

# Social Protection for Workers in the Textile and Leather Sector (SOSI)

## Background

Apparel supplier to the world – that is how Bangladesh is perceived these days. The country ranks among the largest exporters and is one of the major players in the global textile industry.

Working conditions in the sector have improved in recent years. Yet they are still inadequate. The Covid-19 induced recession, the 2022 energy crisis and interruption in production in connection to the Anti Discrimination Movement in 2024 led to layoffs with hardly any financial support. These are only the latest examples of workers not being sufficiently protected against work-related life-cycle risks.

This is especially striking in the area of employment injury protection. While some legal provisions and strategies are in place for accident prevention and compensation, these are rudimentary and fragmented and have yet to be embedded into an overall strategy. Furthermore, even though companies in Bangladesh are subject to civil liability, only a notable few fulfil their legal obligations in full. Also, the necessary institutional capacities for building social insurance systems are lacking in the responsible governmental agencies. In particular, the digital management of existing social assistance as well as insurance programmes is underdeveloped.

The Government of Bangladesh is aware of these problems and plans the introduction of a comprehensive employment injury scheme (EIS), utilising a state-of-the-art digital management information system. However, the necessary legislative frameworks, administrative structures and processes are not yet fully in place.

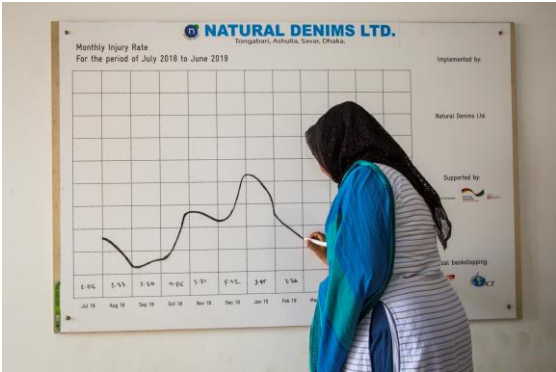
## Objective

The project ‘Social Protection for Workers in the Textile and Leather Sector’ (SOSI) is working towards strengthening Bangladesh’s nascent social insurance system. A special focus is on the introduction of an EIS to ensure long-term protection against work-related accidents and occupational diseases in accordance with relevant international labour standards (in particular Convention No. 121) of the International Labour Organization (ILO).

The target group entails roughly four million workers of the textile and leather sector. (Tanneries and leather companies directly and indirectly employ about 200,000 workers.) These are usually unskilled workers in low-wage jobs, with mostly women in the workforce. The EIS is introduced first for workers in the textile industry.

Project name	Social Protection for Workers in the Textile and Leather Sector (SOSI)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Co-Financed by	European Union (EU)
Commissioned value	8.3 million Euro
Project region	Bangladesh
Partner ministry	Ministry of Labour and Employment (MoLE)
SDG contribution	No Poverty (SDG 1), Good Health and Well-being (SDG 3), Gender equality (SDG 5), Decent Work and Economic growth (SDG 8), Reduced Inequalities (SDG 10)
Duration	January 2022 to December 2026





Approach

The project is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ), co-financed by the European Union (EU) and collaborates with the ILO. It aims at improving the conditions for access to social protection for workers in Bangladesh’s textile and leather sector. The project cooperates closely with the Ministry of Labour and Employment (MoLE), especially the agencies Department for Inspection of Factories and Establishments (DIFE), Directorate of Labour (DoL) and Central Fund (CF).

Areas of intervention and activities

1. EIS Pilot

In September 2019, the governments of Bangladesh and Germany, the ILO and the German Social Accident Insurance (DGUV) agreed to initiate the so-called *Employment Injury Scheme (EIS) Pilot*, a temporary EIS covering the entire export-oriented textile sector. After several stakeholder consultations, including constructive collaborations with international fashion brands, an agreement on the design of the EIS Pilot was reached. The scheme was officially launched on 21 June 2022 by the Government of Bangladesh.

It has two components: (1) data collection on occupational accidents, diseases and rehabilitation based on a sample of representative factories; (2) payment of ILO-compliant compensations in cases of permanent disability and death due to work-related injuries. This takes the form of monthly pensions financed by voluntary contributions from more than 60 international brands (as of October 2024). The amount of the pensions depends on the age and last earned wage of the respective worker, thus serving as an income replacement.

In close cooperation with the ILO, the project works on establishing the administrative processes of the EIS Pilot as well as its transition into a permanent, employer-financed EIS.

2. Digital management of Bangladesh’s social insurance system

The project advises MoLE to strengthen its capacities for the digital management of social insurance systems. The digital infrastructure of the EIS Pilot will enable the effective analysis of data and support decision making processes not only in the context of the EIS but also in other domains. Of particular importance is the development of a workers’ database within the Labour Information Management System (LIMS) of MoLE: it forms the technical basis for the future development of further social insurance schemes. Moreover, interoperability between existing management information systems and LIMS is envisaged.

3. Social insurance in national policy discourse and continuing education

To improve the level of knowledge of national actors in the field of social insurance, the project works to establish a dialogue forum on social insurance prospects, underpinned by three studies on aspects of different social insurance branches, and aims to introduce a social insurance course at the University of Dhaka. Moreover, the access to valid National Identity (NID) cards for 100,000 RMG workers is enhanced, enabling them to benefit from social protection schemes like the EIS pilot. Through partnerships with local NGOs, the initiative will establish support centres, conduct awareness campaigns, provide direct assistance to NID applications, and engage in advocacy with the local government.

Results

The project thus plays an active role in the realisation of economic and social rights for workers in Bangladesh. As of October 2024, 83 beneficiaries are receiving monthly rents due to accident-related death and disability cases from the EIS Pilot. Data of almost 700,000 workers from more than 1,700 factories have been uploaded into the workers’ database, covering six sectors of the formal economy, amongst them textile and leather.

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