

***PROJECT COMPLETION REPORT***  
**Implementation of the Bangladesh Compact**  
**BGD/13/10/EEC**  
**International Labour Organization**  
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## A. Executive Summary

The Sustainability Compact (hereafter 'the Compact') to promote continuous improvements in labour rights and factory safety in the Ready Made Garment (RMG) industry in Bangladesh brings together the European Union (EU), the Government of Bangladesh, the United States (US), Canada and the ILO. The Compact is built on short and long term commitments related to three inter-linked pillars: 1) respect for labour rights; 2) structural integrity of buildings and occupational safety and health; and 3) responsible business conduct.

This technical status report follows from the ones published on 8 July 2014 and 24 April 2015. It aims to reflect progress in implementing the [Bangladesh Sustainability Compact](#) since its launch in July 2013. The Project completion report builds on information from a number of sources, including the regular meetings with other Compact Partners (the Government of Bangladesh, the United States and the ILO), as well as input from meetings with and/or reports prepared by Bangladeshi and international stakeholders .

In particular, the Compact Partners met in Dhaka on 28 January 2016 to take stock of the progress in the implementation of the Compact. On this occasion, Canada joined the Compact.

As reflected in the joint [conclusions](#) agreed at the last follow-up meeting, important progress has been made since the adoption of the Compact. A number of labour rights are better protected in Bangladesh today than they were two years ago and there have been tangible improvements with regard to building and workplace safety. The Compact opened a dialogue and supported exchanges with stakeholders. Some of the key highlights include:

### Key Compact implementation achievements

- Amendments in 2013 to the Bangladesh Labour Act (BLA) of 2006 have brought improvements in relation to freedom of association, collective bargaining and workplace safety.
- Some 389 new garment industry trade unions have been registered since December 2012 bringing the total to 521 unions by the end of September 2016.
- The Government of Bangladesh has strengthened its capacity to inspect factories. Since 2013, budget allocations for the Department of Inspections for Factories and Establishments (DIFE) have increased 322%, inspectors have increased three-fold, a labour inspection management reform roadmap have been adopted by the DIFE and overall capacity has been enhanced through various training initiatives.
- Based on a commonly agreed standard for inspections, private and public initiatives have inspected virtually all of the export-oriented RMG factories for structural, fire and electrical safety. Of these, 39 have been closed by national authorities as they posed immediate risk to the lives of workers.
- Summary inspection reports are being made public in a database, thus bringing more transparency to the garment supply chain. To date 2,961 full sets (all three inspection reports) have been made available.
- Remediation efforts are underway, mainly through the Accord and Alliance. Under the National Initiative the process of developing Corrective Action Plans (CAPs) and their follow up is now actively taking place under the leadership of DIFE. The launch of a Remediation Coordination Cell to oversee remediation of National Initiative factories is planned for early 2017.
- The Government promulgated the implementing rules for the Bangladesh Labour Act in September 2015.

Development partners including the Netherlands, the United Kingdom, Canada, Germany, Sweden, Norway, Denmark, as well as the European Commission, the US Government and ILO, have provided considerable support to this process. Their technical cooperation has helped strengthen regulatory bodies through institutional reforms, while also raising the capacity and awareness of industry associations, trade unions, factory management and workers relating to workplace safety and workers' rights.

Despite these achievements sizeable efforts still need to be made to ensure that real change takes place and is sustained over the long term in relation to workplace safety and workers' rights in Bangladesh.

The Compact follow-up meeting in January 2016, highlighted the following priority areas for action:

- Ensure that trade union registration process is carried out as a smooth and expeditious formality, in accordance with objective and transparent criteria;
- Upgrade the Directorate of Labour with additional staff and resources to effectively investigate and prosecute unfair labour practices in a timely and transparent manner and to promote harmonious industrial relations;
- Adopt the necessary legislative changes to the legal framework applicable in the Export Processing Zones (EPZs) to protect freedom of association and collective bargaining rights and to ensure that such rights are commensurate with those provided in the national Labour Law, involving all stakeholders and the ILO.
- Ensure the effective implementation of the Bangladesh Labour Act and its Rules, in line with the relevant ILO Conventions, including with regard to Participation Committees and Safety Committees;
- Complete recruitment of inspectors and to ensure effective inspections in all of the country's active export-oriented RMG factories, including their subcontracting factories, so that all RMG workers in Bangladesh are afforded a safe working environment;
- Undertake remediation and transparent monitoring through the DIFE website of all export-oriented RMG factories, according to the developed Corrective Action Plans, in a timely and effective manner in cooperation with relevant stakeholders, recognizing the usefulness of the funds mobilized by donors and the importance of effective financial support.

The Compact Partners also underlined the need to consult on further amendments to Bangladesh's labour-related legal framework towards ensuring full compliance with core ILO Conventions and to address the conclusions and recommendations of the ILO supervisory bodies, including with regard to freedom of association.

Most importantly, all Compact partners and other key actors - such as Bangladesh's development partners, the international brands/retailers and the Bangladeshi private sector - need to stay engaged in order to promote decent working conditions for Bangladeshi garment workers. The explosion and fire at the Tampaco Foils factory on 10 September 2016 led to the deaths of over 30 workers and highlighted the continued risks relating to workplace safety. Joint work must continue in the long-term to bring lasting improvements to Bangladesh's garment industry.

## **B. Background**

Sustained economic growth over the past two decades has helped to reduce poverty in Bangladesh by nearly one third. However 31.5% of the population (53 million people) still live under the poverty line, which represents a considerable development challenge. The ready-made garment (RMG) industry is one of the main contributors to economic growth in Bangladesh, and it is the country's main export industry (81.68% of total export revenue) thanks in large part to its duty-free quota-free access to the EU market via Everything But Arms (EBA) trade preferences. The EU is Bangladesh's largest export market for RMG products (59.78% by value), followed by the US (21.27%). Together, the EU US and Canada account for almost 85% of Bangladesh's total exports to the world.

The RMG industry also contributes to the empowerment of women and related social changes. It directly employs 4.2 million people – of whom approximately 55% are women.

The Rana Plaza collapse, a tragedy which claimed 1,137 lives, led to intense global scrutiny of the Bangladesh RMG sector and highlighted the need for fundamental change relating to safety inspection and compliance. The collapse led to widespread recognition of the need for change. As a result, intense collaboration has taken place between the Government of Bangladesh, the RMG industry

associations, global and local unions, international retailers and brands, civil society and development partners to ensure safer workplaces and better respect of labour rights.

In this context, the EU's trade relations with Bangladesh and the importance of the RMG industry to the country's development gave the EU a special responsibility to act. Therefore, the EU forged together with Bangladesh, the US and the ILO, the Sustainability Compact in July 2013. Canada subsequently joined the Compact in January 2016.

### **C. Monitoring of the implementation of the Sustainability Compact**

As a partner in the Bangladesh Sustainability Compact, the EU - together with the government of Bangladesh, the ILO, and the governments of the US and Canada regularly assesses progress in the Compact implementation through different channels.

Since the launch of the Compact, the Compact Partners have held regular follow-up meetings and videoconferences.

In particular, two high-level meetings took place to take stock of progress and identify further areas of work on 20 October 2014 in Brussels and on 28 January 2016 in Dhaka, Bangladesh. Outcome documents from these two meetings are [publicly available](#). The Compact Partners have agreed to meet again in 2017.

In addition, in Dhaka, a high level group, referred to as the 3+5+1 Group, regularly reviews progress in the implementation of the Compact, including the ILO. This group is comprised of three Secretaries of the Government of Bangladesh (Labour, Commerce and Foreign Affairs), five Ambassadors (EU, US, Canada, the chair of the Private Sector Development Working Group of the Local Consultative Group<sup>1</sup> - currently the United Kingdom – and one other EU Member State on a rotating basis) as well as the ILO. In addition, the ILO's Improving Conditions in the Ready Made Garment Programme (RMG Programme), funded by Canada, the Netherlands and the UK, provides assistance in monitoring and reviewing the commitments under several instruments as well as continued assistance for implementation. The LCG PSD group plays an important coordinating role. Bangladesh's Commerce Secretary and the Deputy Head of Mission of the British Embassy co-chair the group while ILO provides regular updates.

In addition to its development cooperation programmes with Bangladesh, the EU has provided funding to a specific project with the ILO to monitor the Compact since the end of 2013 which includes the review of achievements and input into the preparation of technical progress reports such as this one.

### **D. Compact Commitments – Achievements since the launch of the Compact**

#### **Pillar 1: Respect for Labour Rights**

##### **Key Achievements:**

- Adoption of amendments to the 2006 Bangladesh Labour Act (BLA) on 22 July 2013, which conform more closely with international labour standards, namely the strengthening of fundamental rights at work, particularly regarding certain aspects of freedom of association and collective bargaining (including a requirement for the election of Worker Participation Committees; an improvement in union registration procedures, and access to external experts during collective bargaining), and improves occupational safety and health standards (e.g. the establishment of Occupational Safety and Health Committees).
- Adoption of the implementing rules of the BLA in September 2015 which set out how the provisions of the BLA, such as elections at factory-level of Participation and Safety committees, are put into practice.

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<sup>1</sup> The Government of Bangladesh and all its development partners meet regularly through the Local Consultative Group (LCG) mechanism to discuss development priorities in Bangladesh. The PSD group is a working group of the LCG. It was co-chaired by the Netherlands until April 2016 when the function was taken over by the United Kingdom.

- Lapsing of the outright ban on strike action by Workers Welfare Associations in Export Processing Zones (EPZs) as of 1 January 2014.
- Launch of the ILO-International Finance Corporation (IFC) Better Work Programme in Bangladesh (BWB) to enhance compliance with labour standards and competitiveness in global supply chains. As of September 2016, the programme was working with 100 RMG factories employing 206,666 workers.
- Registration of 389 new trade unions in the ready-made garment industry, increasing the total number of unions from 136 before the Compact to 521 as of September 2016.
- Upgrade of the Directorate of Inspection for Factories and Establishments (DIFE) to a Department with enhanced mandate, resources and personnel. DIFE has seen an increase in budget from US\$ 0.97 million in FY2013-2014 to US\$4.1 million for 2015-2016.
- Establishment of a hotline in March 2015 operated by the Department of Labour and DIFE to receive grievances from workers and management in RMG and other sectors. Total calls received (March 2015- Oct 2016) totalled 9,006 of which 1,432 were complaints. The number of complaints resolved stood at 237 in October 2016. Four instances of job reinstatement have occurred as a result of the hotline.

**Key steps to be taken include:**

- Despite progress being made in some areas, the Committee of Experts on the Application of Conventions and Recommendations (CEACR) - adopted 2015, published 105th ILC session (2016) - highlighted a lack of progress in many areas of relevance to the Compact. It recalled the critical importance which it gives to freedom of association as a fundamental human and enabling right and expressed its firm hope that significant progress would be made in the very near future to bring legislation and practice into conformity with the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87).
- The Government of Bangladesh accepted a high-level tripartite mission in relation to the Freedom of Association and Protection of the Right to Organize Convention, 1948 (No.87) from 17th to 20th April 2016.
- Observations of ILC (on Bangladesh) on Freedom of Association and Protection of Right to Organize Convention noted a number of concerns. General issues included in these concerns are, undue strictness of rules for registration of trade unions and provision for cancellation of registration, restrictions on actions that can be taken by trade unions and participation committees, undue role of employers which stands on the ways to get remedies for unfair labour practices complaint.
- CAS report “requests the government to indicate the steps taken to review and amend a number of provisions of BLA 2013 to ensure that restrictions on the exercise of the rights to freedom of association and related industrial activities are in conformity with the convention (C87)”. The report also expressed concerns about ensuring “that the law governing the EPZs allows for full freedom of association”.
- The Government of Bangladesh should focus on strengthening social dialogue mechanisms for ensuring more effective labour relations and respond effectively to report unfair labour practices including anti-union discrimination.
- Following strong early growth in the registration of unions the rate of approvals has noticeably slowed. The Government of Bangladesh must ensure that union registration processes are concluded in a timely manner, afforded due process, and protected against arbitrary decisions.
- Steps should be taken to address high turnover in newly recruited labour inspectors at DIFE which in June 2016 saw 23 inspectors resign to take jobs, largely with other government agencies/ministries.
- Finalization of Standard Operating Procedures (SOPs) to guide labour inspectors and their supervisors should be expedited while DIFE should systematically widen its operations to the informal sector as well.

- Annual Inspection Report covering information on compliance and progress on the application of international labour standards (C.81) should be published.
- DIFE should adopt a Code of Ethics for the inspectors and establish a mechanism to prevent corrupt practices and to ensure accountability and transparency.

### **Commitment 1.a - Amendments to the Bangladesh Labour Law**

Bangladesh has amended its Labour Act of 2006 to make it more in line with International Labour Standards. The amendments were passed by Parliament on 15 July 2013 and notified in the Bangladesh Gazette on 22 July 2013. In total, 87 sections of amendments were approved, with the main bulk of improvements relating to occupational safety and health, freedom of association and collective bargaining. Several provisions to improve workplace safety have been included in the law, such as the creation of mandatory Occupational Safety and Health (OSH) Committees in factories with 50 workers or more. Provisions now require the establishment of safety welfare officers in workplaces with more than 500 employees and workplace health centres in workplaces with over 5,000 employees.

On freedom of association (e.g. formation and registration of trade unions), an important amendment deleted a provision in the labour law requiring the Registrar of Trade Unions<sup>2</sup> to provide employers with the names of union officials before registration of a trade union.

The amended law also allows workers and employers to consult with external experts for advice during collective bargaining at the enterprise level. Also the process of formation of Worker Participation Committees has been improved by adding a provision specifying that such Committees must be directly elected by workers rather than selected (e.g. by employers). Furthermore, in the public industrial sector, workers will now be allowed to elect 10% of their trade union officials for their union's executive committees from outside the workplace, if the members of the trade unions so wish.

While the BLA of 2006 as amended in 2013 includes several improvements, further amendments to the law are still needed to bring it on par with international standards (c.f. Commitment 1.c below), particularly with respect to freedom of association and collective bargaining. For instance, the revisions do not address a number of concerns, including a 30 per cent minimum membership requirement to form trade unions and the extension of the freedom of association and collective bargaining to workers in labour-intensive export processing zones.

*Trade union registration procedures must be reviewed to ensure that unnecessary obstacles are removed, making the process easier and more transparent. The requirement that Worker Participation and Safety Committees representatives are elected as per the BLA implementation rules should be enforced.*

### **Commitment 1.b - Conforming to all the existing ILO rules, procedure and practices in appraising the actions taken with respect to the implementation and enforcement of the revised Labour Law**

On 16 September 2015 the Government of Bangladesh issued the implementing rules for the BLA of 2006 as amended in 2013 in line with their Compact commitment and its follow up at the October 2014 Compact review meeting in Brussels.

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<sup>2</sup> The Director of Labour acts also as the Registrar of Trade Unions. On his behalf, the Joint Directors of Labour perform the responsibilities for respective administrative divisions.

<sup>2</sup> The Bangladesh Labour Rules, 2015.

The rules clarify certain issues relating to the 2013 BLA amendment, including the formation and activities of safety committees, festival bonuses and contributions to Worker Welfare Funds amongst others.

**Commitment 1.c - Develop and adopt additional legislative proposals to address conclusions and recommendations of the ILO supervisory monitoring bodies, in particular with reference to ILO Convention No. 87 (Freedom of Association and Protection of the Right to Organise) and Convention No. 98 (Right to Organise and Collective Bargaining).** Although the revised BLA includes several positive reforms, it still falls short of international standards with regard to freedom of association and collective bargaining, among others.

The ILO has provided to the Government of Bangladesh detailed feedback on further amendments required to make the law fully compliant to international labour standards. Areas of concern that remain to be addressed include, among others: the high minimum membership requirement (30%) to form a union; the limitations on trade unions' right to elect representatives in full freedom (including from outside of their enterprises); broad administrative powers to cancel a union's registration, and severe limitations on the right to strike (prohibition of strikes for a period of three years from the date of commencement of production in a new establishment, or an establishment owned by foreigners or established in collaboration with foreigners; penalties of imprisonment for participation in, or instigation to take part in unlawful industrial action or go-slow).

The other Compact Partners and stakeholders therefore continue to advocate for further amendments by the Government of Bangladesh (GoB) to the law with respect to full compliance with ILO Conventions 87 and 98 on freedom of association and collective bargaining.

The Government of Bangladesh has expressed that revision of the BLA is a continuous process and that necessary steps will be taken for further amendment of the BLA in due course, in consultation with tripartite partners considering the socio-economic conditions of the country, and with the ILO's assistance.

The Government of Bangladesh, Sweden, Denmark and ILO have launched a US\$8.4 million initiative entitled 'Promoting Social Dialogue and Harmonious Industrial Relations in the Bangladesh Ready-Made Garment Industry' from April 2016 to March 2021. The project will enhance labour relations through improved dialogue between employers and workers, particularly at workplace level. Conciliation and arbitration mechanisms will be strengthened to become a more effective, trusted system and the capacity of workers and employers enhanced to engage in social dialogue and collective bargaining as well as to make effective use of dispute prevention and resolution mechanisms.

**Key steps to be taken include:**

- Government should take further steps to promote social dialogue and collective bargaining<sup>3</sup>.

*The Government of Bangladesh should take the necessary steps to further amend the Bangladesh Labour Act through tripartite consultation with the support of ILO.*

**Commitment 1.d – Further improve exercise of freedom of association, ensure collective bargaining and the application of the national Labour Law to Export Processing Zones (EPZ), including ensuring that the Ministry of Labour inspectors and other regulatory agencies have full authority and responsibility to conduct inspections**

- Eight Export Processing Zones (EPZs) have been established throughout Bangladesh which employ roughly 400,000 workers. The national Labour Law to export in EPZ allows for the

<sup>3</sup> Currently there are 83 collective agreements covering all sectors, according to DOL data (2009). BGMEA has an in-house Conciliation-cum-Arbitration (CAC) mechanism in place since 1998.

creation of Worker Welfare Associations (WWAs). However they do not enjoy the same rights as trade unions.

- A new law entitled "Bangladesh EPZ Labour Act 2014," was approved by the Cabinet of the Prime Minister on 7 July 2014. According to the law, the supports of at least 30 percent of workers in a factory is necessary to submit an application to form a WWA. After registration with the Bangladesh Export Processing Zone Authority (BEPZA), the association's executive committee will be elected for one year. One candidate or a panel will need at least 50 percent of the votes to be declared a winner while there will be a fresh election in case of fewer votes.
- The ILO has forwarded comments of the Committee of Experts on Application of Conventions and Recommendations to the Government of Bangladesh. The ILO International Standards department also undertook a mission to Dhaka in December 2014 and held consultations with the Government of Bangladesh, including the BEPZA, to explain the changes that would need to be made to the EPZ Labour Act to bring the law into conformity with international labour standards.
- There are noticeable shortfalls in the Act. For example, WWAs are the only means to engage in industrial relations, while affiliations or engaging in any way with trade unions or other actors outside of the zones is prohibited. In addition, the labour inspectorate has no authority within the EPZs; instead labour inspection and enforcement is vested in the hands of the General Manager of BEPZA. In addition, under the EPZ Labour Act, workers within EPZs would still not be entitled to compensation for dismissal from service or severance pay on resignation, nor profit participation schemes, unlike workers outside EPZs.
- In October 2016 ILO attended a hearing of Parliamentary Standing committee of Law, Justice and Parliamentary affairs on the draft EPZ Labour Act. The compact partners, namely EU, USA, Canada and Bangladesh Export Processing Zones Authority (BEPZA), Bangladesh EPZ Investors' Association (BEPZIA), trade unions, and representatives from Prime Minister's office were also part of this hearing. It was of concern to the ILO that the sections concerning freedom of association, unfair labour practices and collective bargaining did little more than transpose into the Bill the EPZ Workers' Association and Industrial Relations Act of 2010 – an Act which had encountered criticism for its non-conformity with international labour standards. The draft of the EPZ Labour law under review did not reflected the comments made by the ILO supervisory bodies while some of the more positive developments that had been introduced in relation to the 2010 Act had been eliminated in the present draft.

*The Bangladesh EPZ Labour Act needs to be revised to provide rights and protections commensurate with the international labour standards and to be fully compliant with core labour rights. All relevant stakeholders must be consulted and observations by the ILO supervisory bodies taken into account.*

#### **Commitment 1.e - Education and training programmes on fundamental principles and rights at work and on occupational safety and health**

Education and training programmes continue to take place for relevant constituents to enhance awareness of basic labour rights and obligations, to address unfair labour practices, to introduce the concept of workplace cooperation and to build a culture of occupational safety and health.

The ILO has carried out a number of initiatives in collaboration with partners such as the Bangladesh Employer's Employers Federation (BEF), the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) the National Coordination Committee for Workers Education (NCCWE) and IndustriALL Bangladesh Council (IBC) Federations.

The initiatives include:

- The ILO has developed a comprehensive strategy and implemented workers activities to strengthen institutional capacity of trade unions in Bangladesh through awareness raising, advocacy work and capacity building of workers education programmes.



- The RMG Project in collaboration with International Training Centre (ITC) Turin and Bureau for Workers' Activities (ACTRAV) conducted a series Training programmes on Occupational Safety and Health (OSH), workers organizing and collective bargaining targeting both NCCWE and IBC affiliated federations that prepared 60 core trainers in 2015. The core trainers are delivering OSH training targeting at least 2,700 potential organizers at factory level to advocate for safer workplaces and participate in OSH committees in the factories.
- In collaboration with the Bangladesh Employers Federation and ITC Turin a core group of 114 senior master trainers in Essentials of Occupational Safety and Health (EOSH) was developed during 2015-2016. This group has in turn trained 8,038 supervisors and managers in some 585 RMG factories. On 9 October 2016 the third phase of this initiative was launched that will see the supervisors and managers in turn will pass on OSH awareness to some 800,000 workers.
- In addition to the EOSH training, the initiative will also see 585 company representatives oriented on the formation of Safety Committees at factory level. The goal is to establishing 110 functioning Safety Committees at company level by June 2017.
- The Better Work programme is assisting factories to hold elections to form Participation Committees. According to the Bangladesh labour Rules, these committees will then appoint the worker representatives to Safety Committees. Better Work is also working with the Accord in 13 factories to build capacity of newly formed Safety Committees. In 54 Alliance factories, worker Safety Committees to monitor on-site occupational safety and health issues have been established or are in formation.
- Two modules of a national Occupational Safety and Health Kit were launched on 9 October 2016. Covering the areas of managing safety and health and establishing Safety Committees, the modules form part of an 'OSH kit' to be distributed to all RMG factories. This will provide guidance and support to newly formed Safety Committees to help them function effectively.
- A campaign aimed at enhancing the knowledge and awareness of RMG workers and supervisors/managers relating to Occupational Safety and health is being launched by ILO in collaboration with DIFE. This campaign sets out to reach workers across the RMG sector with messages and information on key OSH related areas.
- All factories covered by the Accord are subject to initial inspections and periodic follow-up inspections to monitor and verify remedial measures. The Accord completed initial fire, electrical and structural inspections of 1100 factories in September 2014. Since then, the Accord has conducted an additional batch of 300 newly listed factories in 2015. A third batch of initial inspections commenced in April 2016 and are ongoing.
- In late 2015 and early 2016, the Accord increased the number of staff engineers to be able to conduct a target of 500 follow-up inspections per month. This means each factory covered by the Accord will be inspected approximately once every three months
- Accord engineers have verified the successful completion of all remediation requirements stemming from the initial inspections at twelve Accord listed factories and three factories have completed all the remediation
- As part of every Corrective Action Plan, the Accord requires signatory companies and their suppliers to confirm that a remediation finance plan is agreed for each factory and to confirm which type of finance plan. The Accord obtains confirmation of agreed finance plans from all signatories and factories. As of end of June 2016, 1285 finance plans were reported to be confirmed. In November 2015, the Accord introduced a column to the website page with the inspection reports and CAP for each factory to indicate whether a finance plan has been confirmed or not.
- Alliance has trained more than 1.2 million workers in basic fire safety, with nearly 800,000 receiving the interactive refresher course while nearly 23,000 security guards have been provided with fire safety leadership training.
- A comprehensive training programme for labour inspectors has been developed jointly with DIFE and in collaboration with the International Training Centre (ITC-ILO) and Bangladesh Institute of Administration and Management (BIAM). By 7 March 2016, 159 labour inspectors had taken the 40-day course to help them gain the skills needed to boost working conditions

and worker safety in Bangladesh. The course will run on a regular basis for new inspectors and forms a part of the reform of DIFE operations.

- Staff from the Department of Labour have been trained to better understand what constitutes anti-union discrimination and how to systematically address it. These skills will be put to use to help enhance the effectiveness of the online trade union registration systems.
- Workshops with trade union leaders and organizers from the National Coordination Committee for Workers Education (NCCWE) and IndustriAll Bangladesh Council (IBC) on how to make online applications for a new union registration and how to appeal in the event of an application being rejected.
- A core group of 28 staff from factory management, industry organizations, unions and management colleges trained to become master trainers in workplace cooperation. This trained group is carrying out follow up training activities.
- The ILO supported a radio show titled “My Labour, My Rights” which was broadcast weekly from September to December 2015 on commercial radio. The radio has since maintained the show on its own account. The show provides basic information on various workers’ rights related topics while also giving an opportunity for listeners to call in with questions.
- With the launch of the Promoting Social Dialogue and Harmonious Industrial Relations in the Bangladesh Ready-Made Garment Industry’ a significant series of rights related capacity building activities will be implemented from January 2017.

*Education and training programmes on labour rights and OSH for relevant stakeholders must continue and be expanded.*

**Commitment 1.f – Establishing the Better Work Programme, Registration of independent trade unions, Ensuring protection of unions and their members from anti-union discrimination and reprisals**

The Better Work Programme, a partnership between the ILO and the International Finance Corporation (IFC), aims to improve both compliance with labour standards and competitiveness in global supply chains. It focuses on building factory-level industrial relations so that management and workers are together better able to prevent, identify and solve problems in the workplace.

Following the adoption of the amendments to Bangladesh Labour Act (BLA) in July 2013, the Better Work Bangladesh (BWB) Programme was launched in October 2013. As of September 2016, 100 factories were taking part in the programme which employ a total of 206,666 workers, 54% of whom are women. 19 buyer partners, and over 70 other buyers source from BWB registered factories. By 30 September 2016, a total of 102 factory assessments had been completed. Of these, 89 assessment reports are available for review by external stakeholders. 11 Buyer Partners are subscribing to assessment reports. A fee of \$900-USD to \$1200-USD is charged to each buyer, which contributes to the sustainability of the Programme. BWB has carried out a wide range of capacity building activities aimed at senior managers, supervisors and workers. These include industry seminars, supervisory skills training and life skills training for workers. By working closely with the participating factories, BWB will help them to become compliant with core labour standards, enhance productivity and improve working conditions.

**Better Work Bangladesh activity statistics (as of September 2016)**

<i>Factories participating in BWB</i>	<i>100</i>
<i>Buyers participating in BWB</i>	<i>19</i>
<i>Workers in BWB factories</i>	<i>206,666</i>
<i># of advisory visits</i>	<i>465</i>
<i># of factory assessment completed</i>	<i>102</i>

# of industry seminars (# participants)	18 (331)
# participants received supervisory skills training	287 (female 39)

### Registration of trade unions

Trade union registration in the RMG industry has seen a strong growth during 2013 & 2014 with the total number of unions increasing from 136 in December 2012 to 521 as of 30 September 2016. However, despite this growth it should be noted that the newly registered unions only represent small fraction of the approximately 4 million workers in the RMG sector.

### Formation of RMG sector Unions 2012 – 2016 (by 30 September)

	2012	2013	2014	2015	2016
<i>Newly formed</i>		83	187	71	48
<i>Total</i>	132	215	402	473	521

An on-line registration system for trade unions and trade union federations was launched by Bangladesh's Department of Labour (DoL), in March 2015, to allow both online and paper-based submissions to maximize the ability of workers groups to make applications. The on-line trade union registration system is expected to promote transparency and accountability in processing related applications. The system will gradually be expanded to include information on registered trade unions and trade union federations.

### Union application process via online system (September 2016)

Status	Number
Applications received through on-line system	575
Number registered	222
Number rejected	246
Pending	107

It must be noted that despite the positive growth in trade union registration since 2013 there has been a marked decline in the approval of registrations in 2015 during which 71 unions were registered compared to 187 in 2014 (2016 has seen 48 until the end of September). The reasons for this decline need to be understood and addressed as a matter of priority. The ILO has undertaken nine activities which aim to enhance this process. In addition, training was provided by ILO to DoL officials in March 2015 to enable them to more effectively use the online system and better understand discrimination as per the law. The goal is to develop Standard Operating Procedures covering trade union registrations and to deal with cases of anti-union discrimination. ILO also held workshops with IndustriALL Bangladesh Council (IBC) and National Coordination Committee for Workers' Education (NCCWE) trade union federations as well as the Department of Labour in October 2015 to consider obstacles to trade union registration and to develop an action plan to improve the union registration process.

### Protection of unions and their members

A telephone 'Help line' for workers to make and resolve grievances relating to workplace safety or workers' rights was launched in May 2015 by DoL with ILO support.

### Labour Helpline statistics (March 2015- Oct 2016)

Category	Number
Total calls received	9,006
Complaints received	1,432
Total complaints resolved	237
<b>Breakdown of complaints resolved</b>	

Salary Related	88
Job Termination Related	54
Overtime Related	34
Security Related	14
Trade Union Related	11
Leave Related	9
Maternity Related	3
Others	24

Calls received by the Help Line will be logged and forwarded to either DIFE, the Fire Service and Civil Defence Department or the Directorate of Labour to deal with. The caller will then be contacted with a response. In the initial phase the Help line targets ready-made garment workers in the Ashulia area. Should it prove successful it will be promoted to workers nationwide.

The helpline has been established, however, focused interventions need to be taken up to make the helpline more effective and improve speedy investigation by the responsible regulatory bodies.

*The capacity of the Directorate of Labour to investigate and prosecute unfair labour practices should be enhanced to ensure that workers are free to organise and exercise their right to collective bargaining without interference or fear of anti-union discrimination, harassment, intimidation, or harm.*

### **Commitment 1.g - Upgrading the Labour Inspectorate to a Department, with a strength of 800 inspectors and with adequate annual budget allocation, development of required infrastructure**

The Government of Bangladesh has carried out a number of significant actions since 2013 to enhance the labour inspection system and strengthen the capacity of the Department of Inspections for Factories and Establishments. These include improving its structure and processes, changes to legislative and policy frameworks, and providing training and equipment to inspectors and management.

On 15 January 2014, the Government of Bangladesh upgraded the Office of the Chief Inspector of Factories and Establishments to a Department (the Department of Inspection of Factories and Establishments – DIFE). The leadership of DIFE was enhanced by upgrading the post of Chief Inspector to Inspector General. DIFE now comprises an authorised total of 575 inspector positions, as compared to 183 authorised posts before the Compact.

The government has continued to recruit labour inspectors. In all, 575 new positions have been approved in the DIFE organogram. A total of 199 inspectors (of whom 51 are women) have been recruited since June 2013. DIFE currently has 284 labour inspectors on its staff nationwide. The proportion of women inspectors had risen to 20% in October 2015 (57 women out of 284 inspectors) from 11% in June 2013 (10 women out of 92 inspectors). However in June 2016, some 30 inspectors resigned to take up other posts, largely with other government agencies/ministries. This is mainly due to the inspector posts being of a lower level in the government system, with staff leaving to take up other posts that offer greater chance of promotion. Recruitment of further 90 inspectors is currently ongoing.

#### **Recruitment of new labour inspectors**

	As of June 2013			2014			2015			2016			Total		
	Total	Male	Fem	Total	Male	Fem	Total	Male	Fem	Total	Male	Fem	Total	Male	Fem
Newly recruited				76	65	11	123	83	40	5	5	0	204	153	51
Total	92	82	10	168	147	21	291	230	61	291	230	61	260	230	57

*The need remains for expediting the recruitment process for the remaining labour inspectors to reach the 800 target to give full capacity to the Labour Inspectorate. A strategy should also be developed to minimise staff turnover.*

The Government of Bangladesh has consistently increased the budget allocation for DIFE since 2013. This has increased by 322% from USD 0.97 million in financial year (FY) 2013-14 to USD 3.02 million in FY 2014-15 and to US\$5.06 million for 2016-2017.

### **Capacity building for DIFE and its labour inspectors**

The ILO and development partners have provided support to this process. Capacity building and training of labour inspectors has notably been carried out, in collaboration with the ILO International Training Centre (ITC). All inspectors, including new recruits have received basic foundational training. A comprehensive labour inspection training programme was launched on 16 August 2015 for 160 labour inspectors and was completed on 9 March 2016. The course covered a wide range of subjects that will enhance the professional skills of inspectors. These include labour market-related policies and programmes, Occupational Safety and Health (OSH), International Labour Standards and Bangladesh Labour Laws. It also covers areas such as the Bangladesh and global economy, government service rules, procedures, team work and office management.

During March 2016, 20 labour inspectors took part in a five-day training session organised by the ILO's Country Level Engagement and Assistance to Reduce Child Labour (CLEAR Project) to enhance their capacity to better recognise and deal with cases of child labour.

As part of the support provided by UK, Netherlands and Canada, ILO aims to enhance the capacity of DIFE to carry out inspections at garment factories, inspection equipment and personal protective equipment has been provided to inspectors. In September 2014, 95 motorcycles were handed over to the DIFE to make it easier for them to travel to do inspections while a further 50 motorcycles were handed over in November 2015 including 40 Scooties suitable for women inspectors to ride.

During 2016 a range of equipment including units to check sound levels were handed over to DIFE by ILO. Denmark has also provided 200 tablet computers which will be used as part of a new paperless system to gather inspection data that ILO is helping DIFE to implement.

### **Support to the DIFE reform process**

An annual inspection plan was developed by DIFE in December 2014, in collaboration with ILO and with input from social partners. The inspection plan focuses on five major areas: inspection of RMG factories; occupational safety and health, accident- related investigation, working condition and occupational diseases.

A labour inspection strategy was drafted by the DIFE with support from the ILO which is awaiting finalization in consultation with the workers and employers. On 29 September 2016 a stakeholder consultation on the strategy took place. The primary purpose of the labour inspection strategy is to improve Bangladesh's current inspection system and the performance of its enforcement responsibilities consistent with international labour standards and national legislation. The strategy identifies strategic priority areas and key measures to be undertaken over the next five years in these areas.

A labour inspection management reform and road map has been agreed between ILO and the Ministry of Labour that forms the basis for ILO support to the reform process.

A factory inspection checklist that covers RMG factories as well as other large factories such as cement, glass, jute and textiles has been developed by DIFE with ILO support and will go into operation from 1 January 2017. This will help DIFE to operate more effectively by obtaining information in a more

systematic and comprehensive manner. It will also help DIFE leadership to make informed management decisions as well as carry out follow up actions.

Efforts to improve the DIFE capacity to manage information and transparency through digitisation have continued. By mid-2017 the entire inspection process will be carried out via a tablet based app which ILO is helping to develop. Orientation and field testing commenced in November 2016. Once the automated system is in place, reports will be generated through the system and it will be much easier for the DIFE to assess and act on information.

Standard operating procedures for DIFE are under development and should be finalised by early 2017.

Between October 2014 and March 2015 DIFE formed seven Working Committees to implement the labour inspection roadmap: (a) Training and capacity building, (b) database and information management, (c) inspection reporting, (d) Labour Inspection Policy, (e) Standard Operating Procedures, (f) transparency, accountability & monitoring and (g) Occupational Safety and Health (OSH). These committees are in operation.

In October 2015 DIFE established an OSH unit headed by the Inspector General. This new unit will implement OSH related actions such as developing training manuals for factory safety committees, setting up OSH standards for Bangladesh, delivering OSH training for DIFE staff, employers and workers while also contributing to the implementation of national OSH policy.

The ILO is also providing support to build capacity of DIFE to establish internal management processes to effectively follow up on the findings of fire and structural inspections in a systematic, comprehensive and transparent manner. This includes the skills needed to assist RMG factories under the national initiative to develop Corrective Action Plans for remediation work. The Fire Service and Civil Defence Department (FSCD) as well as the Capital Development Authority (RAJUK) have also been involved in this process in view of their important role relating to fire and building safety (c.f. Commitment 2.a below).

To modernize DIFE, the Government of Bangladesh, from its own budget, has also taken up a development project “Modernization and Strengthening the Department of Inspection for Factories and Establishments and Establishment of 9 District Offices”. The project is being implemented by the Department and is operational for the period Jan 2013 to December 2016.

*Standard Operating Procedures (SOPs) need to be finalized for the RMG as well as other priority sectors. The Government of Bangladesh should strengthen its efforts to recruit and develop a strategy for the retention of new labour inspectors as a matter of urgency.*

**Commitment 1.h – Creating a publicly accessible database listing all RMG and knitwear factories, as a platform for reporting labour, fire and building safety inspections**

Progress under this commitment is covered under Commitment 2.c below.

**Commitment 1.i - Skills training and rehabilitation of victims**

The ILO supported the establishment of the Rana Plaza Coordination Cell under the Ministry of Labour and Employment (MOLE) in Savar to provide support to the survivors and dependents of the deceased workers in Rana Plaza. The Coordination Cell, which has been operational since November 2013, had by December 2015 communicated with more than 4,231 victims to explore their specific needs and linking them to various rehabilitation services. On 31 December 2015 the RPCC closed its office in Savar and now operates from the office of the National Skills Development Council in Dhaka.

A helpline for victims has been in place since November 2013. Most callers inquire about medical support, job and business opportunities and are provided with information and support or, as appropriate, referred to relevant organisations and institutions.

The ILO collaborated with GIZ and Action Aid Bangladesh to carry out an assessment of the needs of Rana Plaza victims. As a result, it was possible to develop a reintegration and rehabilitation programme that met the needs of victims and to identify active partners able to provide such services.

The ILO supported 300 injured workers who received counselling and livelihoods training in collaboration with NGOs Action Aid and BRAC. As of March 2016, 289 of these workers were either in paid employment or self-employed. Although most workers are in employment many continue to require ongoing medical assistance and support to cope with the challenges of returning to work after the trauma of Rana Plaza while others, who have set up small businesses require further mentoring. For this reason, ILO in collaboration with Action Aid is carrying out ongoing support to this group including psychosocial counselling and entrepreneurship/livelihoods skills.

Vulnerability assessments and after award services are being provided to Rana Plaza victims and family members. These assessments are being carried out with the collaboration of the International Organization for Migration and various civil society organizations. By the end of March 2016, 3,137 people had taken part in the assessments where they received career, financial and family counselling to help them better utilize compensation awards and develop a re-employment strategy.

The Rana Plaza Coordination Cell, with the support of ILO's RMG project has organized two training sessions on health and safety for rescue workers and community volunteers who took part in the Rana Plaza Collapse. Around 50 volunteers have received training on how to provide ongoing support to Rana Plaza survivors to prepare them to combat any future accidents in the Savar area.

#### Rehabilitation related actions (supported by ILO)

	Men	Women	Total
Training for reemployment	68	231	299
Employed/self employed	84	205	289
Victims/relatives received information and counselling from RPCC	1,626	2,605	4,231
Received career, financial and family counselling as part of vulnerability assessment (March 2016)	679 <sup>4</sup>	1110	3,137 <sup>5</sup>
Business development training	6	44	50
Medical support	18	124	142
Psychosocial counselling support	16	50	66
Career Guidance Workshop	26	94	120

*Psychosocial counselling and entrepreneurship/livelihoods skills support should continue to be provided on an ongoing basis involving the Government of Bangladesh and the private sector.*

#### Commitment 1.j – Conducting a diagnostic study of the Labour Inspection System and developing and implementing a resulting action plan, including appropriate measures

The development of a Road Map for the 2014-16 period on inspection management reform has been undertaken jointly between DIFE and the ILO. Seven working committees were subsequently formed in October 2014 to implement the Road Map: Training; IT/database; Inspection Reporting; LI Policy,

<sup>4</sup> As per Rana Plaza Vulnerability Assessment Report dated 04.19.2016 by the International Organization for Migration (IOM), A total of 1,789 persons were included in the individual vulnerability assessment of which 679 were men and 1,110 were women

<sup>5</sup> Gender wise segregation of 3,137 was not available during the reporting period.

Standard Operating Procedures; OSH and Transparency Accountability; and Monitoring. The committees are operational.

A labour Inspection strategy has been drafted by DIFE in collaboration with ILO and shared with the Ministry of Labour and Employment. A first stakeholder consultation took place on the strategy in October 2016 and it is envisaged that the strategy will be finalised in early 2017. DIFE has also prepared a draft inspection checklist with technical support from ILO, which is being field tested by the inspectors in different sectors. The RMG check list commenced field testing in November 2016 and will go into active service in January 2017. Standard Operating Procedures are also under development this process is ongoing and it is expected that SOPs for the RMG sector will be finalised in early 2017.

ILO, DIFE and MOLE participated in a Labour Inspection Strategic Planning Workshop in Savar on 7-8 March 2016 to update and revise the Labour Inspection Management Reform Roadmap. The DIFE governance structure and organigram were discussed, including roles and responsibilities and establishment of management processes and various technical units. Emerging priorities and key medium and long-term activities were considered in the context of recommendations from the October 2015 ILO Committee of Experts Direct Contacts mission on Labour Inspection and the January 2016 Sustainability Compact Review.

*Institutional reform is underway in DIFE. The Road Map and new inspection strategy will make a substantial boost to the future inspection process.*

## **Pillar 2: Structural Integrity of Buildings and Occupational Safety and Health**

### **Key Achievements:**

- The National Tripartite Committee (NTC), the Accord on Fire and Building Safety (the Accord) and the Alliance for Bangladesh Worker Safety (the Alliance (see also under Pillar 3)) agreed on a common approach to determining factory building safety. A unified standard for safety inspections and public summary reports was agreed in November 2013.
- A total of 3,632 active, export-oriented garment factories had received structural, fire and electrical safety inspections as of 1 November 2016, carried out either by the Accord, Alliance or by the national inspection initiative under the supervision of the NTC carried out with the support of ILO. The original target was for 3,508.
- The development of Corrective Action Plans and Detailed Engineering Assessments under the national initiative has been taken forward under DIFE leadership with relevant stakeholders. Capacity of DIFE and FSCD to follow up on inspection report findings has been greatly enhanced.
- A review panel for closures of vulnerable and risky factories has been established by the NTC, under which, as of 1 November 2016, 39 factories have been closed by national authorities as a result of significant safety concerns and another 42 factories have been partially closed. The Review Panel is chaired by the Inspector General of DIFE, and composed of Accord, Alliance, BUET and BGMEA/BKMEA representatives.
- A publicly accessible database has been created by the Government of Bangladesh as a platform for reporting on labour, fire and building safety inspections. As of 1 November 2016, 2,961 full sets (all three inspection reports) have been made available (<http://database.dife.gov.bd/>)
- The establishment of a Remediation Coordination Cell to oversee remediation of national initiative factories has progressed. It is envisaged that the RCC will be operational in early 2017.

### **Key steps to be taken include:**

- Corrective Action Plans (CAPS) need to be developed and remediation work must be monitored by regulatory authorities in a systematic and transparent manner.



- A strategy/plan needs to be developed that sees the Government of Bangladesh progressively take full ownership of the inspection/remediation process.

*Remediation measures of fire, electrical and structural hazards must be carried out without delay to ensure safety in the sector.*

**Commitment 2.a – Implement the National Tripartite Plan of Action on Fire Safety and Structural Integrity in the RMG industry in Bangladesh with the support of the ILO, in accordance with the established milestones and timelines, as stipulated in the Programme of Action**

The Ministry of Labour and Employment through the Department of Inspections of Factories and Establishments (DIFE) is following up inspections completed under the government's National Initiative established by the National Tripartite Plan of Action. The ILO has worked to build capacity of the DIFE to establish internal management processes to effectively follow up on the findings of fire and structural inspections in a systematic, comprehensive and transparent manner.

In collaboration with ILO, DIFE is working with other government regulatory authorities (notably FSCD and RAJUK) in developing a harmonised remediation strategy for factories already assessed under the national initiative. The support of industry associations (BGMEA and BKMEA), brands and retailers as well as financial institutions and development partners is crucial to complete the remediation.

An online programme in DIFE website to track records of the handover of assessment reports to factories has been developed.

The ILO has facilitated a diagnosis of RAJUK and FSCD's capacity in order to identify how these regulators should best be strengthened so as to effectively carry out their role. The two regulatory bodies have started developing plans to strengthen their respective departments to monitor fire and building safety related work in the garment sector. The ILO is working closely with them to enhance cross-institutional communication and collaboration in this regard through various training initiatives and dialogue.

The ILO and GIZ have provided capacity building to the FSCD. A core of "master trainers" has been created and fire service staff can now more effectively inspect factories, develop emergency action plans and carry out evacuation drills.

*The Government of Bangladesh needs to place high importance on the role of DIFE to take remediation for RMG factories to completion. Effective collaboration between the three key regulators is necessary for remediation work to be carried forward under the national initiative.*

**Commitment 2.b - Assess the structural building safety and fire safety of all active export-oriented RMG and knitwear factories in Bangladesh by June 2014 – with the most populated factories assessed by the end of 2013 – and initiate remedial actions, including relocation of unsafe factories**

The Government of Bangladesh committed to inspect 3,508 export-oriented RMG factories for structural, fire and electrical safety. Two initiatives representing international brands and retailers: the Bangladesh Accord on Fire and Building Safety and the Alliance for Bangladesh Worker Safety have carried out inspections of the factories which their member companies source from. Remaining factories were inspected by the national initiative of the Government of Bangladesh. Inspections under the national initiative were initially carried out by the Bangladesh University of Engineering and Technology (BUET). Two private sector engineering firms were subsequently hired to speed up the inspection process.

By 31 December 2015, all export-oriented RMG factories initially listed following the Rana Plaza collapse had been assessed by the efforts of the three initiatives.

Considerable progress has been made to develop more accurate lists of RMG factories which are operational in collaboration with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA). As a result, it is apparent that some 900 more export-oriented RMG factories are operating which have not yet undergone inspection for structural, fire or electrical safety. These factories are either newly established, have been moved from other locations or were not earlier identified or were dormant at the time the initial inspection lists were drawn up. The Government of Bangladesh should carry out structural, fire and electrical inspections of these factories as a matter of priority.

#### Assessments carried out under the national initiative

Assessment type	Number
Structural Integrity (buildings)	1,379*
Fire Safety (factories)	1,517
Electrical Safety (factories)	1,517

\*Certain buildings contain more than one factory

#### Assessments carried out under three inspection initiatives (1 November 2016)

Assessment type	Number
Accord	1,390
Alliance	857
National initiative	1,549
Total	3,632*

\*Total includes reduction of 164 factories which fall jointly under both Accord and Alliance

A number of significant actions have taken place to underpin the inspection process. These include the harmonization of inspection standards, the establishment of the review panel to assess factories identified as dangerous, and capacity building for, as well as enhanced collaboration between, labour inspectorate and fire service staff who will follow up on inspection reports.

#### Decisions of the review panel (1 November 2016)

	National initiative		Accord		Alliance		Total	
	Factory	Building	Factory	Building	Factory	Building	Factory	Building
Referred to Review Panel	33	18	52	24	65	28	150	70
Partially Closed	16	7	14	7	12	5	42	19
Closed	3	3	26	10	10	6	39	19
Allowed operation	14	8	12	7	43	17	69	32
Pending Decision	0	0	0	0	0	0	0	0

The National Tripartite Committee (NTC) which oversees the progress of NTPA implementation, endorsed a draft protocol for remediation under the national initiative of 23 December 2014. Two taskforces (one dealing with structural safety and one with fire and electrical safety) have been formed to oversee the remedial measures of RMG buildings.

#### CAP Status of National Initiative (30 September 2016)

Assessment Type	# Reports Sent to Factories	# CAP Developed	# of Factories Covered	Action taken by Task Force	
				Reviewed	Approved
Structural Integrity	1,379	1,253	1,230	5	5

Fire Safety	1,517	1,229			
Electrical Safety	1,517	1,229			
<b>Total</b>	<b>4,413</b>	<b>3,711</b>	<b>1230</b>	<b>5</b>	<b>5</b>

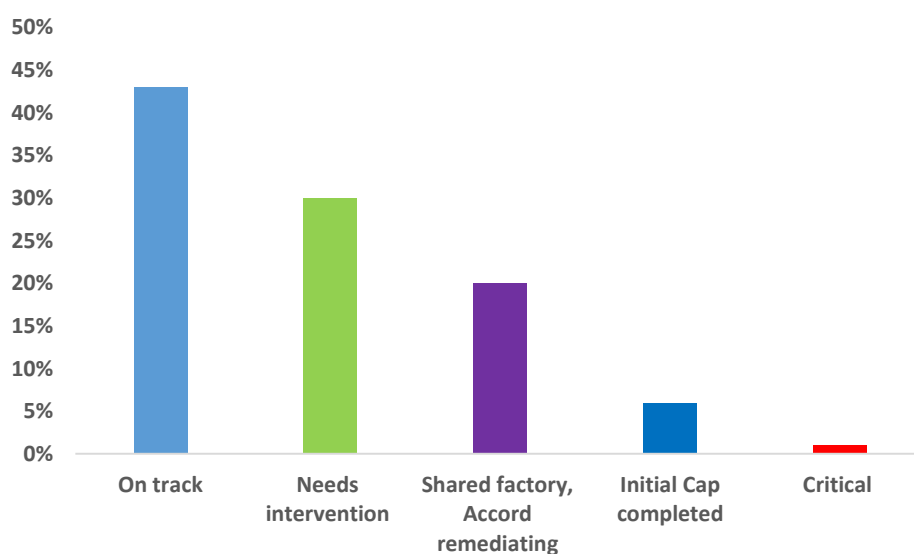
#### Status of remediation of Accord factories (30 June 2016)

Factory status	Number of factories	Explanation
CAP completed	3	All issues identified in the Accord CAP (original and new findings) have been resolved and verified by the Accord engineering team.
Initial CAP completed	12	All issues identified in the Accord initial CAP have been resolved and verified by the Accord engineering team.
CAP on track	32	The CAP is in implementation and all timelines have so far been met.
CAP behind schedule	1,401	The CAP is in implementation but some timelines have not been met.
CAP not implemented	34	The factory does not agree to implement the CAP and as a result Accord signatories have terminated business with the factory following a notice and warning process.
CAP not finalised / no CAP	164	The CAP is either incomplete, absent or not yet approved by the Accord

#### Status of safety findings in Alliance factories (September 2016)

- Forty (40) factories have achieved substantial completion of their Corrective Action Plans, or CAPs;
- Ninety-seven (97) factories have been suspended from the list of Alliance-compliant factories for failure to make sufficient remediation progress;
- Sixty-three (63) percent of all required repairs have been completed—including 55 percent of high-priority repairs

#### Alliance factory remediation status (September 2016)



In order to support remediation actions by reducing the cost of compliance with fire safety standards, the Government of Bangladesh, as of 1 July 2014, eliminated customs duties and other charges on import of fire resistance doors, sprinkler systems and equipment, and emergency light and steel materials for factory buildings.

DIFE inspectors have been trained in how to support factories to develop Corrective Action Plans (CAPs) with a pilot initiative taking place to help a first batch of factories to do so. Guidelines for Detailed Engineering Assessments are being developed while transparency has been increased by making 2,961 full sets (structural, fire and electrical) inspection report summaries available online.

The ILO has taken a strategic approach to improving fire and general building safety. As a result of the capacity development efforts and training of FSCD inspectors (there are now 265 fire inspectors, compared to 55 end of 2013) fire inspectors in each district are able to conduct inspections based on modern techniques, and assist factory safety managers to adopt internationally accepted practices on fire safety and emergency evacuation plans. Enhanced institutional collaboration has also seen the FSCD work closely with DIFE relating to the follow up of RMG factory inspections.

A major training initiative to build the electrical safety inspection capacity of the Bangladesh fire service, labour inspectorate and industry organisations, helping reduce the threat of fires in RMG factories was launched 3 September 2016. In all 315 inspectors from the various organisations took part in the training.

With the shift from conducting assessments to handing over reports to factories and the preparation for remediation through CAPs and DEAs, a new strategy for the post inspection period is needed.

Factories under the Accord and Alliance have already taken important steps towards remediation. Their experience in establishing a process for remediation will be invaluable for the National Initiative in terms of the methodology, good practices and gaps already identified.

The costs for remediation vary greatly from one factory to another depending on the nature and scope of works required, and it is difficult to indicate an average cost. While the factory owners are expected to finance the costs of remediation, meeting those costs is considered an obstacle by some factories. ILO together with IFC is undertaking a study on remediation costs and access to funding issues that will highlight recommendations and possible courses of action in this regard. The involvement of lenders (also including AFD, GIZ, USAID, JICA, the Bank of Bangladesh, etc.) could therefore be an important factor in the process. Supporting RMG factories to carry out remediation requires considerable resources and expertise. While the Accord and Alliance are able to engage the specialist support needed to support remediation of their factories the challenge is greater for the National Initiative. For this reason, the ILO is working with the government and other stakeholders to establish a Remediation Coordination Cell. Staffed by members of the key regulators as well as by specialist engineers, the RCC would oversee the process of remediation for the non-Accord and Alliance factories. It is expected that the RCC should be established in early 2017.

While this medium to long term capacity is established it is important to invest in temporary institutional mechanism i.e. a Technical Secretariat that will: a) ensure that remediation is effectively managed and followed up; b) liaise with financial institutions and businesses for remediation financing and c) build the technical and institutional foundation upon which the longer-term solution for building and fire safety can be developed upon. The end result is that while industry remediation needs are addressed for safer factories, the regulatory institutions are enhanced for post-factory inspection and remediation phase, wherein factories that have undergone remediation and corrective action are actively followed on safety grounds (re-issuance of licenses, labour inspection, fire inspection etc.), and new establishments undergo a regular effective and transparent licencing and inspections processes before they are issued an occupancy certificate.

**Key steps to be taken include:**

- High priority should be placed on developing DEAs and finalising CAPs so that remediation of RMG factories can be completed without delay.

- The Government of Bangladesh should focus on taking steps towards harmonisation of and addressing inconsistencies and gaps in laws, rules, etc. relating to building approvals, fire safety clearances and factory licences.
- The capacity of regulatory bodies needs to be enhanced further so that they are able to effectively assume a full oversight role

*The Government of Bangladesh and industry associations need to take a lead role in developing a coordinated remediation strategy for the RMG sector in collaboration with financial institutions and other stakeholders.*

**Commitment 2.c – Develop, with the assistance from the ILO and other development partners, the publicly accessible database described in paragraph 1.h) of the Compact**

Note: this part also covers progress under Commitment 1.h (see above).

In March 2014, DIFE website ([www.dife.gov.bd](http://www.dife.gov.bd)) of RMG factories was launched containing data on 3,508 factories. The publishing of Summary Reports commenced later in the year. As of 31 March 2016, the database contains information on 4,808 RMG factories which goes beyond export-oriented ones.

The NTC decided to publish all assessment reports in a harmonised common reporting format and as of 2 November 2016, 2,961 full sets of reports from the national initiative, the Accord and the Alliance have been published. Findings and recommendations of the assessment reports are being codified to add to the database to facilitate tracking towards remediation and analyse the findings.

The capacity of DIFE, RAJUK, FSCD and the Ministry of Labour and Employment is being enhanced with regards to data and information management. A software firm has been engaged to prepare requirements and system specification documents for information and knowledge management

*It is necessary to continue upgrading the publicly accessible databases of ready-made garment and knitwear factories by including detailed information on all factories in the sector, results of labour inspections regarding anti-union discrimination and unfair labour practices, structural integrity, fire, and electrical inspections (including fines, sanctions and remedial action), and all follow-up inspections and actions.*

systems for DIFE, DOL, FSCD and RAJUK. The consulting firm has developed draft requirements documents and system specifications that will be used to tender out the system development works.

**Pillar 3: Responsible Business Conduct**

**Key Achievements:**

- The Accord on Factory and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety gathering more than 250 brands and retailers from over 20 countries, have been fully operational since 2013. They have agreed with national authorities on a common approach, including standards for inspections. In all, Accord and Alliance have carried out inspections of more than 2,000 factories while remedial work is underway to address shortcomings.
- Better Work Bangladesh is working with 18 buyers sourcing from 100 RMG factories which have registered with the programme. Better Work is carrying out a series of actions with participating factories to improve both compliance with labour standards and competitiveness in global supply chains. It also helps build capacity of management and staff in numerous areas ranging from technical issues to life skills.

- A first ever Better Work buyers' forum took place in Dhaka 6-7 March 2016. The events saw dialogue take place on the Better Work programme and its partnerships, achievements and challenges as it seeks to improve working conditions and competitiveness in the Bangladesh ready-made garment sector.
- The Netherlands organized a Sustainable Sourcing in the Garment Sector (SSGS) conference in Dhaka in 29 September 2016. The event brought together a wide range of industry and other stakeholders to discuss the need to advance a common understanding on sustainable sourcing practices in the garment sector, through promoting multi-stakeholder cooperation and presenting best practices.

**Key steps to be taken include:**

- Continue encouraging private sector involvement in contributing to the finalisation of remediation work in RMG factories.
- Continue to promote the uptake of socially responsible supply chain initiatives and facilitate transparent and coordinated mechanisms between any involved initiatives.
- Encourage Multinational enterprises (MNEs), brands and retailers to deepen discussions on Responsible Business Conduct in accordance with internationally recognised guidelines and principles, including the OECD Guidelines on MNEs and the ILO Tripartite Declaration of Principles concerning MNEs.
- Encourage industry associations such as BGMEA and BKMEA to actively promote sectoral social dialogue and focus on capacity development of their member factories in this regard.
- Encourage the continuation of the work of the global retailers and brands to adopt a unified code of conduct for factory audit in Bangladesh.

*It is necessary to continue encouraging stakeholders, including brands and retailers, to stay engaged in Bangladesh, including beyond 2018.*

**Commitment 3.a – Continued promotion of socially responsible supply chain initiatives and facilitation of transparency and coordination between them. Encourage all stakeholders to stay engaged in Bangladesh.**

Bangladesh, the EU and the ILO welcome the fact that major fashion and retail brands sourcing garments from Bangladesh are coordinating their efforts to help improve safety in the Bangladeshi factories which supply them. They recognise the progress made in developing implementation plans and underline the importance of engaging with stakeholders to ensure effective implementation of and consistency amongst the various initiatives.

**Commitment 3.b – Multi-national enterprises and retailers engage in discussion on responsible business conduct along the supply chain**

The responsible business conduct initiatives launched in response to the Rana Plaza tragedy are operational. Over 250 brands and retailers from over 20 countries are members of either the Accord on Factory and Building Safety in Bangladesh or the Alliance for Bangladesh Worker Safety.

The Accord is a legally binding agreement which include independent safety inspections at factories, identifying safety issues and enabling remedial action. It has been signed by over 200 apparel corporations from around 20 countries in Europe, North America, Asia and Australia; two global trade unions (IndustriALL and UNIGlobal), and numerous Bangladeshi trade unions. Clean Clothes Campaign, Worker Rights Consortium, International Labour Rights Forum and Maquila Solidarity Network are NGO witnesses to the Accord. The ILO acts as the independent chair.

The Alliance was founded by a group of North American apparel companies and retailers and brands who have joined together to develop and launch the Bangladesh Worker Safety Initiative, a binding, five-year undertaking with the intent of improving safety in Bangladesh's RMG factories in a

transparent, results-oriented, measurable and verifiable manner. Collectively, the Alliance members represent the overwhelming majority of North American imports of RMG from Bangladesh, produced at more than 700 factories.

These initiatives have agreed with national authorities on a common approach, including standards for inspections. In all, Accord and Alliance have carried out inspections of more than 2,000 factories while remedial work is underway to address shortcomings.

The Accord is ensuring that workers can make an effective contribution to the inspections, monitoring and implementing CAPs, building functioning Safety and Health Committees. Awareness activities are taking place to help workers understand the functioning of safety committees. Accord also provides access to a credible safety and health complaint mechanism. Factory employees who utilize the safety and complaints mechanism will be protected from discrimination or reprisal for submitting a complaint to the Accord.

Alliance has carried out a significant programme of fire safety training which aims to equip workers and management with fundamental knowledge and awareness about basic fire prevention, fire protection, and emergency evacuation. Alliance has also established a telephone helpline 'Amader Kotha' ("Our Voice") in July 2014 to provide factory workers with the opportunity to voice safety concerns so that they can be heard and acted upon in a timely manner. The Alliance Helpline has become a go-to resource for workers inside and outside of Alliance factories, receiving an average of 4,200 calls per month and nearly 90,000 calls total since the helpline was established.

A monthly Brand Forum meeting takes place in Dhaka organised by IFC. This brings together all interested brands and retailers to discuss various issues relating to business activities in Bangladesh including responsible business conduct.

The brands and retailers have established a data sharing facility under the auspices of the Fair Factory Clearance House<sup>6</sup>. This provides web-based software to manage and share information about workplace conditions on labour, ethics, health & safety, environmental and security issues which should lead to improved supply chain/workplace efficiency, oversight, accountability and economy.

*International brands and retailers need to continue to emphasise responsible business conduct with a view to addressing issues along the supply chain in Bangladesh.*

**Commitment 3.c – Retailers and brands to adopt and follow a unified code of conduct for factory audit in Bangladesh. Encourage BGMEA to invite ILO to participate in their on-going worker management relations and labour law training**

*International brands and retailers need to agree to develop a unified code of conduct for factory audit in Bangladesh.*

**Commitment 3.d – Bangladesh and the EU take note of the work by European social partners in the textile and clothing sector started on 26 April 2013 to update their 1997 Code of Conduct on fundamental rights, in the framework of the European Sectoral Social Dialogue Committee for Textile and Clothing**

Following the finalisation of their project to develop a CSR risk assessment tool, the European social partners of the textile and clothing sector have started working on a follow-up project on "CSR Risk assessment model development, implementation, and dissemination". The project aims at fine-

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<sup>6</sup> <http://www.fairfactories.org/Main/Index.aspx>

tuning and finalising the tool developed during the first project for increased use and dissemination amongst SMEs and other various stakeholders. In the first stage of the project, the data collected for the elaboration of the country profiles will be used to feed the underlying model of the risk assessment tool. Consequently, a number of companies will be identified, based on an appropriate profile selection, to be involved in testing the tool. It is also foreseen to create a dedicated online platform and a communication strategy.