



Event Report

National Employment Policy and Labour Market Employment Challenges in Bangladesh

22 June 2023

Submitted to



ILO Country Office for Bangladesh

Submitted by

Research and Policy Integration for Development (RAPID)



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Overview of the technical dialogue:

The International Labour Organization (ILO) and the Ministry of Labour and Employment (MoLE) jointly organised a technical dialogue titled, "National Employment Policy and Labour Market Employment Challenges in Bangladesh" on 22 June 2023. The objective of this dialogue was to serve as a platform for experts, policymakers, and stakeholders to engage in comprehensive discussions concerning the pressing issues stemming from current labour market trends in Bangladesh. The primary focus was on identifying effective strategies and solutions within the framework of the National Employment Policy (NEP) to tackle these challenges successfully. The event took place in Dhaka on 22 June 2023.



The key objective of the technical dialogue was to facilitate an in-depth exploration of the critical challenges faced by the labour market in Bangladesh and to foster a collaborative approach to addressing them. With an estimated 2.2 million individuals entering the labour market annually, of whom 85 per cent find themselves in the informal sector and 18.4 lakh jobs planned for the domestic market, it has become very important to create suitable opportunities for the employable workforce. This pursuit aligns with the core objectives of the NEP, which aims to combat unemployment, eliminate inequality, and promote environmental sustainability. The NEP also draws inspiration from the visionary aspirations outlined in Vision 2041 and the cherished dream of a prosperous "Sonar Bangla" envisioned by the founding father of the nation, Bangabandhu Sheikh Mujibur Rahman.



As the discussions unfolded during the technical dialogue, participants explored a range of topics and strategies to ensure the successful implementation of the NEP. The event facilitated the exchange of knowledge, ideas, and best practices, encouraging collaborative efforts towards creating a vibrant and inclusive labour market in Bangladesh. The subsequent sections of this event report delve into the key highlights, outcomes, and recommendations that emerged from this thought-provoking dialogue, shedding light on the path forward in realizing the goals set forth by the NEP and the vision for a prosperous Bangladesh.

Introductory speech by Mr Tuomo Poutiainen, Country Director of ILO

As part of setting the scene of the event and background, Mr Tuomo Poutiainen, the Country Director for ILO Bangladesh, emphasised the ILO's commitment to supporting the Government of Bangladesh in achieving LDC graduation and vision 2041 through the implementation of the 4th decent work country program. Recognizing the significance of job creation, social security, employment quality, and international trade in achieving these goals, Mr Poutiainen highlighted the National Employment Policy as a pivotal tool to further advance the employment agenda in alignment with the country's vision.

Decent jobs serve as the foundation for peace, social justice, social inclusion, economic development, and personal fulfillment. Generating quality jobs, especially for women, is of utmost importance, as achieving the SDG goals in Bangladesh is impossible without their full participation.

Furthermore, Mr Poutiainen highlighted that promoting the creation of full and productive employment has been a central focus of the ILO's work in Bangladesh. He explained that decent jobs are not merely any jobs, but they serve as the foundation for peace, social justice, social inclusion, economic development, and personal fulfilment. Stressing the importance of generating quality jobs, he emphasised that it is one of the prime agendas essential for Bangladesh's growth. The ILO is dedicated to addressing the significance of quality jobs, decent work, and the global importance of job creation for young people, especially in countries like Bangladesh.



He mentioned the critical need for a dialogue on employment, aiming to understand the practical requirements of the labour market. He emphasised that generating quality jobs for women is of utmost importance since achieving the SDG goals in Bangladesh is impossible without the full participation of Bangladeshi women. The event provided an opportunity to shed light on these crucial issues and explore strategies for enhancing the creation of quality employment in Bangladesh.

Mr Ehsan-e-Elahi, Secretary of the Ministry of Labour and Employment

Opening the program, Mr **Ehsan-e-Elahi, Chair of the event, and Secretary of the Ministry of Labour and Employment (MoLE)** highlighted the significant steps taken to address unemployment and foster sustainable development in Bangladesh. He emphasised the adoption of the National Employment Policy in Bangladesh-2022 last year, marking a pivotal moment in the country's pursuit of contemporary, non-discriminatory, entrepreneurial, and quality employment. The overarching goal of this policy is to establish a developed society free from unemployment and poverty by ensuring that the workforce is equipped with the necessary skills and efficiency for the available job opportunities. A key aspect of the policy is the coordination of employment efforts across different sectors and organizations, facilitating a comprehensive approach towards tackling employment challenges. Acknowledging the gravity of the issue, the Ministry of Labour and Employment is actively collaborating with the Department of Labour and the Department of Inspection to eliminate child labour from all sectors by 2025, aligning with international conventions and standards.

Looking ahead, Bangladesh has set an ambitious target to create employment opportunities for

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30 million people by 2030. The national employment policy will play a critical role in guiding these efforts and shaping a country characterised by decent and productive employment. The active involvement and engagement of workers and organizations are vital to effectively address the multifaceted challenges associated with employment and to realise Bangladesh's vision for 2041. It is imperative to acknowledge that unemployment poses a significant obstacle to the country's progress. Failure to overcome this challenge may result in the risk of falling into the middle-income trap. Therefore, concerted efforts, as outlined in the National Employment Policy, are essential to ensure sustainable economic growth, alleviate poverty, and build a prosperous future for all Bangladeshis.



Ms Sharifa Khan, Secretary of the Economic Relations Division

Ms Sharifa Khan, Secretary of the Economic Relations Division, emphasised the importance of skilled workers in maintaining competitiveness after graduation from the LDC status. She highlighted the need for skilled workers and increased labour productivity to enhance competitiveness in exporting high-end products and services. The dialogue provided valuable insights and solutions aligned with the macroeconomic challenges of Bangladesh. The current job market poses difficulties in creating formal sector employment opportunities at the same pace as workers entering the market. It is crucial to uplift the economic status of workers employed in the informal sector by generating real formal sector jobs in manufacturing and services. However, global job opportunities for unskilled and low-skilled workers are shrinking, as indicated by conversations with returned workers from the Middle East. Additionally, the termination of duty-free market access after graduation and the complexity of obtaining benefits under the GSP Plus scheme poses challenges for Bangladesh. The focus on employment, decent working conditions, labour rights, environmental sustainability, good governance, and intellectual property in the GSP Plus requirements further underscores the importance of ensuring human rights and labour rights.

Addressing the mismatch between job market demand and supply is essential for the success of Bangladesh's economy.

The signing of conventions related to minimum working age and compliance has been pressured by development partners. However, support from international organizations, including the United Nations, is shrinking, leading to a need for mobilizing domestic resources. Adequate support and coordination among organizations are crucial for upskilling workers and bridging the gap between industry demands and academic institutions. Addressing the mismatch between job market demand and supply is essential for the success of Bangladesh's economy. The encouragement received from the honourable Prime Minister's visit indicates a better future for skilling and improving the labour supply to meet both domestic and foreign market demands. However, better coordination and reduced overlap among government institutions involved in skilling initiatives, including the Finance Division, Social Welfare, Education, and Agriculture Ministry, are necessary. The focus should be on policy implementation and establishing accredited courses that align with global and local market demands, ensuring a skilled workforce and capturing market opportunities promptly.



Keynote presentation: Dr Mohammad Abdur Razzaque, Chairman of RAPID

At the technical dialogue session, **Dr M A Razzaque, Chairman of Research and Policy Integration for Development (RAPID)**, delivered a keynote presentation that focused on the employment policy, labour market challenges, and the context in Bangladesh. Dr Razzaque emphasised the need for appropriate implementation of the employment policy, particularly in

building the institutional capacity of the Ministry of Labour. He highlighted the importance of social protection for workers in the informal economy and emphasised that analyzing the demand-supply gap in high-potential sectors for employment is crucial, along with addressing underemployment as well as unemployment.

- Dr Razzaque underscored that labour market challenges are a significant concern for Bangladesh's economic development. Despite the country's remarkable progress in economic growth, with a GDP of over \$460 billion and declining poverty rates, the labour market presents formidable obstacles. While short-term macroeconomic issues like inflation and foreign reserves are currently in focus, long-term priorities must address labour market challenges, which will shape Bangladesh's future.
- The demographic transition in Bangladesh, with the share of the working-age population surpassing the dependent population, presents a golden opportunity for economic growth. However, this opportunity can only be realised if enough productive employment is created to absorb the growing workforce. Over the past five years, approximately 10 million people have joined the labour force, necessitating the generation of substantial employment opportunities.
- The challenge of generating employment goes beyond the headline figure of 2.2 million, as there is a considerable underemployment issue, particularly in the agricultural sector. The decline of agriculture's share in GDP necessitates the creation of more productive jobs in other sectors to absorb the underemployed workforce. Moreover, after 2040, the share of the working-age population is expected to decline, indicating a limited window

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of opportunity for the demographic dividend.

- One concerning trend is the defeminization of the urban labour force, specifically in the urban industrial sector, which has seen a decline in female labour force participation. This reversal in progress hinders women's empowerment and needs to be addressed. Additionally, the structural transformation within the economy, with a shift from agriculture to industry, has not been reflected in employment generation. Despite significant growth in manufacturing, employment in the industry sector has declined, requiring attention to ensure productive job creation.



- While Bangladesh has experienced impressive growth in ready-made garment exports, employment in the sector has remained stagnant, suggesting automation and capital-intensive production processes. The defeminization of the industrial workforce further exacerbates the issue. Furthermore, the proportion of youth not in education, employment, or training is high, with 45 per cent of the youth population falling into this category. International labour markets provide opportunities, with 12.1 million Bangladeshi migrant workers, but the majority are classified as less skilled, posing challenges in terms of earnings and remittances.
- The labour market challenges in Bangladesh demand immediate attention. It is crucial to address underemployment, defeminization, and the mismatch between structural transformation and employment generation. To ensure sustainable economic development and utilise the demographic dividend, effective policies and strategies are needed to create productive employment opportunities for the growing workforce.

Dr Tasneem Arefa Siddiqui, Professor and Chair of the Political Science Department at the University of Dhaka

During the event, Dr Tasneem Arefa Siddiqui, Professor and Chair of the Political Science Department at the University of Dhaka, emphasised the significant contribution of Bangladeshi migrant workers to the economic progress of the country. Dr Siddiqui acknowledged that a high number of short-term migrant labourers from Bangladesh are now returning to their home country. Considering this, she suggested that Bangladeshi policy should focus on facilitating the reintegration of these returning migrant workers into the domestic labour market.

Bangladeshi policy should focus on facilitating the reintegration of returning migrant workers into the domestic labour market. Policies need to consider gender issues and human trafficking concerns to ensure the protection and empowerment of all migrant workers.

Furthermore, Dr Siddiqui highlighted the importance of addressing gender issues and human trafficking concerns in policy interventions related to migrant workers. She mentioned that the income gap between male and female migrant workers has been decreasing, indicating positive progress towards gender equality. It is crucial for policies to consider these issues and ensure the protection and empowerment of all migrant workers.



In addition, there has been a notable change in the composition of the semi-skilled workforce. Dr Siddiqui pointed out that recruiting agencies now mainly focus on hiring general workers, which has led to an increase in the proportion of semi-skilled workers in the labour market. These insights provided by Dr Siddiqui shed light on the current trends and challenges in the migration and labour market integration in Bangladesh. The reintegration of returning migrant workers, addressing gender disparities, and adapting to the evolving needs of the labour market are key areas that demand attention and policy interventions to foster inclusive and sustainable development.

Dr Sher Verick, Chief (a.i) of Employment, labour market and youth branch of ILO

Dr Sher Verick, Chief (a.i) of the Employment, Labour Market, and Youth Branch of the International Labour Organization (ILO), addressed the audience on global trends and employment policy responses. He emphasised the need to adopt technological changes in the labour market and emphasised the importance of integrated and inclusive preparedness through the concrete implementation of a National Employment Policy. Dr Verick acknowledged the critical issues related to employment that had been discussed earlier and focused on specific areas that he found pertinent to the Bangladeshi context.

Bangladesh should adopt technological changes in the labour market and the importance of integrated and inclusive preparedness through the concrete implementation of a National Employment Policy.

He began by discussing the challenges faced by developing countries even before the COVID-19 pandemic, such as issues of informality and increasing inequality, including gender disparities. While some countries, including Bangladesh, had made progress in addressing female labour force participation, there remained significant challenges in the region and other parts of the world. Dr Verick highlighted that the future of work was a key global issue in 2019, with the impact of globalization, technology, demographics, and climate change at the forefront of discussions. However, the COVID-19 pandemic further exacerbated these challenges, resulting in a sharp decline in economic activity and employment worldwide. Certain groups and sectors, such as women, the informal sector, and the service sector, were disproportionately affected by the lockdown measures.

He noted that advanced economies had a more rapid recovery due to fiscal stimulus and effective labour market policy measures that kept people employed. In contrast, developing countries faced a more significant divergence and were further impacted by rising global inflation, creating macroeconomic challenges. Dr Verick acknowledged the variation in the impact of inflation across developing countries, with some, like Sri Lanka, experiencing extreme effects. He emphasised that high inflation remained a real concern for many countries, and its consequences needed to be addressed.



To provide a comprehensive understanding of global economic and employment trends, Dr Verick presented various indicators. He highlighted the divergence in unemployment rates

between youth and adults globally, with youth unemployment remaining significantly higher. He also emphasised the importance of looking beyond the unemployment rate and considering indicators such as underutilization of labour, education, and training, as well as the quality of employment. Furthermore, Dr Verick stressed the significance of structural transformation in the development process. He highlighted how technological changes had altered the labour-intensive nature of manufacturing, making it less significant for job creation. This structural shift required careful consideration and policymaking to adapt to changing economic landscapes.

In summary, Dr Verick provided insights into global employment trends and policy responses, contextualizing them within the Bangladeshi scenario. He emphasised the need for a concrete implementation plan for the National Employment Policy to address the challenges posed by technological changes and ensure integrated and inclusive preparedness in the labour market.

Chief guest: Begum Monnujan Sufian, Honorable State Minister of Ministry of Labour, and Employment

Begum Monnujan Sufian, the Honorable State Minister of the Ministry of Labour and Employment as the chief guest, emphasised the commitment of the Ministry of Labour and Employment, along with other ministries and stakeholders, to develop evidence-based policies and targeted interventions that foster an enabling environment for decent employment opportunities. She highlighted the alignment of these efforts with the Employment Policy formulated the previous year. Furthermore, she mentioned that the ministry is exploring the establishment of an Employment Directorate to effectively coordinate the employment agenda.

To ensure a successful transition to a middle-income country, it is crucial to review labour market and employment policies, focusing on job creation, investment promotion, labour productivity, and employment normalization.

She then addressed the attendees, expressing gratitude for their presence at the first technical dialogue on climate and labour market talents in Bangladesh, jointly organised by the Ministry of Labour and Employment and the ILO. She acknowledged the importance of information sharing, robust data, and sound policy formulation. She noted that Bangladesh, with its visionary leaders, including Prime Minister Sheikh Hasina, has already made significant strides in transitioning from a developing country to a middle-income country. However, to ensure a successful transition, it is crucial to review labour market and employment policies, focusing on job creation, investment promotion, diversification, increased labour productivity, and employment normalization.



The state minister reiterated the Ministry of Labour and Employment's dedication to evidence-based policy development and targeted interventions to create an enabling environment for decent employment opportunities. She mentioned the National Employment Policy developed last year and the ongoing efforts to establish an Employment Directorate. Emphasizing the need to capitalise on Bangladesh's demographic dividend, with over 2 million youth entering the labour force annually, she highlighted the importance of quality education, vocational training, and preparing for future job trends, including those influenced by industrial regulations and increased automation. The Minister called for support in promoting women's labour force participation, recognizing unpaid work, and providing skills development opportunities.

Furthermore, the Minister stressed the significance of collaboration among relevant ministries, government agencies, private sectors, employers, workers, and academia to implement the National Employment Policy effectively. She highlighted the importance of producing decent jobs, supporting socioeconomic progress, and partnering with the ILO on labour administration, standards, and reform issues. To achieve sustainable and inclusive economic growth and job creation, the Minister emphasised the need for a whole-of-government and whole-of-society approach, involving collaboration between the government, social partners, private sector, civil society, and international partners.

The Minister concluded by expressing satisfaction that the strategic dialogue would continue through participatory discussions and district-level dialogues, capturing valuable insights to inform the work ahead. She stressed the Ministry of Labour and Employment's unwavering dedication to Sustainable Development Goals and the vision of decent work, seeking strong support and collaboration to jointly implement the National Employment Policy and build a better Bangladesh, in alignment with the principles of the nation's founding father.

Open discussion and conclusion



During the open discussion on employment policy, the speakers emphasised the importance of effective policy implementation and stakeholder involvement. They acknowledged the Ministry of Labour's commendable policy development but stressed the need for concentrated attention on implementation and aligning indicators with goals. The inclusivity of the national steering committee was questioned, urging representation from the worker's side. The challenges posed by automation and artificial intelligence in the labour market were discussed, emphasizing the need for adaptable policies. Consideration of destination countries and stakeholder involvement, including employers' and workers' associations, was highlighted. Thought-provoking questions and practical experiences were shared during the Q&A session. The impact of small industry closures and minimum wage criteria on female employment and participation in the labour force was raised, but specific insights were lacking due to limited data. The

challenge of retaining employment and addressing conflicts between the rights of persons with disabilities and labour laws was also mentioned. Overall, the discussion highlighted the significance of effective policy implementation, stakeholder involvement, adaptability, and addressing specific challenges for sustainable economic development.

