of the investor. In Bangladesh, the FDI flow has been relatively low from 2000 to 2018. It was peaking at 1.7% of GDP in 2013, while the value decreased to 0.7% in 2017, and rebounded to 1.1% in 2018. It was slightly lower than the South Asia average at 1.4 in 2018. The FDI flow is significantly lower than personal remittance that was estimated at 6.7% of GDP in 2018 (see more in Migration section).

Due to increased labour costs in China, the world's textile production is still moving South to countries like Pakistan, India, Bangladesh and Indonesia; and especially where labour cost remains very low.<sup>7</sup>

The Doing Business indexed Bangladesh as 168 out of 190 countries in 2020 improved from ranking 176 in 2019. Compared to neighbouring countries, Bangladesh is scoring better than Myanmar (165) and worse than India (63). Out of ten indicators, the country scores lowest on enforcing contracts (189), providing electricity (176), trading across borders (176) and registering property (184). It scores best on protecting minority investors (89) (see more details in Appendix Table 26). It is worth mentioning that this index provides a snapshot of the cost of complying with formal regulations for companies that are not small enough to loophole the law or large enough to curve it, according to media.<sup>8</sup>

### Export Processing Zones (EPZ)

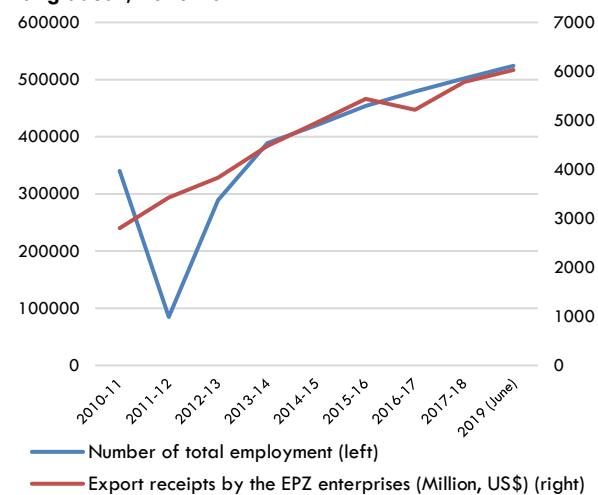
To achieve rapid economic growth of the country by increasing the inflow of foreign investment, particularly through industrialization, special steps have been taken since 1980 by setting up Export Processing Zones (EPZ) in the country. Initially, three special zones were set up in Chittagong (Halishahar), Dhaka (Savar) and Khulna (Mongla). The Chittagong Export Processing Zone (CEPZ) started from 1983-84 while the Dhaka Export Processing Zone (DEPZ) started from 1993-94. Later, EPZs have also been established in Mongla of Khulna, Ishwardi of Pabna, Comilla, Uttara of Syedpur in the district of Nilphamary, Adamjee of Narayanganj and Karnaphuli of Chittagong that are classified into three types: A-type (100% foreign investment), B-type (Joint venture between Bangladeshi and foreigners) and C-type (100% Bangladeshi enterprises). In total, 476 industries are operating, and 64% of the employed were women and just 0.5% represent foreign employment.<sup>9</sup> Bangladeshi EPZ enterprises form a relatively larger share than South Korean and China enterprises.

A separate law and authority under the Bangladesh Export Processing Zone Authority (BEPZA) govern the EPZs. The zones aim to promote export and create employment opportunity by attracting investment.<sup>10</sup> Only 100% export-oriented industries are entitled to set up factories in the EPZs. Fiscal incentives enjoyed by the industrial units/factories located in the EPZs include tax holiday for ten years, duty-free import of construction materials, machinery, office equipment, spare parts, vehicles and raw materials.

A large majority of the EPZ enterprises produce textile items (garments, garment accessories, textile products, footwear, among others) and are from Bangladesh, South Korea, China, Taiwan, Hong Kong, Japan, and India.

As depicted in Figure 2 below, the total amount of employed in EPZs increased steadily from 289,000 workers in 2012-2014 to 524,000 in 2019 (June). These periods represented 1.3% and 1.9% of employees, respectively. It shows that the number of EPZ workers is growing but continues being a relatively minor group of workers. The export receipts by the EPZ enterprises grew from US\$16 million in 1988-89 to US\$6,030 million in 2019.

**Figure 2: Employment and export receipts in EPZs in Bangladesh, 2010-2019**



Sources: Bangladesh Export Processing Zones Authority (BEPZA)

In 2019, the Bangladesh EPZ Labour Act was amended to improve freedom of association for workers in the zones.<sup>11</sup> An earlier requirement of a minimum of 30% of workers' consent to form a Workers' Welfare Association (WWA) has now been lowered to 20%. WWAs function as unions. The mandatorily required consent of the workers for calling strikes and lockouts has also been lowered; now workers will be able to call strike or lockout with the content of two-thirds of the workers instead of previous three-fourths. The amendment also allows officials of the Department of Inspection for Factories and Establishments to inspect factories located in EPZs apart from the officials of BEPZA. The amendment allows the formation of WWAs in new industrial units within three months of their operations following three steps instead of twelve.

The EPZ law still specifies certain limited associational and bargaining rights for WWA. There are no reports of legal strikes in the EPZs.<sup>12</sup>

The "Mapped in Bangladesh" initiative launched by BRAC University, digitally maps all export-oriented RMG factories across the Dhaka district.<sup>13</sup> The project has collected data such as the number of workers, address, products produced, export countries, brands and buyers and more. This essential primary data is published online in an interactive digital map.<sup>14</sup> An expanded map, including factories nationwide, is expected to be completed in 2021.

Some clothing companies do not want to the public where their clothes are produced, as it will weaken their competitiveness. Others fear that open lists of suppliers increase criticism from human rights organisations if critical work conditions are revealed. Few international brands reveal suppliers at every level- Others do the same, leaving out revealing raw material suppliers and finally, brands publish names of factories leaving out subcontractors and raw material producers.<sup>15</sup>

## NATIONAL LABOUR LEGISLATION

Labour rights are protected in Bangladesh by law, including workers' right to trade unions, but with flaws to the international standards. During the 2010s, steps were taken towards a better labour law framework, which was triggered by social changes and higher expectations of workers. Overall, major changes have been regarding the rights of workers, whereas some amendments benefit employers and their duties have reduced in specific situations (see more ahead).<sup>16</sup>

ILO has registered 173 national labour, social security and human rights-related legislation. Four legal pieces were registered in 2016, one in 2017 and 2018, respectively. The main new legislation listed are i) Youth Welfare Fund Act, 2016, ii) Bangladesh Tea Workers Welfare Fund Act, 2016, iii) Child Marriage Restraint Act, 2017, and iv) Bangladesh Ship Recycling Act. More information on the legislation is available in Appendix Table 23).<sup>17</sup> An overview of the main labour legislation is outlined below.

### Constitution<sup>18</sup>

The constitution of Bangladesh was established in 1972 and has been amended 16 times since then. It protects all citizens and guarantees equal treatment before the law. The constitution prohibits forced labour and gives the right to form associations or unions, to reasonable

wages, to social security and equal opportunity in employment. Work is a right and duty, and local government are encouraged to institute the representation of workers.

### **Labour Act<sup>19</sup>**

The Bangladesh Labour Act of 2006 consolidates and amends the law relating to the employment of labour, relations between workers and employers, payment of wages and compensation for injuries to workers and other matters related to labour. The act consolidates 25 separate acts into one labour code. It regulates employment relations, working hours, wages, trade unions and industrial relations. It sets maternity benefits, compensations for injury and accidents, Occupational Safety and Health Standards, the labour inspectorate, and prohibits child labour. It also establishes the Wage Board, the Labour Court, the National Council for Industrial Health and Safety, and the procedures for industrial disputes including strikes and lockouts.

In response to the demand of national trade unions movement as well as international pressure as part of the Rana Plaza collapse, the government amended the Labour Act in July 2013.<sup>20</sup> Several provisions to improve workplace safety have been included in the law. There have also been some improvements in terms of Freedom of Association and Collective Bargaining, e.g. allowing workers to call on outside experts for advice during collective bargaining and there is no longer a requirement that the names of union leaders are provided to employers. The amendment of Labour Act 2006 in 2013 made it easier for unions to get registered. In the public industrial sector, workers can elect 10% of their enterprise officers from outside the workplace, although this right is not extended to workers in the private sector. After much delay, the Bangladesh Labour Rules 2015 was published on the gazette in September 2015.<sup>21</sup>

However, both Bangladesh's trade union movement and ILO have raised concerns in issues that were excluded by the amendments.<sup>22</sup> Among others, 30% of the enterprise's workforce still has to vote for the establishment of a union. Again, it did not extend freedom of association and collective bargaining rights to workers in export processing zones. Some new provisions of the law concerned the rights of workers who are contracted for services. Furthermore, new exclusions of specific sectors from coverage of the labour law may raise additional concerns about conformity with ratified conventions. Other changes in the legislation in recent years are:

- Ocean-going vessels workers were finally fully benefiting their rights under this Act. Workers in the tea industry also gained additional benefits, e.g. upon retirement gain not only monetary benefits but other benefits such as their existing leisure facilities.
- Guarantees financial benefits to new mothers after they give birth based. It is a result of a clarification of the post-birth leave period must be paid along with other benefits. These benefits shall not be given if a miscarriage occurs although the worker may take leave for any health issues that may arise.
- Previously, lunchrooms with adequate facilities were required to be provided for large workplaces (+50 employed). Now, medium-sized workplaces (+25 employed) also benefit from this facility. It is worthwhile to mention that this additional facility comes at the cost of removing the facility of separate rooms where workers may rest.
- Previously, upon a worker's death, the employer would give the sums payable to a Labour Court to manage the delivery to beneficiaries. Now, the money must be given directly to a nominee of the deceased worker or their legal heir, or for a foundation's beneficiaries.
- Previously, workers could be required to work on any festival holiday, but a total of 3 holidays would need to be provided. Now, a worker may still be asked to work on a holiday. However, if so, it reduces the duties of employers, from being required to provide three extra holidays, to 1 one substitute holiday along with two days' worth of compensation.

### **Observations on labour legislation**

The International Trade Union Confederation (ITUC) has a wide range of observations of the labour legislations' protection of trade union rights that, among others, are related to (last updated March 2010):<sup>23</sup>

- Power to refuse official registration on arbitrary, unjustified or ambiguous grounds.
- Formalities and/or requirements which excessively delay or substantially impair the free establishment of organisations.
- Restrictions on trade unions' right to establish branches, federations and confederations or to

affiliate with national and international organisations.

- Undue or excessive privileges granted to certain organisations (such as privileges going beyond that of priority in representation for such purposes as collective bargaining or consultation by governments).
- Restrictions on the right to elect representatives and self-administer in full freedom.
- Restrictions on the right to freely organise activities and formulate programmes.
- Administrative authorities' power to unilaterally dissolve, suspend or de-register trade union organisations.
- Farms of less than five workers are excluded from the Bangladesh Labour Act.
- Obligation to observe an excessive quorum or to obtain an excessive majority in a ballot to call a strike.
- At the company level, strikes are not allowed in new establishments for three years from the date they begin commercial operations, where the factory is newly built, owned by foreign investors or established with foreign aid.
- Authorities' or employers' power to unilaterally prohibit, limit, suspend or cease a strike action.
- Excessive civil or penal sanctions for workers and unions involved in a non-authorized strike.

Other sources have noted that the government does not always enforce applicable law effectively or consistently. Equally important is that the Export Processing Zones (EPZs) currently do not allow trade union participation. It is a notable exception to the national labour law (see also the sub-section: Export Processing Zones (EPZ)).<sup>24</sup>

### **Ratified ILO Conventions**

Concerning international labour standards, Bangladesh has ratified 35 ILO Conventions (see also Appendix Table 24).<sup>25</sup> Out of these 35 Conventions, 30 are in force, two have been denounced, three abrogated and none has been ratified in the past 12 months.

The eight Fundamental Conventions are the most important conventions that cover principles and rights at work. Bangladesh has, so far, ratified seven of them, leaving out the Minimum Age Convention (C138). ILO has also designated four Governance Conventions that are important to build national institutions and capacities that serve to promote employment, i.e. these conventions

promote a well-regulated and well-functioning labour market. Bangladesh has ratified two of these Governance Conventions, i.e. Labour Inspection Convention, 1947 (C081) and Tripartite Consultation Convention, 1976 (C144). Finally, ILO has 178 additional Technical Conventions, out of which 83 conventions are "Up-To-Date" and actively promoted. An Up-To-Date Convention is one that is ready for ratification by member States and/or one that has been examined by the ILO Governing Body and deemed to be still relevant.<sup>26</sup> To date, Bangladesh has ratified 26 of the Technical Conventions.

The latest ratified conventions are the Maritime Labour Convention, 2006 (MLC, 2006) from November 2014 and the Seafarers' Identity Documents Convention (Revised), 2003 (No. 185) from April 2014 (see also Appendix Table 24). The latest amendment is from January 2019 and is to the Maritime Labour Convention, 2006 (MLC, 2006).

The Committee of Experts on the Application of Conventions and Recommendations (CEACR) is an independent body composed of 20 legal experts at the national and international levels, charged with examining the application of ILO Conventions and Recommendations by ILO member States. The committee's latest direct request on submission from the Bangladeshi government was published in 108th International Labour Conference (ILC) session in 2019. The requests are related to labour inspections both in terms of access in export processing zones (EPZs), capacity, information on the salary and benefits structure applicable to labour inspectors and recruitment of the adequate number of qualified labour inspectors.<sup>27</sup>

### **Trade Agreements**

Bangladesh has several bilateral Trade Agreements, including Sri Lanka, Turkey, Pakistan, India, China, Bhutan and Brazil. An agreement was signed with Russia in February 2017 to strengthen bilateral relations in trade.

Bangladesh ratified the Trade Facilitation Agreement (TFA) in September 2016, becoming the 94<sup>th</sup> member of the WTO and 12<sup>th</sup> least developed country (LDC) to do so. The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit.<sup>28</sup>

The country is also associated with several regional trade agreements.<sup>29</sup> Bangladesh has benefitted from the United States of America (USA) Generalised System of

Preferences (GSP). These are unilateral trade benefits from the United States' government, allowing duty and quota-free access for some products. Since 2007, the American Federation of Labour and Congress of Industrial Organizations called the USA's government suspending trade preferences to Bangladesh under the GSP, unless the government took steps to ensure respect for the rights of workers. The disaster in Rana Plaza in 2013 made the USA impose trade sanctions in June 2013 due to the recurring failure to respect fundamental workers' rights. The paradoxical nature of the problem is that the clothes produced under horrible working conditions in Bangladesh, including in Rana Plaza before it collapsed, export clothes to the Western world, including the USA. In 2019, Bangladesh requested the United States to take steps to reinstate the GSP status for Bangladesh, as Bangladeshi authorities argue, the country has improved workplace safety.<sup>30</sup>

Bangladesh benefits from the European Union's (EU) unilateral Generalised System of Preferences, Everything but Arms (EBA), which allows duty and quota-free access for all products except arms. The EU is in the process of reviewing to suspend trade preferences to Bangladesh. During February 2017, the global trade union movement promoted campaigns to make EU initiate investigations into serious and systematic violations of fundamental workers' rights in Bangladesh as provided under the EBA trade scheme. The call follows the arbitrary arrest and detention of workers and union leaders, the closure of union offices, mass dismissals and ongoing threats and intimidation of union activists.<sup>31</sup>

## SOCIAL PARTNERS

Social partners are central to promote the realisation of core labour rights and social justice for workers by protecting freedom of association and collective bargaining. These organisations are usually represented as the government, trade unions, and employers' organisations.

### Government

The Ministry of Labour and Employment (MOLE) is the ministry in Bangladesh responsible for employment, protecting and safeguarding the interests of workers, developing human resource, reducing unemployment and poverty through maintaining good industrial relations.<sup>32</sup> MOLE has established Technical Training Centres (TTCs) to train semi-skilled and skilled workers and enhance factory productivity among other things.<sup>33</sup> The government does not always enforce applicable law effectively or consistently (see more ahead).

Bangladesh Bureau of Statistics (BBS) is the central official bureau in Bangladesh for collecting statistics on demographics, economy and other facts about the country and disseminating the information.<sup>34</sup> Headquarter is located in Dhaka and has eight divisional statistical offices, 64 district statistical offices and 489 sub-districts offices (Upazila/Thana offices).

### Trade Unions

During the 2010s, the number of trade unions and their members have been on the rise in Bangladesh. In 2019, 184 federations and 8,195 basic unions, and 45 active Ready-Made Garment (RMG) federations and 3,497 RMG unions, were part of the trade union movement. About 2.9 million organised workers were in basic unions and RMG unions: the former with a share of 96% and RMG unions of 4.1%. Concerning RMGs, around 4% of factories have trade union presence.<sup>35</sup>

Trade unions are concentrated in the formal sector, though some have started organising informal workers from construction, rice processing, and ship-breaking sectors. The largest federations are Jatiyo Sramik League with 535,000 members followed by Bangladesh Jatiyatabadi Sramik Dal with 248,000 members.

Table 3 below shows that the aggregate number of organised workers from basic union increased significantly by 31% from 2012 to 2019. The trade union density of employees was estimated at 12% in 2019. Trade union organisations with women representation in decision-making bodies stay low: federal-level at 16%, union-level at 10%, and branch-level at 3-5%.

**Table 3: Status of Trade Unions in Bangladesh, 2019**

Number of sectoral federations	184
Number of RMG federations	53 (45 active)
Number of basic unions	8,195
Number of RMG unions	3,497
Federation members	1,263,366
RMG federations members	122,952
Basic unions members	2,811,399
RMG unions members	122,934
Growth in basic union members (2012-19)	31 %
Trade union density (employment)	4.5 %
Trade union density (employees)	11 %
Women member share of trade unions	15 %

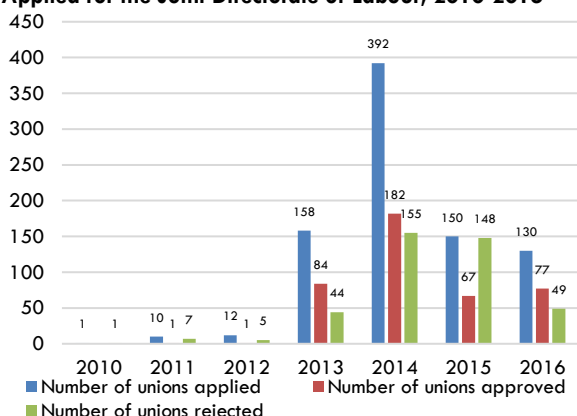
\* Employees, own account workers, and contributing family workers.

Source: data from BLS and Department of Labour; own estimations of trade union density using ILO KILM data.

In the period from 2010 to 2012, very few new trade unions in the RMG sector were registered. There was a high increase in newly approved unions since 2013, though. This upsurge was related to amendments on the Labour Act in July 2013 in the aftermath of the collapse of an eight-story garment factory in Rana Plaza Dhaka in April 2013 that cost more than 1,100 lives and injured hundreds of others. It created international attention to working conditions along with growing industrial conflicts in the labour-intensive RMG. International watchdogs to monitor the development of an improved labour management system were created to strengthening the cooperation in labour-employer relations and general industrial relationship.

In the period from 2013 to 2016, peaking in 2014, 830 garment sector unions applied for registration to the Joint Directorate of Labour (JDL), Just 410 were approved, which equals a share of 49% (Figure 3). It is worthwhile to mention that several trade unions in the RMG industry became inactive due to factory closures or alleged unfair labour practices on the part of employers.

**Figure 3: Bangladesh Garment Sector Union Organising Applied for the Joint Directorate of Labour, 2010-2016**



Source: Solidarity Center

The Bangladesh Constitution respects the freedom of association, and the Labour Act dictates the functions and registration process. According to the Bangladesh Labour Act from 2006, at least 20% of the total workers in an enterprise can form a union.<sup>36</sup> A maximum of three unions can exist in an enterprise. In practice, there are enterprises with more than three unions. Members of the unions must be workers of that enterprise-level. The support of 75% of the workforce is needed to make a strike legal. The Department of Labour may deregister unions with the approval of a labour court.

The Industrial Relations Ordinance, which regulates trade union activities, permits workers to organise themselves into trade unions. However, trade unions' rights are not

adequately protected or enforced in practice (see more in National Labour Legislation and Trade Union Rights Violations sections). Teachers, nurses, supervisory staff and workers in export processing zones, civil service and security force employees are prohibited from forming unions. Although unregistered unions exist, including sectors excluded in the ordinance, these unions cannot legally bargain collectively and lack other forms of protection granted under the law to registered unions.<sup>37</sup>

Main challenges of unionism in Bangladesh are related to the influence of political parties and corruption practices. For example, it is normal for a political party to have a union wing; the relation between unions can even be hostile. This situation can complicate trade unions' role as partners in collective bargaining and affect negatively industrial relations. Survey also revealed that most workers lack awareness or incentives of unionism.<sup>38</sup> Other aspects that challenge unionism is the difficulties in establishing new unions and effectively representing workers interests due to the need for 30% of a factory's workers to agree before any union is formed as well as workers fears of losing their jobs if they join a union.<sup>39</sup>

There have been attempts to unite centres into one single confederation, but it has not succeeded. It is an impact of the trade unions' political and ideological undertones that creates fragmentation between the organisations. Despite the many rival trade union centres, two coordinating bodies were created as umbrella intuitions for campaigning purpose that are outlined below.

#### United Front of Workers and Employees

The organisation is known in Bangladeshi as *Sramik Karmachari Oikya Parishad (SKOP)*, an alliance of national trade unions federations. It was established in 1983 when the military government of Bangladesh had banned all trade union activities in the country. SKOP initiated as a platform for joint action on national issues concerning labour market issues and coordinate demands for restoring workers' rights during a time when the country was under martial law. Today, it gathers a united voice among 11 national trade union centres participating in social dialogue and tripartite negotiating on key topics. SKOP also organises rallies and protests. Probably two-third marching together to make a united centre. One is expelled having a collective decision. And, one is suspended having a legal matter pending. Data are scarce but based on assessments, SKOP represents roughly 80% unionised workers.

### National Coordination Committee on Workers Education (NCCWE)

An alliance of 14 national trade unions federations has joined into NCCWE, which has become a well-recognised and credible body to engage in tripartite social dialogue. The institution represents workers in various forums as well as activities such as project development. The committee collaborates with union counterparts at the national level and the sectoral level. It is affiliated with International Trade Union Confederation (ITUC) and World Federation of Trade Unions (WFTU), as well as global union federations of the International Transport Workers Federation (ITF).

### Bangladesh Institute of Labour Studies (BILS)

BILS was established in 1995. The institute upholds the causes of working people and trade unions in Bangladesh.<sup>40</sup> BILS develops the capacity of the trade union movement and brings trade unions with different political views together in concrete co-operation in policy development. As a joint institution for the labour movement, BILS has no direct relationship with the political parties in Bangladesh and has a democratic constitution with regular free and fair elections for offices at all levels. Generally, BILS monitors and investigates the development of unionism. SKOP has widely used input cut across areas such as minimum wage, labour law reform, decent work agenda and in their policy advocacy, negotiation with government and political parties, and workers' awareness programmes. Aiming to achieve a better result in the employer-employee relationship, BILS plays a role to strengthen the tripartite mechanism between the government, employers and employees, in association with a wide range of other national and international institutions, e.g. ILO.

Out of 32 registered National Federations, 12 of them are affiliated with BILS. The institute is an active representative in the Government Policy Intervention Committee regarding various worker-related issues. BILS was connected to trade unions' membership of around 1.5 million workers in 2018.

### Workers Resource Centre

In 2018, the Workers Resource Centre (WRC) was launched to build a joint platform of two leading worker organisations – National Coordination Committee for Workers Education (NCCWE) and the IndustriALL Bangladesh Council (IBC) – to strengthen the capacity of trade unions in the RMG sector. The centre serves a one-stop-shop for workers needing information, education and assistance on the labour-related grievance. The WRC also supports and promotes social dialogue and

alternative dispute prevention and resolution, not to mention builds the capacity of trade unions to operate more efficiently.<sup>41</sup>

### Employers' Organisations

In 2020, the employers are estimated to form 4.4% of the total employment in Bangladesh (see more in Figure 6 ahead). This share is larger than the South Eastern Asian rate of 3.1%. More than a third (36%) of employers in Bangladesh face a shortage of skilled manpower, which points towards the need to revise the curriculums in the education system (see more in the Education section).<sup>42</sup>

The Global Competitiveness Index provides a view on a wide range of aspects, including labour market efficiency. The latter aspect is elaborated upon surveys among employers in the country and other statistical data. Bangladesh had a low level, ranking 121 out of 141 countries (1 is the best) in 2019 (see more in Table 4). Out of the 12 labour market efficiency indicators, the best scoring is in labour tax rate ranking among the best countries in the world, and the second-best scoring is hiring and firing practises (79). Worst rankings are within women's participation in the redundancy costs (127), the ratio of wage and salaried female workers to male workers (121), workers' rights (109), and active labour policies (104). These latter aspects indicate a labour market where women are largely excluded; it is expensive to dismiss workers and labour policies are inactive. Cooperation in labour-employer relations is on a low-medium level at 99 out of 141 countries. Employers are not interested in seeing their firms unionised.<sup>43</sup>

**Table 4: Employers' view of the labour market efficiency in Bangladesh, 2019**

Labour market indicators	Rank *
Labour market efficiency	121
Redundancy costs (weeks of salary)	127
Hiring and firing practice	76
Cooperation in labour-employer relations	99
Flexibility of wage determination	89
Active labour policies	104
Workers' rights	109
Ease of hiring foreign labour	79
Internal labour mobility	102
Reliance on professional management	96
Pay and productivity	80
Ratio of wage and salaried female workers to male workers	121
Labour tax rate	1

\* Rank from 1 to 141 (1 is best).

Source: The Global Competitiveness Report, 2019, 8<sup>th</sup> pillar: Labour market efficiency



### **Bangladesh Employers' Federation (BEF)<sup>44</sup>**

BEF was founded in 1998 and is the national employer organisation, representing around 90% of established employers in the private sector in all sectors of industry, trade and services. BEF engages in activities covering social, labour, employment and economic issues. The Federation protects and promotes legitimate rights, represents employers at national and international level and facilitates efficient skills development for enterprise sustainability and national economic growth.

The government recognises BEF as the only organisation representative of employers. Accordingly, it has been given representation in various national bi- and tripartite bodies (see section social dialogue). The Federation is a member of the International Organization of Employers (IOE) and participates in International Labour Organization (ILO) activities, representing the employers of Bangladesh. BEF maintains close contact with employers' organisations in other countries and exchanges views and information on current issues.

BEF provides advisory services on industrial relations, productivity improvement assistance, labour court assistance, minimum wages board representation and inputs to national policy issues. The organisation promotes programmes such as the training programme on Performing Human Resources – Application of Best Practices; the training programme on Workplace Safety and Compliance; and training and sharing good practices on labour law and industrial relations.

In the organisation, the garment sector has two very active employers' organisations: the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA).

## **SOCIAL DIALOGUE**

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Collective bargaining through social dialogue plays a central role in the industrial relations setting between organised workers, employers, and the government in both bipartite and tripartite levels. Ideally, the three partners are treated equally and independently to seek solutions to issues of common concern.

### **Central Tripartite Mechanisms**

In Bangladesh, eight established tripartite bodies are installed, however, in practice, only two are considered as reaching results in establishing harmonious industrial

relations, i.e. the Tripartite Consultative Council (TCC) and Minimum Wage Board (MWB).<sup>45</sup>

### **Tripartite Consultative Council (TCC)**

TCC is headed by the Ministry of Labour and Employment (MOLE) and constitutes 60 members (20 each from the government, trade unions and employer organisations). The institution hosts discussions on various issues such as formulation of labour policies, amendments of labour laws, adoption of ILO Conventions and Recommendations by the government, among others. The council is mandated to prevent industrial dispute and make the arbitrator and negotiation programme more acceptable, reliable and transparent. In recent years, the institution has contributed to the amendments of the Labour Law from 2006 (Amendment in 2010 and 2013) along with various policies, e.g. the National Labour Policy 2012. It could be interpreted as improvements in the social dialogue while it remains fragile in Bangladesh.

In response to unrest in the Dhaka industrial suburb of Ashulia in 2017, the government formed a permanent 20-member tripartite council for the country's RMG sector.<sup>46</sup> The council holds meetings at least three times annually. The council includes six representatives from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association, six additional representatives from the government, and six workers representatives. Labour leaders have expressed concerns that worker representatives were appointed, not elected, and that some of the appointed council members were either not active in the RMG sector, leaders of very small federations or closely aligned with industry.<sup>47</sup>

### **Minimum Wage Board (MWB)**

There is no permanent National Minimum Wage Board or such an Act. As per Labour Law, Government forms Sector-wise Minimum Wage Boards (MWBs). Establish a wage board requires a chairman, an independent member and a representative each from workers and employers, all appointed by the government. The board gives recommendations to changes in the minimum wage, which the government can either accept or send back to review by the board.

MWBs may convene at any time but is supposed to meet at least every five years in a tripartite forum to set wage structures and benefits industry by industry. For example, a board promoted the minimum wage for the garment sector three times in 2010, 2013 and 2019 (see more in

Working Conditions section). A wage board covering traditional unorganised sectors also has been established in shrimp processing, metal and construction after pressure from trade union forums.

#### Other Tripartite organs

- National Industrial Health and Safety Council
- Bangladesh Labour Welfare Foundation
- National Skill Development Council
- National Child Labour Welfare Council

#### Collective bargaining

A Participation Committee (PC) is a legal requirement in Bangladesh at factory-level, employing 50 or more workers. It aims to promote mutual trust and cooperation between workers and employers; ensuring the application of labour laws and supporting workers' education and welfare services, which have a positive effect on productivity. In practice, PCs are ineffective in terms of the democratic election process and the functionality of the institution.<sup>48</sup> In addition, a large majority of enterprises in the country are micro and small enterprises with less than 50 workers, not included in the PC requirement. According to BBS Economic Census 2013, out of 7.8 million enterprises in Bangladesh, 89% are micro-enterprises. Many workers and employers generally lack awareness or incentives of implying the labour and business regulations.

Legally registered trade unions are entitled to bargain collectively with employers as a Collective Bargaining Agent. Historically, there have been many conflicts between employers and organised workers in Bangladesh. It has challenged social dialogue. For example, some companies' workers do not exercise their collective bargaining rights due to their unions' inability to address grievances with management informally or due to fear of reprisal. The law only allows wall-to-wall (entire factory) bargaining units.<sup>49</sup> MOLE registered six Collective Bargaining Agents in the fiscal year 2018-2019 and 16 in the fiscal year 2017-2018.<sup>50</sup>

The industrial relations' environment was evolving over the past decade in Bangladesh, and the application of Collective Bargaining Agreements (CBAs) is relatively new. It is registered that the number of CBAs is on the rise: 57 collective bargaining agreements were signed in 2018; in 2017/2018, 16 CBAs were signed, and six were signed in 2018/2019. Challenges persist in working conditions, wage payments and the right of workers to organise for collective action. Weaknesses in national labour law administration, industrial relations

and social dialogue systems scope further contribute to challenges in complying with national laws and regulations. Although the number of CBAs are emerging as an alternative form of dispute resolution, their scope stays weak. Some data suggested the workers' CBA coverage at 5.0% of employees in 2006 (Table 5).

**Table 5: Status of Collective Bargaining Agreements in Bangladesh**

Number of CBAs (2013-2018)	57
Workers covered by CBAs (2006) (employees)	5.0 %
Share of workers covered by CBA (2006)	1.1 %

Source: Awaj Foundation, *Key lessons on collective bargaining in Bangladesh's apparel sector, 2019* and ILO, *Social Dialogue Indicators, International Statistical Inquiry 2008-09, Technical Brief, 2011*

As part of the development in the social dialogue in the country, the Action, Collaboration, Transformation (ACT) initiative is an agreement between 20 global brands, so far, retailers and trade unions to improve the garment, textile and footwear industry. The ACT is a commitment on living wages in the sector that provides a framework through which all relevant actors, including brands and retailers, trade unions, manufacturers, and governments can exercise their responsibility and role in achieving living wages. It includes to collective bargaining at industry level builds on minimum wage mechanisms by establishing wages and other conditions of employment that are appropriate for the industry, agreed by trade unions and representatives of manufacturers, and in-line to the terms of contracts with global brands and retailers.<sup>51</sup>

Another issue is that the RMG industry is hit hard by the global Coronavirus epidemic in 2020 and it has placed the government to engage in social dialogue with employers' organisations and trade unions to come up with practical solutions which will keep people safe and protect jobs.

#### Judicial System and dispute resolution mechanism

The Labour Act establishes mechanisms for conciliation, arbitration and dispute resolution by a labour court. The Labour courts also have the power to order the reinstatement of workers fired for union activities. Civil servants and security forces are covered under different terms and conditions of employment as well as file cases in specified courts. The courts have been criticised for having slow trial proceedings and negligence in officials' duties.<sup>52</sup> Seven labour courts and the only labour appellate tribunal in the country are burdened with a backlog of 17,608 cases. Even though the labour law states that cases should be disposed within 60 days,

many cases have been stuck for over six years. According to the official register, 10,838 cases were pending for over six months. Most cases are from the RMG industry. The backlog is due to a shortage of courts. The Arbitration Act from 2001 has not been user-friendly, and the high backlog alternative dispute resolution other than the court has no substitute. A reform of this bill is expected to be approved shortly that aims to improve the arbitration system and reduce court backlogs.

According to the Labour Court register, the range of dispute cases per year diverging from 28 in 2014 to 159 in 2018. A vast majority of cases were settled (see more in Table 6). The number of disputes has increased in recent years. Just after the Rana Plaza collapse in April 2013, there was a period of closer attention to improved social dialogue regarding resolving disputes between employers and organised workers.<sup>53</sup>

**Table 6 : Labour Disputes and Dispute Settlement, 2010-2019, Number of dispute cases**

Year	Industrial disputes	Resolved dispute	Unsettle dispute
2010	154	150	4
2011	100	93	7
2012	111	107	4
2013	116	113	3
2014	28	24	4
2015	53	47	6
2016	120	107	-
2017	114	43	-
2018	159	147	-
2019 (Jan-Aug)	93	39	-

Source: Labour Directorate and Annual Report 2017-18 under the Ministry of Labour & Employment

Table 7 displays the number of cases filed in labour court on labour disputes. In the period from 2017 to 2019, the amount of cases increased by 46% along with the amount of resolved dispute cases by 42%, in absolute terms, with a slightly decreasing ratio of resolved cases to filed cases by minus 2 percentage points reaching 87% per June 2019.

**Table 7: Labour Disputes in the Labour Court in Bangladesh**

Year	Cases filed	Cased resolved	Ratio of filed cases to resolved cases
2016/2017	6,738	6,000	89 %
2018/2019	9,821	8,530	87 %

Note: Data of Number of Cases Filed with the Labour Appellate Tribunal and seven Labour Courts.

Source: Annual Report 2016-17, Ministry of Labour & Employment and Annual Report 2018-19, Ministry of Labour & Employment

Bureau of Manpower, Employment and Training (BMET) formally investigated complaints of unfair union discrimination. According to the Solidarity Center, BMET only investigated 11 of 32 filed cases of antiunion discrimination. Experts have noted that the Ministry of Labour and Employment could benefit by specifying how organised and unorganised workers can seek redress for grievances in various forums, i.e. in the workplace, through a relevant government agency, or in labour courts.

Few strikes follow cumbersome legal requirements. Instead, strikes or walkouts often occur spontaneously, especially at workplaces without unions.

An amendment of the Labour Code shortened the period within which the Labour Court expects to render its judgement or decision. Generally, the legal system is known with persistent delays. One of the reasons is that the law stipulated that the Labour Court judgments would be delivered within 60 days, but even if it is not, it should not be declared invalid for that reason. This part was replaced, and now it requires of 60 days' delivery, upon failure to do so, the Labour Court must record its reason, and then take a maximum of another 90 days to deliver the judgement/decision. It is supposed to put some additional pressure on the Court to deliver its judgement on time, as well as an additional directory period, which should encourage the Court to dispose of cases more expeditiously.

## TRADE UNION RIGHTS VIOLATIONS

The freedom of speech and the right to organise have become increasingly limited in recent years in Bangladesh. The country is among the ten worst countries in the world to work in concerning union-busting measures, and workers attempting to form a union systematically have been dismissed.<sup>54</sup> Bangladesh ranks 5 out of 5+ in ITUC's Global Rights Index. While the legislation may spell out certain rights, workers have effectively no access to these rights in practice and are therefore exposed to autocratic regimes and unfair labour practices.<sup>55</sup>

ITUC registered five specific cases on the systematic violations of trade union rights in 2017 and one in 2018, which are summarised below:<sup>56</sup>

- Garment workers assaulted after peaceful protests.

- Repression of electricity workers seeking to form a union.
- Violent attacks and criminal charges against garment workers trying to form a union.
- Garment workers denied union registration.
- Further intimidation and arrest in retaliation for garment workers' protest.
- Arrests, suspensions and threats of prosecution following garment workers' strike.

At times trade union members have been killed or exposed to mass dismissals, arrests, violence and state repression against peaceful protests.<sup>57</sup> An example is how 50,000 garment workers, many making clothes for international retailers, were met with police violence after protesting - demanding the implementation of 50% government increase of the monthly minimum wage to 8,000 Taka (US\$94). Around 7,000 workers were sacked by their factories, most of which make clothes for well-known western brands. The protests ended with the government promising to raise their pay. However, when the workers went back to work, they realised that they no longer had a job.

In 2016 in a suburb of Dhaka, widespread strikes occurred where garment workers demanded immediate raise in the minimum wage among other things (see more in section Working Conditions).<sup>58</sup> These strikes led to the termination of at least 1,600 workers and left approximately 25 labour leaders and activists in jail. Intimidation tactics included frequent police visits to union meetings and offices, police taking pictures and video recordings of union meetings, and police monitoring of NGOs involved in supporting trade unions.

Fatalities in the ship-breaking industry continue, and at least 14 workers have been killed in accidents in the first nine months of 2019.<sup>59</sup>

According to the International Labour Rights Forum, the year 2019 was one of the worst years for employed in the RMG industry as more than 11,600 employed have been fired without a legal reason. Many were blacklisted, unable to find another job in another factory in the industry.<sup>60</sup> Without a doubt, it could be superseded by 2020 as an impact of the global Coronavirus epidemic.

Children and adults have been forced into domestic servitude and bonded labour that involved restricted movement, non-payment of wages, threats and physical or sexual abuse. It has mostly occurred in rural areas.

ILO has two active cases in Bangladesh, no follow-up cases and 15 closed cases (Table 8). ITUC alleges the two active cases. First, severe violations of freedom of association rights by the Government, including arbitrary arrest and detention of trade union leaders and activists, death threats and physical abuse while in detention, false criminal charges, surveillance, intimidation and interference in union activities, as well as mass dismissals of workers by garment factories following a peaceful protest. Second, the systematic violation of freedom of association by the Government, including through the denial of registration of the most active and independent trade unions, refusal to bargain collectively and repeated acts of anti-union violence against workers. The complainant further alleges that new draft of the Bangladesh Export Processing Zones Labour Act, 2016 is not in conformity with freedom of association and collective bargaining principles.

**Table 8: Freedom of Association cases in Bangladesh, 2019**

ILO Complaints Procedure	
Active	2
Follow-up	0
Closed	15

Source: ILO, NORMLEX, International Labour Standards country profile, Bangladesh

## WORKING CONDITIONS

In principle, the National Minimum Wage Board (NMWB) must meet at least once every five years in a tripartite forum to set wage structures and benefits industry by industry. After six years of stagnation, the minimum monthly salary increased in 2019 for RMG workers from US\$63 to US\$95 - an increase of 51% (Table 9). The RMG industry workers conducted public protests after the announcement, as they initially requested a minimum wage of US\$190.<sup>61</sup> The minimum wage in the RMG industry is often higher than in other sectors. Among the lowest monthly minimum is tea packaging workers, set at US\$22. None of the minimum wages provides enough standard of living for urban dwellers and loophole informal workers.

**Table 9: Wages in Bangladesh**

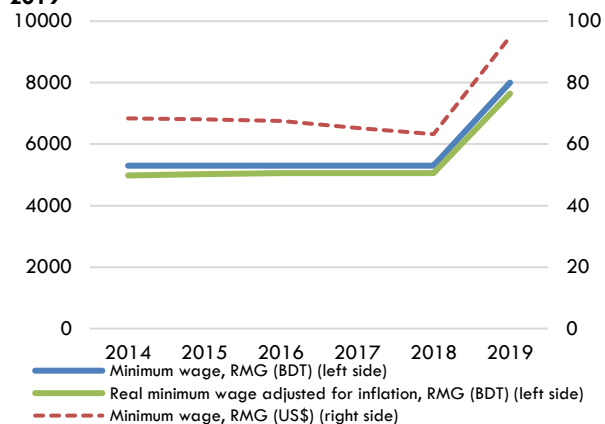
Type of wages	BDT Current	US\$ Current
Minimum wage, RMG industry (2019)	8,000	95
Minimum wage (RMG industry) growth (2014-17/2018- )		51 %
Wage high skilled (2018)	9,690	116
Wage low skilled (2018)	5,210	62

Source: Trading Economics, Bangladesh

Re-Fixation of the minimum wages and other benefits for the workers of the enterprises in EPZs under BEPZA was set in 2018 scaled from monthly lowest US\$76 for an apprentice to highest US\$182 for high-skilled workers. For all economic sectors not covered by industry-specific wages, the lowest minimum monthly wage was set in December 2013 at 1,500 takas (US\$19). For the engineering industry, the monthly minimum wage is US\$112 for skilled workers and US\$74 for unskilled workers.

The minimum wage is not indexed to inflation. The Minimum Wage Board occasionally introduces cost-of-living adjustments to wages in some sectors, though. The minimum wage has gradually experienced a growing gap between the nominal and real minimum wage. This gap was estimated at 5.9% on average in the period from 2014 to 2019. It is interpreted as an increasingly negative effect on the wage purchasing power due to the relatively high inflation in consumer prices (see more in Figure 4). Although the RMG Industry received a wage hike of 51% in 2019, if adjusted by inflation, the real rise stood at 20% for the mentioned period. This adjustment is further diluted by the fact that the real GDP per capita growth brought this wage hike down to minus nine percentage points. In other words, the real wage increase is not following the economy's developments.

**Figure 4: RMG Minimum Wage Trends in Bangladesh, 2014-2019**



Source: Trading Economics, Bangladesh and own calculations on real minimum wage based on the inflation rate estimate from IMF World Economic Outlook Database.

Sources have argued that the government does not effectively enforce minimum wage, even after the recent increase in the RMG sector. Bangladesh still has the lowest cost for labour in manufacturing clothing products in a global perspective, as the monthly wage in the sector is US\$135 in Myanmar, US\$170 in Cambodia, US\$234 in Vietnam, and US\$518 in China.<sup>62</sup>

The labour market is confronted with an insufficient number of labour inspectors. The Rana Plaza catastrophe motivated the government to try to inspect more than 3,780 garment factories. Initiatives have only covered the formal industry, leaving the informal factories as well as non-garment industries without proper monitoring. The government was criticised for a flawed monitoring system in the Accord on Fire and Building Safety framework.<sup>63</sup>

It is easy to lose a job at any time. There are usually no permanent employment contracts, and most contracts are in verbal rather than written form. There is a rising trend of precarious and casual forms of employment, and these wages in these employments are around two-fifth of regular workers.<sup>64</sup> The women's wages from the more informal economy are only two-thirds of men's earnings. Table 10 below provides an overview of central labour regulations in terms of working conditions in Bangladesh. These regulations could differ pointedly in practice. For example, despite eight hours a standard working day, survey data reveal, on average, they are 10.5 hours per day, and 6.4 days per week.<sup>65</sup>

**Table 10: Working Conditions in Bangladesh**

Fixed-term contracts prohibited for permanent tasks	No
Maximum length of a single fixed-term contract (months)	No limit
Standard workday	8 hours
Premium for night work (% of hourly pay)	0 %
Premium for overtime work (% of hourly pay)	100 %
Paid annual leave (average for working days with 1, 5 and 10 years of tenure, in working days)	17
Length of paid maternity leave	112
Mandated pay by law at maternity leaves	Yes
Five fully paid days of sick leave a year	Yes
Unemployment protection after one year of employment	No

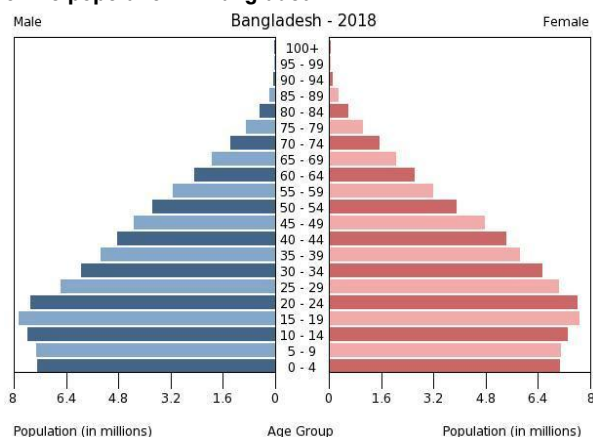
Source: World Bank, *Doing Business, Labor Market Regulation* and World Bank, *Women: Business and the Law, Bangladesh*

## WORKFORCE

Bangladesh is the world's eighth-most populous country with a total population of 159 million (July 2019 est.) and is densely populated. The country had a workforce of 69.7 million workers in 2019. Approximately 1.8 million people enter the labour market every year. The country struggles to generate decent jobs for the expanding population.

The fertility rate fell from 4.5 births per women in 1990 to 2.1 in 2016 as an impact of growing women participation rate on the labour market and rising school enrolment rates on all levels. As reflected in the population pyramid in Figure 5, the numbers of young people will not increase. The numbers of older people will increase 10-fold this century, creating a burden on the health and elder-care pension systems.

**Figure 5: Population pyramid based on the Age-Sex structure of the population in Bangladesh**



Source: CIA, *The World Factbook*, Bangladesh

The employment-to-population ratio is estimated to be lower in Bangladesh than the South Asia average both in total and among the youth (Table 11). It is due to a substantially lower ratio for women in Bangladesh on a staggering 20 percentage points compared to the region. When it comes to the men's ratio, Bangladesh is in line with the region – in fact, one percentage point above.

**Table 11: Employment-to-population ratio in Bangladesh and the South-Eastern Asia, Age and Gender distribution, 2020**

Sex	Age		Bangladesh	South-Eastern Asia
Total	Total	15+	56 %	65 %
	Youth	15-24	37 %	42 %
Men	Total	15+	78 %	77 %
	Youth	15-24	51 %	49 %
Women	Total	15+	34 %	54 %
	Youth	15-24	22 %	35 %

Source: ILO, *Key Indicators of the Labour Market (KILM)*

Bangladesh has experienced some structural changes in the status of employment since 2000 (Figure 6). 'Employees' (i.e. workers who get a basic remuneration) has increased fast from 33% in 2000 to 41% in 2020. This upsurge was drawn from the segment of 'contributing family workers' (i.e. self-employment in an establishment

operated by a related person) that dropped from 23% to 11% in the same period. Among own-account workers (i.e. self-employment and not engaged as 'employees' continually) it has basically stayed at the same share increasing one percentage point from 43% in 2000 to 44% in 2020. These two latter segments operate under 'vulnerable employment', which is characterised as inadequate earnings, low productivity and challenged conditions of work that undermine workers' fundamental rights.<sup>66</sup> An expansion of the share employees is considered as a positive evolution of the employment and as a formalisation process. The segment of employees is still smaller in Bangladesh than the South-Eastern Asia average (51% of total employment). The share of employers has increased from forming 0.3% of the employment in 2000 to 4.4% in 2020.

**Figure 6: Estimations and projections of status of employment in Bangladesh, %, 2000-2020**

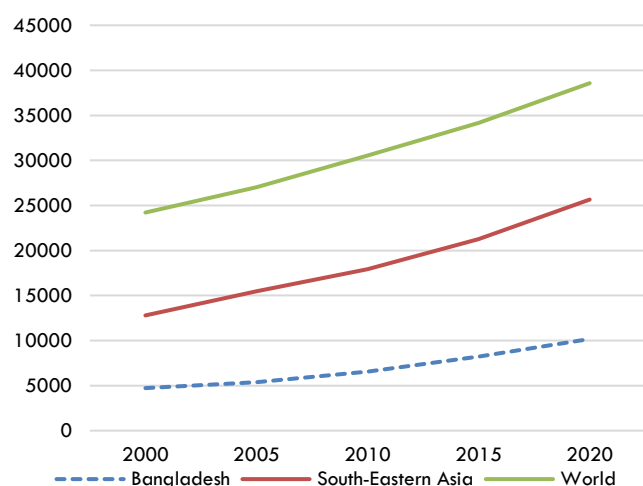


Sources: ILO, *Key Indicators of the Labour Market (KILM)*

There is a linkage in the changes in the status of employment and labour productivity. First, employees are often more present in the formal sector with more access to capital, finance and training. At the same time, own-account workers and contributing family workers often operate in more informal micro or small enterprises with low productivity activities. The changes are mirrored in Figure 7 below, which illustrates an upsurge of the labour productivity in Bangladesh. However, the country stays below the South-Eastern Asian average and far below the World average. One of the reasons is that when a high proportion of employed persons' work in a business or establishment with a size of fewer than five persons; these often invest little in human capacity development and many operate in informality. Data suggest a vast majority of enterprises are 'micro' (less than 10 workers), 'small' (10-49 workers) and 'medium' (50-99 workers), usually called MSMEs. This group accounts for 25% of GDP and employed 87% of the

workforce. The relatively low labour productivity is furthermore related to the educational system's failure in doing enough to endow workers with the skills their employers need in the formal sector along with a high rate of 'less than basic' education (see also Education section).

**Figure 7: Estimations and projections of labour productivity trend, output per worker, 2000-2020**



Note: Labour productivity is defined as output per worker (GDP constant 2011 international \$ in Purchasing Power Parity (PPP))  
Source: ILO, Key Indicators of the Labour Market (KILM)

## Unemployment and underemployment

To accommodate national comparisons, ILO uses a specific definition of unemployment: the so-called 'strict' unemployment rate. This rate covers everyone who does not exceed working for more than one hour per week.<sup>67</sup> Initially, a projected 3.1 million people are unemployed in Bangladesh in 2020, which equals 4.3% of the workforce (Table 12). Around 1.5 million young people are unemployed with the youth unemployment rate almost three times higher at 12%. There are relatively high gender gaps in the country, and the rates are also slightly higher than South Asia averages. However, at the beginning of 2020, the global Coronavirus epidemic pushed low-paid garment workers in Bangladesh to face mass unemployment that challenges the above-projected unemployment rates. However, it is too early to assess the full impact of the Coronavirus epidemic's depth in the labour market.

Strict unemployment rates are often shadowed by higher underemployment rates, e.g. people who are willing and able to work more than they do. In 2017, the underemployment rate was lower with 2.8% in total and 4.0% among the youth – both with minor gender gaps. Another indicator, the underutilisation rate – which

comprises unemployment, underemployment and potential labour force – is set at 7.1% in Bangladesh. It is 0.8 percentage points higher than the South-East Asian average.

**Table 12: Unemployment and underemployment in Bangladesh and South Eastern Asia average, 2020**

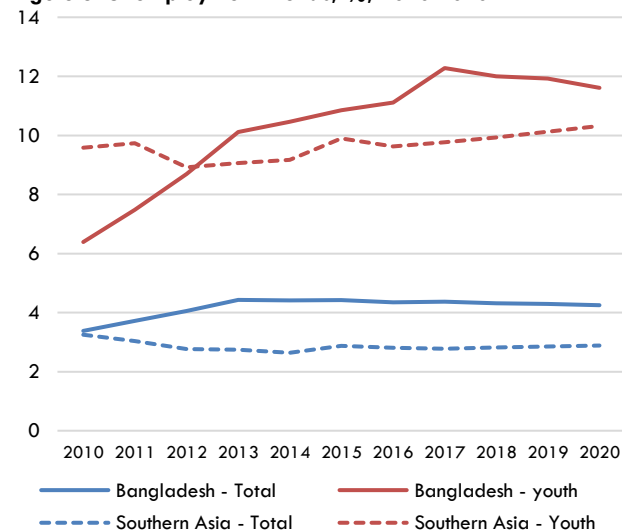
Type	Gender	Bangladesh	South Eastern Asia
Unemployment	Total	4.3 %	2.9 %
	Men	3.3 %	2.9 %
	Women	6.4 %	2.8 %
Youth Unemployment (15-24)	Total	12 %	10 %
	Men	10 %	10 %
	Women	15 %	11 %
Labour underutilisation*	Total	7.1 %	6.3 %
	Men	4.8 %	4.9 %
	Women	11 %	8.2 %

\* Underutilisation comprises unemployment, underemployment and potential labour force.

Source: ILO, Key Indicators of the Labour Market (KILM)

The unemployment rate has been on a stable trend since 2013 and stayed slightly higher than the regional average (Figure 8). The youth unemployment has been on the rise in the period 2010-2017, to decrease slightly up until 2020. Since 2013, the youth unemployment rate in Bangladesh has superseded the regional rate.

**Figure 8: Unemployment Trends, %, 2010-2020**



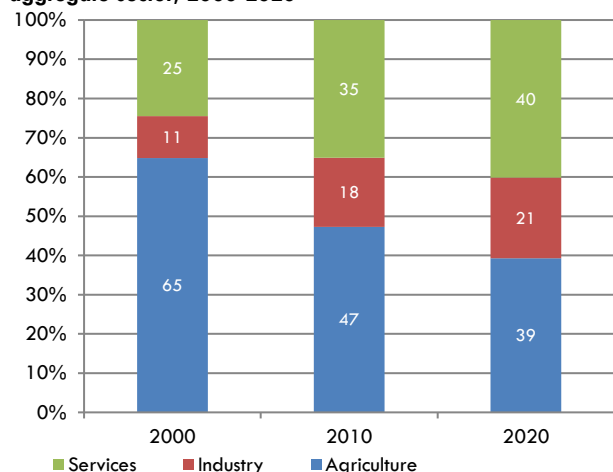
Source: ILO, Key Indicators of the Labour Market (KILM)

## Sectoral Employment

Changes in the labour market in Bangladesh are reflected in drastic changes in the distribution of employment by aggregate sectors in the 21<sup>st</sup> century (Figure 9). Most notably, the agricultural sector has decreased from occupying 65% of employment in 2000

to a projected 39% in 2020. Instead, both the service and industry sectors have increased from respectively 11% and 25% in 2000 to 21% and 40% in 2020.

**Figure 9: Estimations and projections of employment by aggregate sector, 2000-2020**



Source: ILO, Key Indicators of the Labour Market (KILM)

Projections suggest that the total employment absorbs 70 million workers in 2020, whereas 70% are men who dominate all sectors except 'other sources', which include household work. Employment in the agricultural sector is the largest sector covering 27 million workers. The next largest sectors are the trade, restaurant & hotel sector with 16% of the total employment and the manufacturing sector, with 14% of the total employment. The sectors with the lowest employment gender gaps are the 'other services and agricultural sector (see more details in Table 13).

Especially employment in the manufacturing sector, which includes the RMG Industry, experienced a significant increase during the last two decades. Estimations suggest that this sector's employment share increase by eight percentage points, reaching 14%, which was an upsurge of 55% in the number of manufacturing workers from 2010 to 2020. This value's rate is in line to the SDG target to promote inclusive and sustainable industrialisation (see also SDG Table, Indicator 9.2.2, on Page iv). It is furthermore contributing to the changing economic and labour landscapes, which includes an evolution of the unionism and improving working conditions on factory level, and dramatic drop in extreme poverty among employed (see more ahead). Especially the RMG sector has played a role in empowering women. This particularly sector employs approximately four million people, and around 50-65% are women. These women, with limited or no education at all, are now able to earn a living for herself and are less dependent on others for their livelihood.<sup>68</sup>

**Table 13: Estimations and projections of employment sector share in Bangladesh, 2020**

Sector	Total sector employment	Sector employment share, %	Ratio of men in sector employment, %
Agriculture	27,439,301	39 %	55 %
Mining & quarrying	114,193	0.2 %	96 %
Manufacturing	9,732,502	14 %	68 %
Utilities	147,355	0.2 %	87 %
Construction	4,377,639	6.3 %	93 %
Trade, restaurants & hotels	11,371,758	16 %	92 %
Transport, storage & communication	6,615,319	9.5 %	96 %
Finance, real estate & business services	1,566,847	2.2 %	88 %
Community, social and personal services	4,220,662	6.0 %	65 %
Other sources*	4,254,190	6.1 %	46 %
<b>Total</b>	<b>69,839,766</b>	<b>100 %</b>	<b>70 %</b>

\* Other services: Arts, entertainment and recreation; Other service activities; Activities of households as employers, undifferentiated goods and service-producing activities of households for own use; and Activities of extraterritorial organisations and bodies.

Source: ILO, Key Indicators of the Labour Market (KILM)

Labour productivity has been relatively low in Bangladesh. For example, the agricultural sector contributes 13% of the Gross Domestic Product (GDP) with an estimation of US\$1,280 share per workers per year (Table 14). Meanwhile, this sector employs almost two-fifth (39%). It is a signal that a vast majority of agricultural workers lack a qualified education and access to capital. The trade and hotel & restaurant sector represent 13% of the total GDP and a share of US\$3,169 annually, which is low compared to other sectors. Several compelling estimations show that the mining & quarrying sector contributes as little as 0.2% of the total employment and contributes 1.7% of the GDP, more than US\$40,000 per worker.

**Table 14: GDP share by sector and GDP per worker in Bangladesh, 2018**

Sector	GDP share by sector, %	GDP share by sector per worker, annual, US\$
Agriculture	13 %	1,280
Mining & quarrying	1.7 %	40,634
Manufacturing	18 %	4,955
Utilities	1.3 %	23,757
Construction	7.5 %	4,630
Trade, restaurants & hotels	13 %	3,169



Transport, storage & communication	9 %	3,691
Finance, real estate & business services	11 %	19,052
Community, social and personal services	8.8 %	5,620
Other sources	11 %	6,631
Taxes on duties on imports	5.4 %	-
Total	100 %	3,845

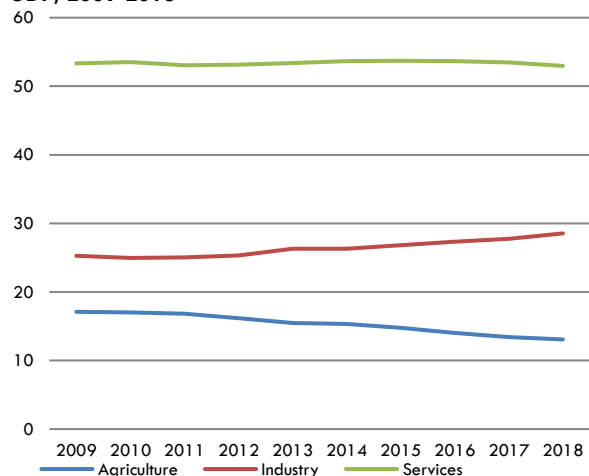
Note: GDP share by sector per worker is calculated by the total GDP (current US\$) divided by GDP share per sector origin, which then is divided with the number of workers per sector from 2010.

The total GDP share by sector diverges from 100% due to lack of data on other services in 2010.

Source: Estimations based on data from ILO, Key Indicators of the Labour Market (KILM) and ADB, Key Indicators for Asia and the Pacific, Bangladesh.

Changes in the employment structure were reflected in some shifts in the GDP shares. First, the agricultural sector fell from 19% of GDP in 2006 to 13 % in 2018. Second, increased GDP share was evident in the industry sector, while the service sector was even (Figure 10). The rising labour costs in China and India moved labour-intensive industries towards a country like Bangladesh, which has some comparative cost advantages, such as lower wages.

**Figure 10: Sector share of value added in Bangladesh, % of GDP, 2009-2018**



Source: World Bank, World Development Indicators

Since the 1990s, there has been an explosive growth in the garment industry, which has attracted investment mainly due to the competitive advantage of being cheap compared to other countries. With advantageous pricing as a key attraction, the garment sector faces pressure to keep prices down, which has likely impacted the poor safety and worker security (revisit Working Conditions section).

## Migration

Historically known as a rural-agrarian country, Bangladesh is now experiencing a rapid transformation towards an urban society where cities have increased about five times in the last 40 years. The question in Bangladesh is not whether it should urbanise, but how the country will handle the challenges of urbanisation.

The urban population constituted 6.2 million in 1974 and grew to over 39 million in 2011. The urbanisation rate jumped from 8.8% in 1974 to 28% in 2011, ending at 36% in 2017.<sup>69</sup> The rapid growth of the urban population is, among others, driven by rural-urban migration due to saturated agricultural land. In 2012, it was estimated that Dhaka received 300,000-400,000 migrants annually. It is estimated that Dhaka will exceed Beijing in size by 2025, with a projected population of 22.9 million. The city is probably one of the few megacities in the world without any proper urban planning or strategy for expansion of the mass transit system. Many end up in the slums. Urbanisation is moreover connected with high levels of pollution.

Cities in Bangladesh face challenges such as lack of economic dynamism, governance failure, severe infrastructure and service deficiencies, inadequate land administration, massive slums and social breakdown.<sup>70</sup>

Today, Bangladesh hosts one of the world's largest populations of climate migrants. Consequences of climate change create a new migration crisis for Bangladesh besides the Rohingya refugee crisis from Myanmar, as hundreds of thousands now face a lose-lose choice between settling in battered coastlines or urban slums.<sup>71</sup> With climate change accelerating and enhancing risks of natural hazards through droughts, flooding, saltwater overflowing cultivated coastal areas due to sea-level rise and riverbank erosion (each year is eroding an area larger than Manhattan in New York, USA). It creates new patterns of displacement and fuels an explosion of rapid and chaotic urbanisation. Overall, the number of Bangladeshis displaced by the various impacts of climate change could reach 13.3 million by 2050.

Life for climate migrants who arrive in Dhaka is seldom easy. Men and boys are often forced to work in brick factories, drive rickshaws and build skyscrapers. Women and girls often clean houses, stitch Western fashions and raise families – often suffering from sexual violence. Local officials still tend to view slum dwellers as illegal squatters, rather than residents with a right to essential services.

Bangladesh has experienced massive immigration flow during the last decades estimated at 5 to 7 million migrants abroad. It could be interpreted as a massive export of the workforce that has contributed to an inflow of personal remittance. It was up to 11% of GDP in 2012, subsequently gradually decreasing to 5.7% of GDP in 2018. For the South Asians regional average, the personal remittance was estimated at 3.8 % of GDP in 2018 (see Table 15). Remittances from migrant workers are still central for Bangladesh's economy, making up the second-highest source of foreign currency earnings after garment manufacturing. However, remittances are projected at US\$14 billion for 2020, a likely fall of about 22% (see more ahead).<sup>72</sup>

**Table 15: Status of Migration in Bangladesh**

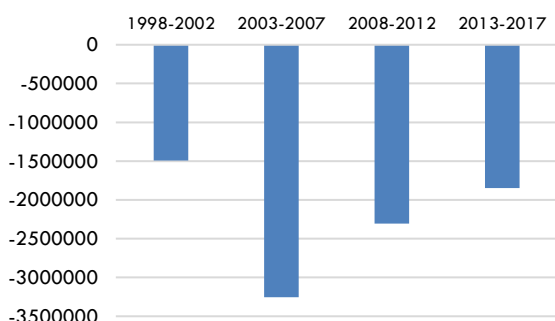
Net number of migration (2013-17)	Bangladesh	-1,847,503 *
Personal remittance (received), % of GDP (2014-2018, av.)	Bangladesh	6.7 %
	South Asia	4.0 %

\* Net migration is the net total of migrants during a period of five years, i.e. the total number of immigrants less the annual number of emigrants, including both citizens and non-citizens.

Source: World Bank DataBank

Factors leading to this sizeable Bangladeshi emigration (out-migration) flow are overpopulation, an agricultural sector that often is unable to sustain the livelihoods and lack of access to decent jobs. Better paid jobs opportunities are abroad. Nevertheless, the net migration flow has experienced a declining trend since 2003-2007, approaching the 1998-2002 level (Figure 11). It is not only reflected in the mentioned declining personal remittance stream but also an impact of the changing employment structures.

**Figure 11: Net migration trend in Bangladesh and South Asia, 1998-2017**



Note. The net migration trend is estimated as the net migration rate divided by the total inhabitants. Net migration rate is the difference of immigrants and emigrants in a period of time. A positive value represents more people entering the country than leaving it, while a negative value means more people leaving than entering it.

Source: World Bank, World Development Indicators

In 2013, more than 7.8 Bangladeshis lived abroad – most in India (3.2 million), Saudi Arabia (1.3 million), United Arab Emirates (1.1 million) and Kuwait (279,000).<sup>73</sup> In 2019, the total number was estimated at 10 million. Other estimates suggest that each year, more than 400,000 workers leave Bangladesh for overseas employment. According to census data, around 95% of Bangladeshis were men.<sup>74</sup> As the early phases of the Coronavirus epidemic unfolded, many international migrants, especially from the GCC countries – Gulf Cooperation Council, political and economic alliance of six Middle Eastern countries: Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman – returned to Bangladesh until travel restrictions halted these flows.

The more than 4,000 km long border between India and Bangladesh makes border control irregular and challenging border crossings from both states occur frequently. Conflicts of illegal migration have militarised the border and India has established a barbed wire fence on three-quarters of the length of the border.

Most of the labour migrants from Bangladesh are unskilled or low-qualified: 2.2% are professional; 32% are skilled; 14% are semi-skilled; 52% are less-skilled.<sup>75</sup> Most male migrants are employed in the construction, manufacturing, agriculture, retail sectors as well as the informal business services, such as cleaning, transport, or tailoring. Women more often are employed as domestic workers or cleaners in public buildings and offices. Some recent trends in the Bangladeshi migration are related to the growth of temporary short-term contracts, increasing vulnerability in employment.

The migrants can face problems such as high migration fees charged by recruitment agencies, especially for low skilled jobs, low wages, lack of information on migration opportunities and risks, discrimination, exploitation, and abuse. In contrast, overseas jobs are coupled with insufficient services to protect the rights of workers.<sup>76</sup>

Migrant workers in the Gulf have little formal rights with the Kafala system that sets the structural foundation for the exploitation of migrant workers in the Gulf. Migrant workers depend solely on their "sponsor" – a citizen of the respective Gulf State who manages the migrants' visa process, workplace recruitment as well as obtains the migrant workers' passports during the contract period. The income they can generate in the Gulf States is far higher than they could ever expect to earn at home. It supports most Bangladeshi emigrants are willing to

endure often exploitative labour conditions and despite high fees that recruitment and travel agencies charge.

In 2019, the Bangladeshi government launched an online job portal to help reduce high fees and curb exploitative tactics used by unscrupulous brokers.<sup>77</sup> The current informal recruitment system involved unofficial middlemen who often give false promises regarding jobs and wage as well as high charge fees that trap migrant workers in debt bondage. Bangladesh is one of the most expensive nations in the world for those seeking to work overseas – paying up to US\$8,500. About half of the migrant workers who depend on brokers experience some form of fraud or harassment.

In August 2017, a deadly crackdown by Myanmar's army on Rohingya Muslims sent hundreds of thousands fleeing the destruction of their homes and persecution across the border into Bangladesh. These Rohingya Muslims represent the largest percentage of Muslims in Myanmar, with the majority living in the northern Rakhine state. The United Nations describes the Rohingya's situation as the world's fastest-growing refugee crisis. As of March 2020, around 859,000 have arrived the cramped refugee camps in Bangladesh. Kutupalong, a refugee camp in Ukhia, Cox's Bazar, is one of the largest refugee settlements in the world, and home to more than 600,000 refugees alone. Rohingya refugees have little access to aid, safe drinking water, food, shelter, and healthcare. While an agreement for the return of refugees was reached in early 2018, none returned. In March 2019, Bangladesh announced it would no longer accept Rohingya fleeing from Myanmar.<sup>78</sup>

### Informal Economy

The informal economy has grown to a vast size in Bangladesh and is essential for generating both income and employment as well as absorbing surplus labour. This 'sector' is often characterised among non-educated, women and in rural areas workers.

The informal economy contributes to around 43% of GDP, which is significantly higher than Asia's 28%; and supports the relatively lower level of labour productivity. Around 85% in employment is in the informal economy, accounting for more than 60 million employed in 2016-2017. Informal employment is widespread in rural areas (88%, 39 million), compared to urban areas (77%, 13 million).<sup>79</sup> The gender gap is larger in urban areas (14 percentage points) compared to rural areas (8 percentage points). In 2010, informal employment formed 89% of total employment, so the informal share

has decreased with four percentage points. Table 16 furthermore outlines how the distribution of informal employment across the aggregated economic sectors varies, as the agricultural sector hosts the largest share of informal workers (95%), compared to the industrial sector (90% and the service sector (72%). There is a clear positive correlation between higher education attainment and formal employment.

**Table 16: Proportion of informal and formal employment in total employment and distribution by broad economic sector, %, 2016-2017**

Gender	Formal employment	Informal employment
Total	15 %	85 %
Men	18 %	82 %
Women	8.2 %	92 %
Sector		
Service	28 %	72 %
Industry	10 %	90 %
Agriculture	4.6 %	95 %

Source: Bangladesh Bureau of Statistics, Labour Force Survey (LFS), 2016-2017

Agriculture, mining, construction and private household dominate the informal economy.<sup>80</sup> A key issue that characterises the informal economy is the difficulties of enforcing labour laws. For example, workers from the informal economy receive, on average, at least 35% lower wages than in the formal sector. Likewise, informal workers fallout side of any intervention to promote workplace safety just as they receive less coverage of social protection than formal workers. One of the reasons for the high informality is the cumbersome business regulations (see more in the Economic Performance section and Appendix Table 26).

An institutionalised formalisation of the informal economy is a massive challenge in Bangladesh to reach the SDG goal on reducing the proportion of informal employment in non-agriculture employment (see more in SDG table, Indicator 8.3.1, on page iv). The ILO Recommendation 204 concerning the transition from the informal economy to formal sector from 2015 is partly included in the Bangladeshi development agenda. Around 20 sectoral federations, whereas 10 are on construction workers, include informal workers, as well as the NGO's Domestic Workers Rights Network (DWRN) and Bangladesh farmers Forum. Domestic workers are often informally employed.

The Labour Welfare Foundation Act (BLWFA) 2006 is covering the informal workers best by undertaking

welfare programmes for informal workers as well as give them financial and medical assistance, education scholarship and compensation to occupational victims. Labour Policy 2012 provides a legal basis for a decent workplace for informal workers. The National Social Security Strategy of Bangladesh 2015 also includes working lactating mother assistance fund.

Some policies have already supported informal workers, e.g. the National Skills Development Policy from 2012 identifies opportunities to introduce new competency-based qualifications and recognition of prior learning systems targeting the informal economy. It allowed informal apprentices to receive national certification under the scheme in Motorcycle Servicing and RMG Machine Operator. The initiative also saw the introduction of a new Code of Practice for informal apprentices and recognition of the new certificates as formal apprenticeship pathways by the Bangladesh Bureau of Manpower Employment and Training.<sup>81</sup> Tripartite National Informal Economy Forum and other nation forum addressing the status of informal economy workers are functioning but underdeveloped.

Several non-traditional groups have promoted union activities. For example, women's organisations have set up cooperative structures for their members. They have taken a series of initiatives in the areas of adult education, mother and childcare and productive work. In addition, the Labour at Informal Economy (LIE) is a membership-based organisation that represents 2,865 workers who work as street vendors, waste pickers, home-based workers and agricultural workers in Bangladesh.<sup>82</sup> LIE is nationally affiliated to the Bangladesh Free Trade Union Congress (BFTUC). Based on a study on informal rickshaw pullers in Dhaka City, BILS has developed a training manual and organisers' training in 2019.<sup>83</sup>

### Child Labour

In 2017, 1.3 million Bangladeshi children were trapped in forms of child labour, including forced labour. The activities include the production of dried fish, bricks, dangerous tasks in the production of garments and leather goods, harvesting of crops, producing cigarettes (bidis), quarrying and mining, ship breaking, domestic work, pulling rickshaws, commercial sexual exploitation, smuggling and selling drugs as well as forced begging.<sup>84</sup>

Bangladesh has experienced a drop of 7.4 million working children (18%) in 2002/2003 to 3.5 million (8.7%) in 2013 to 1.3 million (4.1%) in 2017. It has been

related to a rising enrolment in school on all levels, a declining child population as well as the previously mentioned urbanisation trend (see Education section). The country has lower working children prevalence than the average in Asia and the Pacific (Table 17).

**Table 17: Working Children Proportion of all Children**

Region	Year	Type	Proportion
Bangladesh (age 5-17)	2013	Working children	8.7 %
		Child labourers	4.3 %
		Hazardous work	3.2 %
Asia & the Pacific (age 5-17)	2016	Children in employment	11 %
		Child labourers	7.4 %
		Hazardous work	3.4 %

Note: Working children classifies as children helping their parents around the home, assisting in a family business or earning pocket money outside school hours and during school holidays.

Source: Bangladesh Bureau of Statistics and ILO, Child Labour Survey 2013 and ILO, Global Estimates of Child Labour, Results and trends, 2012-2016

Most working children (40%) work within agriculture, while the two other sectors each absorb roughly 30%. The agricultural sector was the primary employment sector for boys, and the service was the primary sector for girls. 11% of the shipbreaking workforce is under the age of 18, working long hours without training, safety equipment, holidays, adequate health care, and without contractual agreements.

The minimum age for work is 14, and the minimum age for hazardous work is 18. The law allows for certain exceptions, permitting children who are ages 12 or 13, to perform restricted forms of light work. Minors can work up to five hours per day and 30 hours per week in factories or up to seven hours per day and 42 per week in other types of workplaces. By law, every child must attend school up until fifth grade.

Estimations suggest that around 95% of working children operate in the informal economy, while only 5% are operating in the formal sector. The law does not cover children working in the informal economy, and hazardous work prohibitions are not comprehensive. Furthermore, the number of labour inspectors is insufficient for the size of Bangladesh's workforce, and fines are too low to deter child labour law violations. As a result, child domestic workers are vulnerable to all forms of abuse at their informal workplaces.

Poverty is one of the main reasons for child labour in Bangladesh, with poor households having to make their children work to sustain themselves. In 2016, 15% of children aged 6-14 years living in poorest households

worked an average of 64 hours a week.<sup>85</sup> In turn, it increases the labour supply and is likely to keep the wages lower in the industries. It also decreases the children's future earnings due to lack of education and the increased risk of occupational disability.

Child labour is popular among employers because children are docile and submissive and above all, either not paid at all or paid very meagre salaries. They can be tasked with duties that adults would not undertake, and as they are free or very inexpensive labour, they can perform job functions with a shallow margin of return on the employer's investment. Children frequently join small businesses as apprentices. It is often the only option to get an education since the country only has around 100 vocational training schools (see also Vocational Training section).

In November 2016, the former Minister for Labour and Employment declared that the government would eliminate child labour from 38 sectors categorised as hazardous by 2021, and from all sectors by 2025. However, the 2021-claim is unlikely to be achieved.<sup>86</sup>

The government launched a US\$35 million three-year project in 2018 to eliminate hazardous child labour by identifying and rehabilitating 100,000 child labourers.<sup>87</sup> Furthermore, the Bangladesh Army has been deployed to assist in identifying and investigating trafficking and smuggling cases among Rohingya refugees. The government has also adopted a five-year National Plan of Action for The Prevention and Suppression of Human Trafficking.

In 2018, the Bangladesh Labour Act was amended, banning all child labour in factories, and only allowing children aged 14-18 to engage in light work.

Besides poverty eradication, a tool to fight child labour is education. Extending compulsory education to the age of 14 is likely to prove more effective than enforcing a ban on child labour through the factory and informal sector inspection (see section Education).

## Gender

Conservative gender norms are ingrained in Bangladesh's labour market.<sup>88</sup> Domestic violence is widespread: 87% of married women have experienced a type of violence in the last 12 months, according to a nationally representative survey in 2011. Psychological violence was the most common, followed by physical violence. Domestic violence is widely tolerated, even

among women: one-third of women consider it justifiable for a husband to hit his wife, such as during arguments.

No law limits the participation of women in the political process, and women are well represented. However, the government does not always enforce the constitution or the laws regarding gender equality effectively.<sup>89</sup> Women still do not enjoy the same legal status and rights as men in family, property and inheritance law. Under traditional Islamic inheritance law, daughters inherit only half of what sons do. Under Hindu inheritance law, a widow's rights to her deceased husband's property are limited to her lifetime and revert to the male heirs upon her death.

In July 2018, the parliament amended the constitution to extend by 25 more years a provision that reserves 50 seats for women in parliament. These women parliamentarians are nominated by the 300 directly elected parliamentarians and are distributed among parties proportionately to their parliamentary representation voted in by using single transferable vote. All members serve five-year terms. The 2014 elections saw an increase in 19 directly elected, bringing the percentage of women in the parliament to 20% including the 50 women quotas.

Table 18 illustrates how deep the gender gaps are on key labour market indicators. For example, men have a much higher employment rate than women with a difference of 44 percentage points. Women are also more unemployed (5 percentage points gap), more engaged in vulnerable employment (17 percentage points gap) and less likely to be employees (12 percentage points gap).

**Table 18: Workforce key indicators gender gaps estimations in Bangladesh, 2020**

	Men	Women	Ratio of women to men, p.p.**
Employment	78 %	34 %	-44 p.p.
Unemployment	10 %	15 %	+5 p.p.
Employees	45 %	33 %	-12 p.p.
Vulnerable employment *	49 %	66 %	17 p.p.

\* Aggregate own-account workers and contributing family workers. \*\* Percentage point.

Source: ILO, Key indicators of the Labour Market (KILM)

The terms of the labour force participation rate remain gender discriminatory. Women are overrepresented in the informal economy and rural areas where lower wages, greater insecurity and generally unfavourable working conditions are common. On the other hand, between 2015-2016 and 2016-2017, 1,296,000 jobs

were created in Bangladesh, of which 420,000 jobs (32%) went to men workers, and 876,000 jobs (68%) went to women workers.<sup>90</sup> It is reflected in the fact that women's labour force participation rate increased faster than men's during the 2010s.

The vast majority (80-85%) of workers in the RMG industry are women and is the main employment option for women outside the agriculture sector (revisit Table 13). Bangladesh's economic success in the last two decades is large because of garment exports to Europe and North America (see more in the Economic Performance section). In this industry, many Bangladeshi women face rampant sexual harassment, assault and exploitation.<sup>91</sup> There are an estimated 2.5 million textile workers – mostly women – working in more than 4,300 garment factories. Around 80% of them are either experiencing or witnessing sexual abuse or harassment at work, and few feel able to report this abuse or seek justice.

Women working in the garment industry are on an average 19 years of age, unmarried and with little education - hence prone to exploitation, sexual harassment and discrimination. They earn, on average, 60% less of what their men colleagues' earn, and are exposed to low occupational safety and health standards.<sup>92</sup> Only 1.8% of them are members of unions in the RMG sector (overall only about 15% of trade union members are women).

Bangladesh has made some progress on gender equality. It includes progress in education as almost universal primary education (see Education section). The maternal mortality rate has dropped from 472 in 1990-1991, to 318 in 2000, to 181 in 2015 (see section Social Protection). The proportion of employed women with no formal school has reduced from forming 41% in 2010 to 21% in 2013. However, women's access to technical and vocational training is less favourable, as only 28% of students enrolled in technical and vocational training are women (see Vocational Training section). Women's wage has also increased much faster than men's wage since 2000, and as a result, the gender gap on income and wages has narrowed considerably. Besides, Bangladesh has experienced one of the most considerable improvements in women's life expectancy over the past three decades: from 54 years in 1980 to 68 years in 2010.<sup>93</sup>

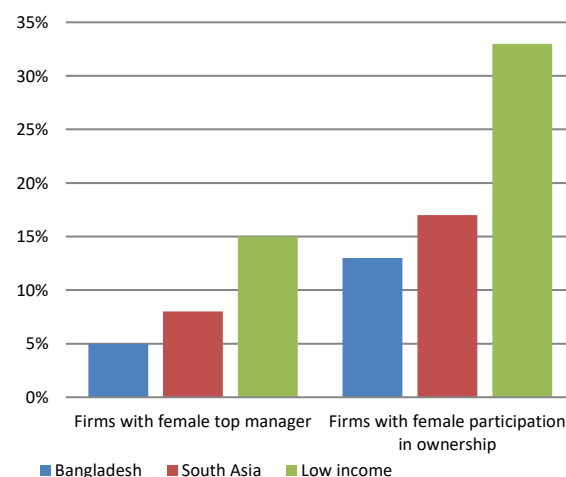
The Global Gender Gap Index 2018, measuring gaps and women's empowerment, ranked Bangladesh as number 48 out of 144 countries (1 is best) in 2018. On political empowerment and opportunity, Bangladesh

scores best (5). The three lowest scorings are in the indicators of economic participation and opportunity (133), educational attainment (116) and health and survival (117).<sup>94</sup> In this index, Bangladesh consolidates its position as the region's top performer and records progress in closing its political gender gap as the level of gender parity is more than 50%. Compared to other countries of South Asia, Bangladesh holds a top position in ensuring gender equality, only after the Philippines.<sup>95</sup>

The other international Gender Inequality Index – measuring health, empowerment and economic status across gender – ranked the nation with medium human development as number 136 out of 151 countries in 2017 (1 is best).<sup>96</sup> What keeps this ranking low is, in particular, the relatively low labour force participation.

Although women represent most total workers in the RMG industry, women are generally underrepresented in supervisory and management positions. According to an Enterprise Survey from 2013, 13% of firms had women participating in firm ownership in Bangladesh compared to the South Asia average of 17%. Around 16% of full-time employees were women, more significant than the South Asia average at 13% (Figure 12). It shows that women in Bangladesh have both lower ownership participation and full-time employment in comparison with the Enterprise Survey from 2007.

**Figure 12: Females in Management & Ownership, 2013**



Source: The World Bank, Bangladesh Enterprises surveys, 2013

Women's employment is most dominated in the sectors with the lowest average wages (e.g. education, health & social work and hotels & restaurants industries) as well as in the informal sector.

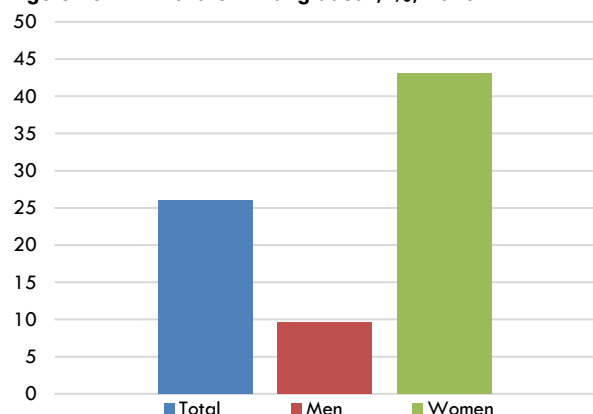
## Youth

The youth (15-24 years) made up 19% of the total population in Bangladesh in 2018 – equivalent to 30.5 million persons. As depicted in Table 11 above, employment-to-population among the youth is 37%, which is five percentage points lower than that for the South-Eastern Asia average. For the youth, there is a considerable gender gap on 29 percentage points between young men and young women in favour of men. Table 12 above also show how the youth tend to be more unemployed compared to the total employment (9 percentage points). The youth underutilisation rate is in 2020 projected to be similar (18%) to the youth in South-Eastern Asia average. Young women tend to be more underutilized than young men with seven percentage points.

Unemployment among persons with the education of up to tertiary level rose to 11% in fiscal 2016-2017 from 9% the previous fiscal year.<sup>97</sup> Nearly 90% of the youth in Bangladesh are employed in the informal sector; 80% of the unemployed are youths. More than 46% of the total unemployed youth are university graduates.

Those not in employment, education or training (NEET), is in 2020 estimated at 26% (Figure 13). As depicted in the figure, there is a vast 33 percentage points gender gap.

**Figure 13: NEET share in Bangladesh, %, 2020**



Note: The NEET's share covers the Bangladeshi youth not in education, employment, or training.

Source: ILO, Key Indicators of the Labour Market (KILM), 9<sup>th</sup> Edition

The country is struggling to create adequate opportunities for the youth following their educational qualifications. The nature of the job market is changing, and the degrees, which were in demand ten years ago, could be in oversupply today. However, information about how many graduates of different disciplines are entering the job market each year is scarce, making

informed overall decision-making difficult. Lack of information, coupled with a traditional view of career and profession, affect the skill scarcity in some jobs and oversupply in some other jobs. For instance, the RMG industry, despite being the lead contributor of foreign currency in Bangladesh, it is unable to meet skill demand for managerial positions from the domestic labour market.<sup>98</sup>

Educated youth are facing problems entering the formal job market, primarily because of the lack of access to information related to job and training. Thus, the education system is not adjusted to the needs of the labour market (see also the Education section).<sup>99</sup> Other challenges include limited opportunities to become entrepreneurs such as difficulty in obtaining finance, getting permission and licence. Many women jobseekers also face unwillingness from their families to allow them to work outside the home. A large proportion of young women have pointed out that they are not seeking employment overseas since they fear for their safety. Many job seekers also perceive corruption acts as barriers for gaining employment as bribes cannot be afforded in order to get a job.

The government published a National Youth Policy in 2003. It is outdated, and the government launched a revision of the youth policy in 2010 to link it up with the political manifesto of the Bangladesh Awami League Party's Vision 2021.<sup>100</sup> It appears that the government has placed greater attention on youth empowerment and increasing finance in this area. A draft of the national youth policy was debated in different forums, and a revised draft policy was finally reached in 2016. However, the policy has lacked concrete steps for achieving goals, and its implementation has been uncertain. In addition, procedures for revising the policy have not been clear.<sup>101</sup>

## EDUCATION

Primary education is free and compulsory until the age of 10, but many children drop out of school to work to help support the household. Many are still not receiving an education. It is especially the case for children from poor rural households as they often must help with cultivation practices. Females have a higher dropout rate than males because of factors such as child marriages, household responsibilities, high prevalence of pregnancies, lacking access to appropriate information about sexual and reproductive health, mental health issues and school-based violence.<sup>102</sup> In contrast to primary education, pupils in secondary schools are

required to pay tuition fees. These fees have been rising sharply in recent years. In primary schools, vocational subjects may potentially be introduced after grade six.

Still, a vast majority of the employed population is undereducated, leaving school early to take up work: 38% of the employed population has less than basic education. In comparison, 20% have intermediate education (Table 19). There is a minor gender gap. During the last decade, the working population is slightly more educated with a few percentage points for each education level. Compared with Myanmar, Nepal and Pakistan, the employed population is less educated.

**Table 19: Employment by education in Bangladesh, % of employment distribution, age 15+, 2017**

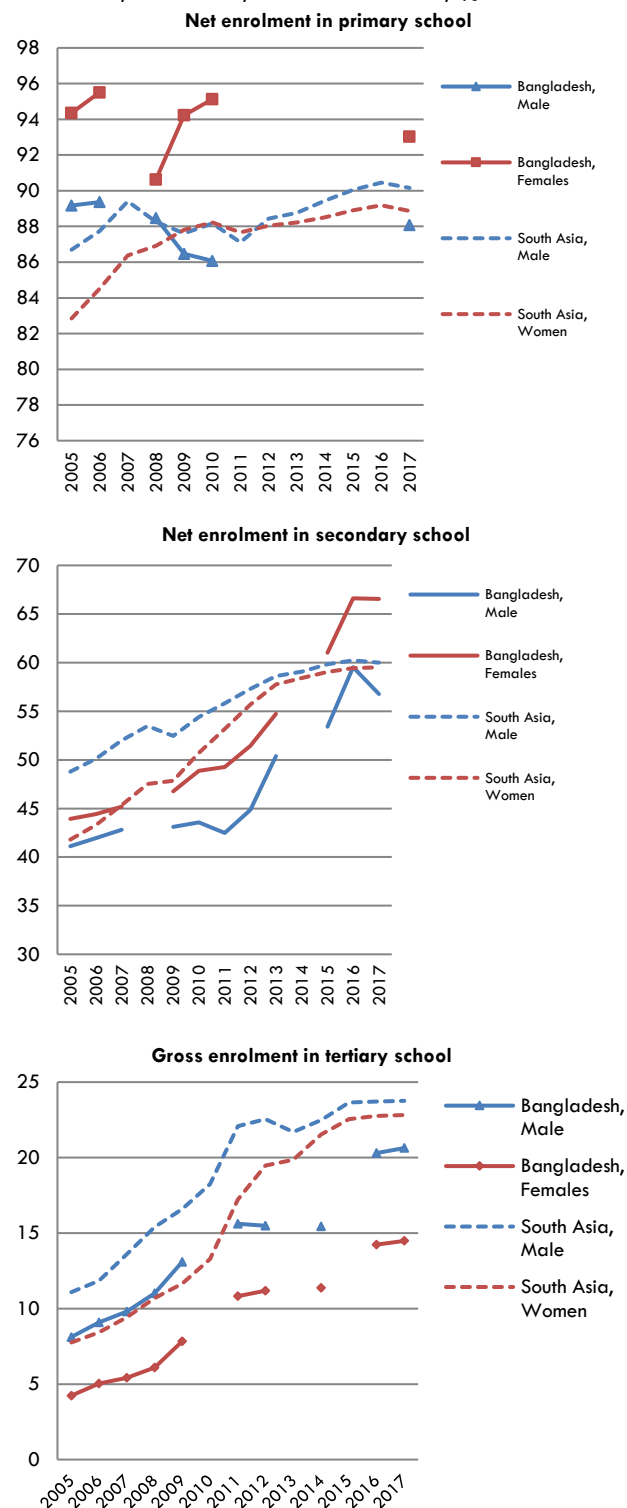
	Less than basic	Basic	Intermediate	Advanced
Total	38 %	37 %	20 %	6.0 %
Men	36 %	36 %	21 %	7.0 %
Women	41 %	38 %	17 %	3.8 %

Source: ILO, Key Indicators of the Labour Market (KILM)

In Figure 14, enrolments in primary, secondary and tertiary schools are depicted – both for males and females in the country and the regional average. First, females are more frequently enrolled in primary school than males in Bangladesh. While females are hovering above the regional average, males are slightly below. The picture is similar when it comes to enrolments in secondary schools: females are more enrolled than the regional average, while males were positioned slightly below in 2017. While the enrolment in primary schools in Bangladesh was slightly lower in 2017 than it was in 2015, enrolment rates have increased fast for secondary schools, however with a slight decrease from 2016-2017.

It is interesting to observe that the net enrolment pattern in tertiary schools differ from primary and secondary, as males are more often enrolled than females, while both genders are situated below the regional average. Both Bangladesh and the South Asia region have in general experienced steep enrolment increases in the period 2005-2017.

**Figure 14: School Level and Enrolment in Bangladesh & South Asia, 2005-2017, Males and females, %**



Note: Net enrolment is the ratio of children of official school age, who are enrolled in school to the population of the corresponding official school age. Gross enrolment is the ratio of total enrolment, regardless of age, to the population of the corresponding official school age. Gross primary enrolment is therefore sometimes higher than 100%.

Source: World Bank, Education Statistics



To further increase participation and improve learning outcomes, the government in 2010 adopted a new national education policy that introduced one year of compulsory preschool education and extended the length of compulsory education from grade five to grade eight. A common elementary core curriculum and national examinations have been introduced at the end of grades five and eight.<sup>103</sup>

Education has several deficiencies. Those admitted face overcrowded classes and the university curricula are challenged of limited relevance to the needs of the industry. In 2017, 16% of university graduates were unemployed compared to seven percentages of secondary school graduates. Since the country allowed higher private education in 1992, 103 private universities have been established.

The minimum international standard for a teacher to student ratio is 1:30. However, in Bangladesh, there is one teacher for every 53 students. Sources have argued that the lack of qualified teachers and poor school facilities in terms of the number of schools, classrooms, libraries and playgrounds are responsible for poor quality education at primary schools. Besides, around 70% of children are unable to read or write properly or perform basic mathematical calculations even after five years at primary school.<sup>104</sup>

A government investigation has outed Rohingya refugees to study. For years, Bangladeshi schools have quietly admitted some of the Rohingyas who live as refugees in sprawling camps on the country's southern coast. Though, the new influx of refugees has contested the hospitality of the Bangladeshi government, leading them to apply tighter controls on the population. The recent expulsions highlight the struggle of hundreds of thousands of children desperate to study in the world's largest refugee settlement, at risk of missing crucial years of education and the chance to obtain formal qualifications.<sup>105</sup>

### Vocational Training

Technical Vocational Education and Training (TVET) plays a central role in the development of a skilled workforce as a contribution to economic development and competitiveness. Through hands-on learning and qualifications requested on the market, TVET supports linking the gap between education and work.

The number of vocational students has increased from approximately 430,000 in 2013 to 613,000 in 2017, which equals a growth of 43% (Table 20). It is

noteworthy to mention that in 2017, females had a relatively high enrolment in vocational training on 27% compared to the South Asian average at 22%. The ratio of vocational students to teachers has increased with five pupils per teacher from 1:20 in 2013 to 1:25 in 2017.

**Table 20: Status of Vocational Training, Bangladesh, secondary education**

	2013	2017	Trend, 2013-2017
Female enrolment, %	33 %	27 %	6 p.p.*
Pupils	429,558	612,601	43 %
Teachers	21,040	24,881	18 %
Ratio of teachers per pupils	1:20	1:25	+5 pupils per teacher

\* Percentage Points

Source: World Bank, Education Statistics

Unfortunately, TVET has not yet achieved a better reputation to attract bright students in Bangladesh and is still considered a 'second-class' education.<sup>106</sup> For many, it is perceived as a last resort for those who fail to enter higher education or leave formal education due to unforeseen reasons. Skill development is still characterised by gender inequalities and stereotyping, leading to gender divisions in many roles.

The workforce often lacks the required technical and managerial skills in the textile and garment industry. Instead of employing locals, many workers from Sri Lanka and India are trying to fill in this gap.

Traditionally, vocational training has not had strong links to the industry, and the government's Technical Vocational Education and Training (TVET) went through an overhaul in 2006. It produced a National Technical Vocational Qualification Framework (NTVQF) in 2009 and a National Skill Development Policy (NSDP) in 2011. Still, the country has only around 100 vocational training schools, which makes it difficult for most of the more impoverished younger people to get vocational training. The government has taken the initiative to revise and update NTVQF.

NSDF aims at a future growth of skills development with ambitious targets, including:

- TVET students shall comprise 20% of all secondary students (currently 3.5%).
- Total enrolment in TVET should increase by 50%.
- Women's enrolment should increase by 60%.<sup>107</sup>

Among others, a programme was launched in October 2015 to scale up the support to strengthen technical and vocational education in Bangladesh. This financing will enable 200,000 poor students to complete vocational training and diploma courses.

## SOCIAL PROTECTION

Bangladesh stands at the crossroad of maintaining the momentum of high economic growth and dealing with rising inequality. Social protection plays an instrumental role in narrowing inequality through the distribution of social entitlements for those who are left behind. Social protection consists of policies and programmes targeting labour market interventions, social insurance and assistance for parents of new-borns, those injured at work, surviving relatives to deceased breadwinners, retired, unemployed, disabled and sick persons.

Social protection is, in a broad sense, concerned with preventing, managing, and overcoming situations that adversely affect people's wellbeing. Bangladesh has committed to the SDG, calling for the realisation of a nationally appropriate social protection and measures for all (see SDG table, Indicator 1.3.1, on page iv).

Social security is mandated by the constitution of Bangladesh, with Article 15 (d) obligating the state to secure the right to social security for its citizens.<sup>108</sup> However, few contributory social protection schemes exist, and the system remains fragmented with around 140 programmes cutting across 23 ministries. They often are not linked, with overlapping objectives, low budgets and inadequate coverage.<sup>109</sup> Many programmes are donor-funded, challenging national self-determination.<sup>110</sup> In 2017-2018, Bangladesh budgeted for 118 programmes, of which four were in the category of cash transfer, 10 in food security, four in microcredit, 12 in social empowerment, 25 in social protection and 63 in the category of the development programme.<sup>111</sup> The majority of the programmes are relatively small.

Social protection coverage is low among informal workers, even generally with national health insurance. For government employees in Bangladesh, no health protection scheme is available.<sup>112</sup> Table 21 below provides an overview of the social protection coverage in Bangladesh. Overall, 28% of the population in Bangladesh receives at least one social protection benefit, which is lower than the Asia and the Pacific average at 39%. Health Social Protection covers around 43% of the population. Other data show that the share of mothers with new-borns receiving maternity cash

benefits is similar in Bangladesh than the Asia and Pacific average, both on 21% (see more in Appendix Table 25).

Many Bangladeshis continue to work in their old age, and at least two-thirds of older people in Bangladesh did not receive pension at all. The government has initiated a 'Universal Pension Scheme', which is not functional yet. Vulnerable persons have very low coverage by social assistance at 4.3% just as poor persons covered by social protection systems is low at 11%.

**Table 21: Social protection coverage in Bangladesh, %, 2015 or latest year available**

Group	Coverage
Percentage of total population covered by Health Social Protection	43 %
Persons above retirement age receiving a pension	33 %
Children covered by social protection benefits	29 %
Population covered by at least one social protection benefit	28 %
Mothers with new-borns receiving maternity cash benefit	21 %
Persons with severe disabilities collecting disability social protection benefits	19 %
Legal employment injury out of the labour force	13 %
Poor persons covered by social protection systems	11 %
Vulnerable persons covered by social assistance	4.3 %

Source: World Bank, World Development Indicators and ILO, Social Protection, Statistics and indicators

The health expenditures in Bangladesh diverges from 1.7% of GDP to 2.4% on social protection, including health. While Bangladesh spends 0.9% on social protection excluding health, the share is substantially more significant in the Asian and Pacific average on 7.4% (See more in Table 22).

**Table 22: Social protection expenditure in Bangladesh, % of GDP, latest year available**

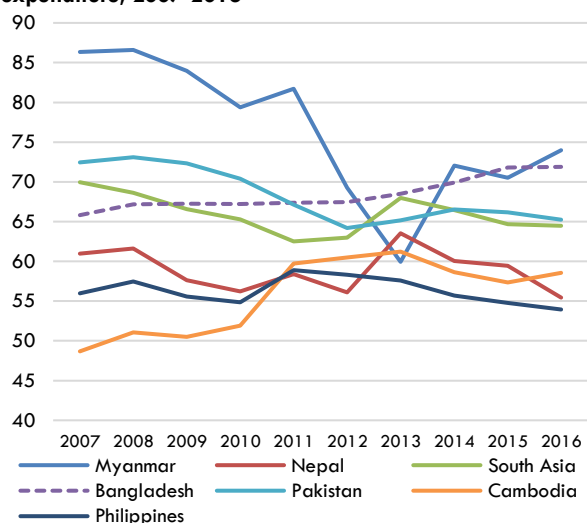
Service	Expenditure
Health expenditure (World Bank)	2.4 %
Total social protection including health (ILO)	1.7 % *
Social protection expenditure excluding health	0.9 %
Public social protection for people of working age	0.7 %
Labour market programme for persons of active age	0.4 %
Social assistance for persons of active age	0.3 %
Public social protection on pensions and other benefits, excluding health for persons above statutory pensionable age*	0.1 **

\* 2014 \*\* 2015

Source: World Bank, World Development Indicators and ILO, Social Protection, Statistics and indicators

Bangladesh has made improvements in the health sector since its independence in 1971. Awareness in public on health issues has increased.<sup>113</sup> However, the share of health-care expenditure financed by private households' out-of-pocket payments is relatively high in Bangladesh situated at 72%, and it has been on a slowly rise since 2007 (Figure 15). The South Asia average out-of-pocket expenditure rate is significantly lower, situated at 64%. Out of Myanmar, Pakistan, The Philippines, Nepal, and Cambodia, only Myanmar has a higher rate (2 percentage points) than Bangladesh.

**Figure 15: Out-of-pocket expenditure, % of current health expenditure, 2007-2016**



Source: World Bank, World Development Indicators

The government has approved a National Social Security Strategy (NSSS), which seeks to consolidate programmes into simplified lifecycle-based schemes. The cabinet approved the strategy in 2015. An action plan for the NSSS for implementing ministries was launched in 2018 but is yet to be fully detailed on its programmes, processes, and resources.<sup>114</sup> There is no unemployment protection after one year of employment, but it is in the process of assessing the feasibility of establishing its first unemployment insurance scheme, which is part of a general reform the current social security system. Persons with severe disabilities collecting disability social protection benefits have low coverage of 19%. The government claims that all disabled people will receive financial support in 2024.

Progress has been made in rolling out the essential package of health service for all, expansion of access to primary health care services and piloting of health insurance.<sup>115</sup> Despite a political commitment in these areas, a rigid financing structure dating from the colonial

era persists. Lack of human resource and empowerment also affect the health system's efficiency negatively. Some key challenges of the social protection schemes in Bangladesh are related to the targeting of services. First, almost 60% of recipients were non-poor, i.e. a large share of resources does not reach the target groups such as children under five years and the elderly. Second, most of the programmes are primarily addressing the rural poor and not confronting the internal migration movement from rural to urban zones that are in progress.

As indicated, there are various programmes of varying scale and coverage, for informal economy workers. Among others, there exist many social safety net programmes (SSNPs) that target the poor's income and employment entitlements. Examples of such SSNPs include: i) cash and/or kind transfers to targeted poor, mostly with conditionalities on education and health; ii) wage-based labour-intensive public works programmes; iii) vulnerable group feeding (VGF) and school feeding programmes, mother and child supplementary programmes; and iv) price subsidies on food or energy. Social safety net programmes have total beneficiaries of about 3.8 million.

After the Rana Plaza disaster in 2013, legislative improvements in occupational health and safety have taken place. However, almost half of all employees in Bangladesh report unsafe workplace conditions, resulting in illness and injury together with lower work productivity.<sup>116</sup>

According to the Social Welfare Minister, one-time grants of BT 50,000 (US\$600) for patients with complex diseases are provided.<sup>117</sup> Around one million disabled people receive financial support from the Ministry of Social Welfare out of a total of 1.6 million disabled people in the country. This coverage rate source diverges from the coverage rate on 19% displayed in Table 21 above.

A publicly paid Old Age Allowance programme operates for persons who used to have an annual income less than 3,000 takas per year (US\$40), providing a 250 takas per month (US\$3.4).<sup>118</sup> It has 2 million beneficiaries and covers 7% (US\$81 million) of the total social protection programmes expenditures. Although the system is valuable for the country's older people, it is challenged by the form of means-testing, low benefits and power abuse and corruption.<sup>119</sup> While the social status and psychological well-being has increased for recipients, the quality in basic needs has not yet been met.<sup>120</sup>

## APPENDIX: ADDITIONAL DATA

**Table 23: List of approved labour related legislations in Bangladesh, 2014-2019**

Type of legislation	Legislation
<b>2014</b>	
Education, vocational guidance and training	Non-Formal Education Act, 2014
<b>2015</b>	
Elimination of child labour, protection of children and young persons	Youth Organizations (Registration and Management) Act, 2015
Occupational safety and health	Formalin Control Act, 2015
	Nuclear Power Plant Act, 2015 (No. 19 of 2015).
Specific categories of workers	Public Servants (Marriage with Foreign Nationals) Act, 2015 (Act No. 19 of 2015).
<b>2016</b>	
Elimination of child labour, protection of children and young persons / Employment policy, promotion of employment and employment services	Youth Welfare Fund Act, 2016 (No. 33 of 2016).
Social security (general standards)	Bangladesh Tea Workers Welfare Fund Act, 2016 (No. 1 of 2016).
Specific categories of workers	The Surplus Public Servants Absorption Act, 2016 (No. 1 of 2016).
	Railway Security Force Act, 2016 (No. 2 of 2016)
<b>2017</b>	
Elimination of child labour, protection of children and young persons	Child Marriage Restraint Act (No. 6 of 2017)
<b>2018</b>	
Specific categories of workers	Ship Recycling Act
<b>2019</b>	
Specific categories of workers	EPZ Labour Act

Source: ILO, NATLEX, Bangladesh and media

**Table 24: Ratified ILO Conventions**

Subject and/or right	Convention	Ratification date
<b>Fundamental Conventions</b>		
Freedom of association and collective bargaining	C087 - Freedom of Association and Protection of the Right to Organise, 1948	1972
	C098 - Right to Organise and Collective Bargaining Convention, 1949	1972
Elimination of all forms of forced labour	C029 - Forced Labour Convention, 1930	1972
	C105 - Abolition of Forced Labour Convention, 1957	1972
Effective abolition of child labour	C138 - Minimum Age Convention, 1973	Not ratified
	C182 - Worst Forms of Child Labour Convention, 1999	2001
Elimination of discrimination in employment	C100 - Equal Remuneration Convention, 1951	1998
	C111 - Discrimination (Employment and Occupation) Convention, 1958	1972
<b>Governance Conventions</b>		
Labour inspection	C081 - Labour Inspection Convention, 1947	1972
	C129 - Labour Inspection (Agriculture) Convention, 1969	Not ratified
Employment policy	C122 - Employment Policy Convention, 1964	Not ratified
Tripartism	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	1979
<b>Up-to-date Conventions</b>		
Working time	C014 - Weekly Rest (Industry) Convention, 1921	1972
	C106 - Weekly Rest (Commerce and Offices) Convention, 1957	1972
Social Security	C118 - Equality of Treatment (Social Security) Convention, 1962	1972
Specific categories of workers	C149 - Nursing Personnel Convention, 1977	1972
Seafarers	C185 - Seafarers' Identity Documents Convention, 2003	2014
	MLC - Maritime Labour Convention, 2006 *	2014

*Note: Fundamental Conventions are the eight most important ILO conventions that cover four fundamental principles and rights at work. Equivalent to basic human rights at work. Governance Conventions are four conventions that the ILO has designated as important to building national institutions and capacities that serve to promote employment. In other words, conventions that promote a well-regulated and well-functioning labour market. Per July 2020, there were 73 up-to-date conventions listed.*

*\* In accordance with Standard A4.5 (2) and (10), the Government has specified the following branches of social security: medical care; sickness benefit and employment injury benefit. There were Amendments of 2014 and 2016 to the MLC (2006) but they are not yet in force (March 2017).*

*Source: ILO, NORMLEX, Country Profiles*

**Table 25: Coverage of National Social Security Schemes, 2017-2018**

<b>Social security scheme</b>	<b>Coverage, 2018</b>
Old Age Allowance	4,000,000
Allowances for widows and victims of domestic violence	-
Allowances for all insolvent persons	750,000
Stipends for disabled students	90,000
Beneficiaries from the gypsies and disadvantaged communities	30,000
Honorarium Programme for Freedom Fighters	200,000
Allowance for the Financially Insolvent Disabled Citizens	1,000,000
Capitation Grant for Non-government Orphanage	98,000
Allowance Programme for Widow, Deserted and Destitute Women	1,400,000
Maternity Allowance for Poor Mother	700,000
Working Lactating Mother Assistance Fund	25,000
Honorarium and Medical Allowance for Injured Freedom Fighters	15,000
Open Market Sale (OMS)	12,100,000
Vulnerable Group Feeding (VGF)	5,178,000
Employment Programme for Ultra-Poor	827,000
Poverty Alleviation and Rehabilitation	290,000
<i>GrihayanTahabil</i>	390,000
<i>Ekti Bari EktiKhamar (One House One Farm)</i>	20,000,000
Rehabilitation activities for Acid Victim and Disable citizens	6,000
Programme to develop the Living Standard for Tea garden Workers	30,000
Maternity Allowance for Poor Mother	700,000
Disabled Service and Health Centre (One Stop Service)	376,000
Program for Improving the Livelihood of Transgender (Hizra)People	7,000
Comprehensive Village Development Program (CVDP) 3rd Phase	514,000
<b>Total</b>	<b>48,726,000</b>

Source: Bangladesh Economic Review 2019

**Table 26: Ease of Doing Business in Bangladesh, 2020**

Topics	2019	2020	Changes
Overall	176	168	+8
Starting a Business	138	131	+7
Dealing with Construction Permits	138	135	+3
Getting Electricity	179	176	+3
Registering Property	183	184	+1
Getting Credit	161	119	+42
Protecting Minority Investors	89	72	+17
Paying Taxes	151	151	0
Trading Across Borders	176	176	0
Enforcing Contracts	189	189	0
Resolving Insolvency	153	154	-1

*Note: Doing Business 2019-2020 indicators are ranking from 1 (top) to 190 (bottom) among other countries. The rankings tell much about the business environment, but do not measure all aspects of the business surroundings that matter to firms and investors that affect the competitiveness of the economy. Still, a high ranking does mean that the government has created a regulatory environment conducive to operating a business.*

Source: World Bank & IFC, Ease of Doing Business 2020 in Bangladesh

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