



Bangladesh Sustainability Compact

Technical Status Report

24 April 2015

A. Executive Summary

This technical status report follows from the one published on 8 July 2014 and aims to reflect progress in implementing the [Bangladesh Sustainability Compact](#)¹ since its launch in July 2013. The technical progress report builds on information from a number of sources, including the regular meetings with other Compact Partners (the Government of Bangladesh, the United States (US) and the International Labour Organisation (ILO)), as well as input from meetings with and/or reports prepared by Bangladeshi and international stakeholders from the private sector and civil society, including the International Trade Union Confederation (ITUC) and Human Rights Watch. However, the report reflects the views of the European Commission.

The Compact brings together the European Union (EU), Bangladesh, the US and the ILO with the common goal of improving working conditions and the respect of labour rights in Bangladesh's ready-made garment (RMG) industry to ensure that the Rana Plaza tragedy is not repeated. To do this, 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.

¹ http://trade.ec.europa.eu/doclib/docs/2013/july/tradoc_151601.pdf

Bangladesh has made much progress since the launch of the Compact. Overall labour rights are better protected in Bangladesh today than they were two years ago and there have been concrete improvements with regard to building and workplace safety. Some of the key highlights include:

Key achievement in Compact's implementation

- Amendments in 2013 to the Bangladesh Labour Act of 2006 have brought certain improvements in relation to freedom of association, collective bargaining and workplace safety.
- Over 300 new garment industry trade unions have been registered, which has more than doubled the total number compared to prior to the Compact.
- The Government of Bangladesh has also strengthened its capacity to inspect factories. They have increased funding, hired 218 inspectors since the collapse of Rana Plaza, and boosted training.
- Based on a commonly agreed standard for inspections, private and public initiatives have inspected over 2,500 factories out of a total of 3,500 targeted export oriented factories. Action has been taken when unacceptable conditions have been found, with 32 factories having been closed and remedial action being underway to address shortcomings.
- Summary inspection reports are being made public in a searchable database, thus bringing more transparency to the garment supply chain.
- The innovative responsible business conduct initiatives through the Accord and Alliance have made a considerable positive difference and have covered the majority of factory inspections.

Much of the progress seen would certainly not have been possible without the essential contributions of the ILO and development partners, including the Netherlands, the United Kingdom, Canada, Japan, Germany, Sweden, Norway and many others, as well as the European Commission and the US Government, who have through assistance programmes made a major contribution to creating awareness, developing strategies and action plans, training and capacity building with not only the competent authorities, but also workers and factory management.

Despite these achievements workers are just beginning to see the improvements in working conditions and the respect of their rights. Much more work needs to be done to avoid back-tracking, and to ensure that real change takes place and is sustained over the long term. Key follow-up actions are:

Key follow-up actions in the short and medium term

- The adoption as a matter of highest priority of the implementing regulations of the amended Labour Act. In July it will be two years since the amendments to the Labour Act were passed following the launch of the Compact. These implementing rules are essential if the reform process to improve labour rights and safe work conditions are to continue.
- The Government of Bangladesh must prioritise the effective investigation and prosecution of unfair labour practices, including anti-union discrimination and reprisals, but also reported as well as documented violence against trade unions and workers' representatives.
- The adoption of legislation that ensures rights to workers in Export Processing Zones (EPZ) that are commensurate to those provided for in the national labour law.
- Factory inspections must continue and in particular action must be taken to ensure that necessary repairs and other remedial actions are actually undertaken.

Over the medium term Bangladesh must continue to build the necessary capacity with the authorities responsible for building and fire safety to take full ownership of the entire inspection process, which is at the moment mainly done by the Accord and Alliance. The Government of Bangladesh must also further amend the labour law to ensure full compliance with core labour standards.

Most importantly, the Compact Partners, Bangladesh's development partners, the international brands/retailers and the Bangladeshi private sector must all stay engaged over the long term to ensure that all Bangladesh's workers can work under safe conditions and freely exercise their labour rights.

B. Background

Sustained economic growth over the past two decades has helped to reduce poverty in Bangladesh by nearly one third. Still, this means that 31% of the population (53 million people) 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 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 by far Bangladesh's largest export market of RMGs, followed by the US. Together, the EU and US account for almost 75% 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 some 4 million people – of whom about 80% are women – and indirectly supports as many as 40 million Bangladeshis (about 25% of the population).

Since the collapse of the Rana Plaza building in Dhaka – a tragedy which claimed 1,129 lives and injured over thousand more persons – the RMG sector has become the focus of attention in Bangladesh and worldwide. There was widespread recognition of the need for rapid action on the part of the Government of Bangladesh, the RMG factory owners and their associations as well as from international retailers and brands for ensuring safer workplaces and respect of labour rights.

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.

C. Monitoring of the implementation of the Sustainability Compact

Since the launch of the Compact, the Compact Partners (Bangladesh, the EU, the US and the ILO) hold regular meetings and videoconferences between headquarters/capitals to follow progress of Compact implementation.

On 20 October 2014 the Compact Partners held a [high-level follow-up meeting](#)² in Brussels to review implementation and take stock of progress and identify further areas of work. An [outcome document](#)³ agreed between the four Compact Partners from this meeting is publicly available. The event, co-organised by the ILO and the Commission and attended by 120 participants, also allowed for an exchange of views with and learning from practitioners on the ground on good practices and lessons learned at the factory level. Bangladesh's development partners also presented what they are doing to support the efforts of building capacity, creating awareness, training etc.

The Compact Partners have agreed to continue to follow implementation of the Compact in coordination with other donors and stakeholders. The next review against Compact commitments is foreseen to take place in autumn 2015.

² <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1167>

³ http://trade.ec.europa.eu/doclib/docs/2014/october/tradoc_152853.pdf

In Dhaka, a high level group, referred to as the 3+5 Group, comprising of three Secretaries (Labour, Commerce and Foreign Affairs) and five Ambassadors (EU, US, Canada, the Netherlands as the chair of the Private Sector Development Working Group of the Local Consultative Group (LCG PSD group), and the UK as the EU Member State participating on a rotating basis). The ILO and the 3+5 Group have been regularly reviewing the progress of implementation of the Compact and the ILO's Ready Made Garment Programme (RMG Programme) and are providing assistance in monitoring and reviewing the commitments under several instruments and providing continued assistance for implementation.

The LCG PSD group comprising development partners and the Government is playing a key donor coordinating role supporting reforms in the sector and the implementation of the Compact. Bangladesh's Commerce Secretary and the Deputy Head of Mission of the Dutch Embassy co-chair and the ILO is providing assistance and regular updates to the Group.

In addition to its development cooperation programmes with Bangladesh, the EU has funded a specific project with the ILO to monitor the Compact since 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).

- 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](#)⁴.
- Registration of 305 new trade unions in the ready-made garment (RMG) industry, increasing the total number of unions from 136 before the Compact to 437 per 31 March 2015.
- Upgrade of the Directorate of Inspection for Factories and Establishments (DIFE) to a Department with enhanced mandate, resources and personnel, with a tripling of the allocated budget and 178 new inspectors recruited as per 31 March 2015. As of October 2014, induction training received by all inspectors, including the newly recruited ones.
- Launch of capacity building programmes and ongoing training for victims.

Key steps to be taken include:

- Rules and regulations required for effective implementation of the BLA of 2006 as amended in 2013 must be adopted as a matter of urgency, in tripartite consultation and taking into account ILO recommendations.
- Further amendments needed to the BLA, to bring the law into conformity with ILO labour standards and fundamental labour conventions.
- The BLA should be extended to the EPZs or, in the shorter term, the existing EPZ law needs to be swiftly amended to ensure that workers in the EPZs are afforded freedom of association and collective bargaining rights commensurate to those provided in the national labour law. A comprehensive review of enforcement mechanisms in the EPZs needs to be carried out to ensure the respect of these rights in practice.
- The Government of Bangladesh must ensure effective, expedient, and transparent investigation and prosecution of unfair labour practices, including anti-union discrimination and reprisals, violence, intimidation and harassment cases.

⁴ <http://betterwork.org/global/>

- The Government of Bangladesh must ensure that union registration processes by the Director of Labour are concluded timely, afford due process, and protect against arbitrary decisions.
- Recruitment of labour inspectors must be advanced as a matter of urgency. Standard Operating Procedures (SOPs) should be developed to guide labour inspectors and their supervisors.
- Skills training and rehabilitation of the injured workers from Rana Plaza must continue.

Commitment 1.a - Amendments to the Bangladesh Labour Law

Bangladesh has amended its Labour Act of 2006 (BLA) 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 Unions⁵ to provide employers with the names of union officials before registration of a trade union. The provision had led to mass terminations of union leaders' employment prior to registration. However, while the requirement to share the names of union leaders with employers has been removed, reports of disclosing such information informally persist. Additionally, the practice of interviewing workers regarding new union members in front of management remains unchanged and continues to serve as a barrier to successful registration.

⁵ 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.

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, several have not gone into effect. The key is now the proper implementation of the amended law (c.f. Commitment 1.b below). In addition, 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.

Establishing trade unions and Worker Participation Committees must become easier in practice. Trade union registration procedures must be reviewed to ensure that unnecessary obstacles to the registration of unions in practice are removed. The requirement that Worker Participation Committees representatives are elected in full freedom by workers must be effectively enforced to ensure that mandatory committees are established in practice and that they credibly represent the views of workers at the factory level.

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

The Government of Bangladesh (GoB) has yet to finalise 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. The expectation is that the rules will address, inter alia, how the government responds to unfair labour practices, including an outline of available remedies. Furthermore, the Compact Partners have provided significant assistance and technical expertise to prepare for the establishment of an effective mechanism for mediation under the rules, which would provide real-time resolution of labour disputes.

Delay in issuing the implementing rules has led to a number of negative consequences for transition to a sustainable garment industry. Key initiatives to foster a more mature industrial

relations system, including the operationalisation of the Better Work Programme (BW Programme) as well as the establishment of factory-level Workers' Participation and Occupational Safety and Health (OSH) Committees, depend on the issuing of these rules and regulations.

In 2013, the Government formed a Committee headed by the Secretary of the Ministry of Labour and Employment (MoLE) to develop and promulgate rules and regulations required for effective implementation of the BLA. According to the Government, several series of consultations were needed with the workers' organisations and employers' associations to narrow the gaps between the various stakeholders. Stakeholder consensus seems to have been achieved. The draft rules have been submitted by the Committee to the Ministry of Labour and Employment (MoLE), and are currently undergoing final review. The Government expects their adoption by the summer.

Rules and regulations required for effective implementation of the Bangladesh Labour Act of 2006 as amended in 2013 must be adopted without further delay and as a matter of the highest priority, in full consultation with the Tripartite Consultative Council (TCC) and taking into account ILO recommendations on the draft text.

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)

Even if 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 Committee of Experts stated in its 2014 annual report that "A number of restrictions to workers' freedom of association rights which have been the subject of ILO concerns were not addressed by the amendments." In 2015, the Committee of Experts "regretted that no further amendments have been made to the BLA on certain fundamental matters".

The other Compact Partners and stakeholders therefore continue to advocate for further amendments to the law by the Government of Bangladesh (GoB), through consultations with all stakeholders including the ILO, and taking into consideration the experience in implementation of the BLA and the conclusions and recommendations of the ILO supervisory monitoring bodies, in particular on ILO Conventions 87 and 98 on freedom of association and collective bargaining.

The ILO has provided to the GoB 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 the 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 GoB has expressed that revision of the BLA is a continuous process. According to the GoB, 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 should take the necessary steps to further amend the Bangladesh Labour Act on a tripartite basis considering the socio-economic conditions of the country. It should initiate cooperation with the ILO to put a structure in place to look into further amendments needed to the law.

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

In the Export Processing Zones (EPZs), which employ roughly 400,000 workers, Worker Welfare Associations (WWAs) may be established. They do not, however, have the same rights as trade unions.

As of 31 October 2013, Workers Welfare Associations (WWA) enjoy the right to strike in the EPZs, following the lapsing of a time-bound moratorium on strikes in EPZs. The Bangladesh Export Processing Zones Authority (BEPZA) has also affirmed that workers who strike in the EPZs are not to be blacklisted. However, given the discretion afforded to the BEPZA under the current EPZ Law with regard to industrial relations and all industrial disputes, the right to strike is still not fully guaranteed in practice. There are reports of cases in which leaders of WWAs have been fired with impunity in retaliation for the exercise of their limited labour rights. Reportedly, collective bargaining

is permitted but not exercised in practice, although collective agreements are in place in a number of enterprises according to the GoB. Furthermore, all inspections in the EPZs are currently conducted by BEPZA “counsellors.” Critics note the conflicted role of BEPZA as the advocate for investor rights and sole enforcement body for all labour protections. The GoB should ensure the MoLE inspectors and other regulatory agencies have full authority and responsibility to conduct inspections also in EPZs.

The GoB has drafted a new law titled "Bangladesh EPZ Labour Act 2014," though the draft does not significantly alter the existing structure of industrial relations and labour inspection. The draft EPZ Labour Act is currently with the Ministry of Law for final review. There is no indication of the timeline for its adoption.

The ILO has forwarded comments to the GoB based on outstanding comments of the Committee of Experts on Application of Conventions and Recommendations. The ILO International Standards department also undertook a mission to Dhaka in December 2014 and held consultations with the GoB, 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 still noticeable shortfalls in the draft Act. For example, the draft EPZ Labour Act would still leave WWAs as the only means to engage in industrial relations, and would, restrict WWAs to monopolistic representation at the enterprise and the zone level and prohibit them from affiliating outside of the zones or engaging in any way with trade unions or other actors outside of the zones. In addition, the labour inspectorate would continue to have no authority within the EPZs; instead the labour inspection and enforcement would remain vested with the General Manager of (BEPZA). Furthermore, even if the proposed Act would establish EPZ Labour Courts and an EPZ Labour Appellate Tribunal, the powers and functions of these institutions would be restricted compared to the general Labour Courts and Labour Appellate Tribunal under the Bangladesh Labour Act. Also, under the draft 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.

The Bangladesh Labour Act needs to be extended to the export processing zones (EPZs); or the draft Bangladesh EPZ Labour Act needs to be revised to provide rights and protections commensurate with the national labour law and more fully consistent with core labour rights. All relevant stakeholders must be fully consulted and observations by the ILO supervisory bodies must be taken into account.

The responsibility for inspections and enforcement of labour laws in the EPZs must be reviewed to ensure rights are respected in practice.

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

Education and training programmes on labour rights continue to expand for relevant constituents, including law enforcement personnel, with a view to effectively address unfair labour practices. However, this process cannot be fully operationalised due to the delay of the Government of Bangladesh (GoB) to issue the rules and regulations underpinning the Bangladesh Labour Act (BLA).

Several education and training programmes have been carried out by ILO in collaboration with a variety of partners. These include for example Training of Trainers (TOT) on Freedom of Association, Collective Bargaining and Labour Management Cooperation, the participants of which are conducting training aiming to reach 4,500 workers in RMG sector by June 2015. Another example is Refresher training on Freedom of Association, Collective Bargaining and Labour Management Cooperation, whose participants are conducting training at plant level aiming to reach 4,800 workers by June 2015.

In addition, employer and workers organisations' capacity building on Occupational Safety and Health (OSH) is continuing and further developed through collaboration with the Bangladesh Employer's 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 114 senior master trainers trained in the first phase of the programme are to train 7,500 supervisors and subsequently the supervisors are to train an estimated 300,000 to 500,000 workers.

	Total (m/f)		
	T	M	F
Employer Training of Trainers (TOT) (OSH)	114	100	14
Worker TOT (OSH and Women Leadership)	75	38	37
Worker TOT (FOA)	39	25	14

Education and training programmes on labour rights and OSH for relevant stakeholders must continue and be expanded. Again, for effective training to be delivered, having in place the implementing rules and regulations of the Bangladesh Labour Act of 2006 as amended in 2013 is imperative.

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

Bangladesh Better Work Programme

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.

After amendments to Bangladesh Labour Act (BLA) in July 2013, the Better Work Bangladesh (BWB) Programme was launched in October 2013. However, the absence of implementation rules for the BLA affects the ability of the BWB Programme to become fully operational.

Despite this challenge, the programme has completed initial work related to tool development and staffing. The BWB Team has also undertaken an induction program, working with trade associations and buyers to organize factory outreach seminars to explain the programme and provide the opportunity for interested factories to directly register for the Programme. So far 37 factories have registered, representing around 54,000 workers (out of which 62% are women), and it is expected that by the end of 2015 the Programme will reach 40 factories (of the overall target of 300 factories).

	Total
Factories participating in BWB	37
Buyers participating in BWB	17

The Programme has also begun delivering services in the field. However, since the lack of the BLA implementing rules affects the ability of the BWB Programme to cite legal authority when

seeking to remediate assessment findings, it remains hampered and has had to make adjustments to its factory improvement services: Instead of initiating the work with a traditional assessment, followed by remediation/advisory services, BWB first engages factories in advisory and training services, with the hope that the adoption of the necessary implementing regulations on the BLA law will soon permit the Programme to conduct factory assessments, which are necessary for the factory improvement services to continue in the future.

Registration of trade unions

Trade union registration in the Ready Made Garment (RMG) industry has seen a significant growth in 2013 and 2014, increasing the total number of unions from 136 to 437 as per 31 March 2015. However, there is still much room to grow, as the newly registered unions only represent a small fraction (approx. 4%) of a workforce of over 4 million (of which 80% are women) in the RMG sector. Furthermore, there are reports that around 30 of the new unions are not operational and another 30 have been dissolved due to factory closures. There are also reports of unfair labour practices, including dismissals of leaders, against newly registered unions.

Formation of RMG sector unions	Up to Dec 2012	2013	2014	2015
Newly formed		83	187	35
Total	132	215	402	437

An on-line registration system for trade unions and trade union federations was launched by Bangladesh’s Department of Labour (DoL), with support from the ILO, 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.

Protection of unions and their members

Despite the positive trends on trade union registration, there is a resurgence of are reports of denials of trade union registration, and reports of based on arbitrary or non-rules based reasons, as well as anti-trade union discrimination and harassment of newly registered unions and their leaders. Transparency relating to the approval process for unions remains an issue. Concerns have

been raised regarding the manner in which applications are processed and approved by the Joint Directors of Labour.

There are also reports of concerns that employers are encouraging the formation of company unions (non-independent unions) in order to prevent organisation by worker-led trade unions. Furthermore, there are reports of resistance by RMG employers to bargain collectively over wages and conditions of work, and allegations of retaliation against union leaders attempting to exercise these rights. Allegedly only a handful of unions currently have collective bargaining agreements with factory management.

There are also reports of leaders of many of newly registered unions having suffered intimidation and harassment, sometimes violent, by management or their alleged agents. Labour stakeholders note the slow and ineffective response by the labour inspectorate and point out that most union leaders or members illegally fired for trade union activity have not yet been reinstated, nor have employers been penalised for violations.

However, workers are now more vocal where anti-union discrimination occurs and some cases of unfair labour practices have been investigated and cases filed in the Labour Courts.

Once the necessary implementing regulations of the Bangladesh Labour Act of 2006 as amended in 2013 are in place, the BWC Programme should finalise the required assessment and advisory tools and their implementation in factories. The BWC should continue to train staff and to reach out to factories to secure wide participation in the Programme.

Workers must be free to organise and exercise their right to collective bargaining without interference or fear of anti-union discrimination, harassment, intimidation, or harm. The ability of the Ministry of Labour and Employment to investigate and prosecute unfair labour practices, including with regard to sufficient number of legal staff, to address inter alia anti-union discrimination, intimidation and harassment cases effectively, expeditiously, and transparently, such as through the establishment of expedited procedures and public reporting of cases, must be improved.

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 (GoB) has initiated a number of activities in different streams with the aim to revamp the labour inspection system and to strengthen the capacity of the Labour

Inspection Department, including improving structure and processes of the labour inspectorate, improving legislative and policy frameworks, and training and equipping current and new inspectors.

On 15 January 2014, the GoB upgraded the Office of the Chief Inspector of Factories and Establishments to a Department (the Department of Inspection of Factories and Establishments – DIFE) that is anticipated ultimately to have 993 staff and 23 District Offices. The post of Chief Inspector has been upgraded to Inspector General. The new Department 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 as part of its drive to revamp the labour inspection system and to strengthen the capacity of the DIFE. A total of 197 inspectors (of whom 54 are women) have been recruited so far since June 2013 (218 since the collapse of the Rana Plaza, 57 of whom are women). The DIFE currently has 286 labour inspectors on staff nationwide.

Capacity building and training of labour inspectors has been carried out, in collaboration with the ILO International Training Centre (ITC). As of October 2014, all inspectors, including the newly recruited ones, have received induction training on a variety of issues, including inspection of working conditions, fundamental principles and rights, occupational safety and health (OSH), hazard identification and risk assessment, and investigations of work accidents.

Labour inspection numbers	
Total # of Labour inspectors - June 2013	92 (82 men, 10 women)
Inspectors recruited since June 2013	197
Inspectors retired	13
Total # of Labour inspectors - March 2015	286 (222 men, 54 women)

Training	2014 (m/f)	Feb 2015 (m/f)	Year to Date (m/f)	Total (m/f)
LI Training of Trainees (TOT) ILO	20 (m:16, f:4)	0	0	20 (m:16, f:4)
LI Foundational Training ILO	152 (m:137, f:15)	0	0	152 (m:137, f:15)
LI Basic Training (ILO&GIZ⁶)	41 (m:34, f:7)	35 (m:24, f: 11)	35 (m:24, f: 11)	76 (m:58, f: 18)

⁶ The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (Germany's agency for development and technical cooperation).

As part of the support provided by ILO to enhance the capacity of labour inspectors to carry out inspections at garment factories, inspection equipment and personal protective equipment is provided to inspectors. In September 2014, 95 motorcycles were handed over to the DIFE.

Draft Labour Inspection Policy and annual inspection plan have been generated 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. Work has begun on updating general labour inspection tools including Labour Inspection Checklist (part of Standard Operating Procedures (SOPs) for which DIFE has formed a committee to develop).

In addition, DIFE has between October 2014 and March 2015 formed 7 Working Committees to implement DIFE 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).

ILO is also providing support 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. The Fire Service and Civil Defence Department 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).

The Government of Bangladesh has increased the budget allocation for DIFE by three times from USD 0.97 million in financial year (FY) 2013-14 to USD 3.02 million in FY 2014-15. At the same time, the budget for the on-going project “Strengthening and Modernisation of DIFE and Establishments of 9 district offices” has been increased to BDT 230 million from BDT 730 million.

Standard Operating Procedures (SOPs) should be developed, in consultation with the ILO, to guide labour inspectors and their supervisors in their roles and responsibilities, and ensure that workers can provide information in a secure way, and avoid worker interviews in front of supervisors, managers or owners. SOPs will also make it easier for workers and employers to understand what to expect when, for instance, a complaint is filed concerning an alleged unfair labour practice or when being subject to an inspection visit.

The Government of Bangladesh should strengthen its efforts to recruit new labour inspectors as a matter of urgency and to provide adequate annual budget allocation and training.

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

In collaboration with the Ministry of Labour and Employment, the ILO has provided support to establish The Rana Plaza Coordination Cell in Savar to provide support to the survivors and dependants of the deceased workers in Rana Plaza. The Coordination Cell, which is operational since November 2013, has so far communicated with more than 4,200 victims to explore their specific needs and linking them to various rehabilitation services.

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

Rehabilitation programmes are ongoing for injured workers from Rana Plaza, providing skills training and seed money for their respective skills development. Disabled workers have also been mobilised into Self Help Groups and given counselling. To date, over 430 workers have received skills training and support for re-employment and self-employment.

A vulnerability assessment for 822 family members of deceased Rana Plaza workers and 30 injured survivors was organized in November 2014, where participants received career, financial and family counselling to help them utilize the compensation they have received effectively and develop a re-employment strategy. Similar events are planned to be organized in early 2015 to continue to support the rehabilitation process of the Rana Plaza victims.

Rehabilitation related actions	Men	Wom en	Total
Training for reemployment	68	231	299
Employed/self employed	48	85	133
Victims/relatives received information and counselling from Rana Plaza Coordination Cell	1,626	2,605	4,231
Received career, financial and family counselling as part of vulnerability assessment (Nov 2014)			852

Skills training and rehabilitation of victims must continue.

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

Detailed training needs assessment of the labour inspectorate is completed and an action plan in collaboration with ILO's International Training Centre is under implementation. A Labour Inspection Road map has been formulated jointly by ILO and DIFE, including policy, capacity building and revision of tools and practices. DIFE is in the process of confirming its annual labour inspection plan.

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 has been agreed.
- Over 2,500 safety inspections were carried out in active, export-oriented garment factories as of 20 April 2015, in a joint public-private effort through the Bangladesh University of Engineering and Technology (BUET), the Accord and the Alliance, under the aegis and coordination of the National Tripartite Committee in Bangladesh.
- A review process and panel for closures of vulnerable and risky factories has been established, under which, as of April 2015, 32 factories have been closed as a result of significant safety concerns and 26 factories have been partially closed, according to the GoB.
- Many factories have undertaken remediation measures to improve safety conditions.
- A publicly accessible data base has been created by the Government of Bangladesh as a platform for reporting on labour, fire and building safety inspections. As of 20 April 2015, 1,006 summary inspection reports have been published online.

Key steps to be taken include:

- The implementing rules and regulations for effective implementation of the Bangladesh Labour Act, including rules concerning the establishment of the Occupational Safety and Health Committees at factory level, must be adopted. Without these regulations, inspectors have no legal basis upon which to carry out their enforcement function.
- Safety inspections must continue. In particular the Government of Bangladesh must continue to increase its capacity not only to complete the inspections under its initial remit, but more importantly to progressively take full ownership of the whole inspection process by the time the privately run initiatives under the Accord and Alliance have finished their programmes in 2018.
- Ensure that corrective action plans and remediation measures are taken and followed-up in a standardised manner, or sanction accordingly, including penalties for non-compliance and the closing of unsafe factories.
- Continue upgrading the publicly accessible database of ready-made garment and knitwear factories by including detailed information on all factories 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

Numerous stakeholders are involved in developing a harmonised remediation strategy for factories already assessed. The work is being facilitated by the ILO. The support of national and international stakeholders, particularly the brands and retailers, is crucial to complete the remediation and make work places safer.

The Ministry of Labour and Employment through the Department of Inspections of Factories and Establishments (DIFE) has started the follow up to the inspections completed under the national initiative. The Fire Safety and Civil Defence Department (FSCD) and the Capital Development Authority (RAJUK) are the other two regulatory bodies that have started developing plans for strengthening their respective departments to monitor fire and building safety related work in the garment sector. 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. The FSCD and the RAJUK have also been involved in this process in view of their important roles relating to fire and building safety.

The ILO and GIZ provide 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. Engagement with RAJUK has been slower as they are not a direct beneficiary of current development initiatives.

The implementing rules and regulations for effective implementation of the Bangladesh Labour Act of 2006 as amended in 2013, including rules concerning the establishment of the Occupational Safety and Health Committees at factory level, must be adopted.

Further involvement by RAJUK in addressing building safety concerns must be ensured by the Government, including the allocation of resources.

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 inspection of export-oriented RMG and knitwear factories has been divided among two private sector initiatives -- the Accord and the Alliance -- and the national initiative under the National Action Plan. In the initial phase inspections carried out under the national initiative were carried out by the Bangladesh University of Engineering and Technology (BUET).

BUET, the Accord and the Alliance reached an agreement on harmonised standards for assessments of both fire and building safety on 7 November 2013 at an ILO-facilitated workshop. These standards have been formally endorsed by the Government through the National Tripartite Committee (NTC). In addition, a review mechanism to handle urgent safety issues in RMG factories has been agreed upon by all parties.

Significant progress has been made by the three initiatives in inspecting the RMG factories for structural integrity, fire and electrical safety. The table below depicts the progress made, as of 31 2014 March 2015.

Overall Assessment Status*			
		National Initiative	All Initiatives
Assessments done	Total	Accord	1,291
Structural Integrity (buildings)	665**	Alliance	613
Fire Safety (factories)	652	NI	652***
Electrical Safety (factories)	652	Sub-total	2,556
		Remaining	952
		Total	3,508

* Numbers based on reports from the ILO

** The 665 buildings house 826 factories

*** Number of factories which have completed all three assessments (structural, fire and electrical)

Factories referred to Review Panel								
Factory (F) Building (B)	National Initiative		Accord		Alliance		Total	
	F	B	F	B	F	B	F	B
Referred to Review Panel	15	7	44	20	31	17	90	44
Partially Closed	10	4	8	5	8	4	26	13
Closed	1	1	26	10	5	3	32	14
Allowed operation	4	2	10	5	18	10	32	17
Pending Decision	0	0	0	0	0	0	0	0

Whereas Accord and Alliance have respectively inspected all factories under their remit by April 2015, the progress under the national initiative has been slower. In response, two private sector inspection companies were engaged from January 2015 by the ILO under the national initiative to complete the remaining inspections.

The very latest figure from the GoB indicate that the total number of assessments of RMG factory conducted by the Accord, Alliance and the national initiative by 20 April 2015 was 2,783 factories of the original target of 3,508 export oriented factories established in June 2014. The number of factories closed following assessments reportedly stands at 32.

The national initiative is facing challenges relating to factories on its list either claiming to be closed, or refusing to cooperate with inspectors. 1,100 factories have been referred by ILO to the Department of Inspections of Factories and Establishments (DIFE) for verification of addresses and closure.

Institutional collaboration between the DIFE, the Directorate of Fire Safety and Civil Defence department (FSCD), and Bangladesh University of Engineering and Technology (BUET) has been established ensuring a harmonised approach to factory inspections, remediation and oversight.

The National Tripartite Committee (NTC) endorsed the draft protocol for remediation under the national initiative of 23 December 2014. Factories have started remediation according to the recommendation of assessing authorities. In this regard, DIFE has started monitoring those remedial measures taken by factory owners. Two taskforces have been formed to oversee the remedial measures of RMG buildings. The taskforces are working to implement the remedial measures taken by the factory owners. NTC members will begin drafting guidelines for accomplishing key steps in the remediation process with the aim of establishing an inspection, remediation, and oversight mechanism that will be sustained post mid-2018.

In view of supporting remediation actions the Government of Bangladesh has, 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 in order to reduce the cost of compliance with fire safety standards.

As a result of the capacity development efforts (including recruiting additional fire inspectors, there are now 265 fire inspectors, compared to 55 end of 2013) , the 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.

The ILO Ready Made Garment Programme (RMGP) has taken a strategic approach to improving fire and general building safety. Through institutional collaboration, training of FSCD inspectors, developing a remediation and oversight protocol, the ILO aims to provide the tools necessary for government regulating authorities to take their mandated roles post RMGP. The next 2-3 years is focused on building capacity within the government institutions and gradual transfer of knowledge and responsibility from the Accord and Alliance to the government of Bangladesh.

Completion of assessments of the structural building safety and fire safety of all active export-oriented ready-made garment and knitwear factories as a matter of urgency ,including ensuring that inspectors have access to factories due for inspection.

Continuing the current initiatives by the Government of Bangladesh to increase its capacity, both in terms of its human resources and financial budgetary resources, including through effective training to the newly recruited inspectors, to inspect factories, as part of progressively taking ownership from the current privately-run initiatives.

Continue ensuring factory compliance with required corrective action plans, or sanction accordingly, including closing unsafe facilities.

Exploring options for providing support to the factories for remediation, including for increased access to credit for corrective action plans and required remediation in ready-made garment sector.

Development of remediation standards for labour, fire, and building safety inspections by the Government of Bangladesh with support from the ILO and development partners.

Steps towards harmonisation of and addressing inconsistencies and gaps in laws, rules, etc. relating to building approvals, fire safety clearances and factory licences as a follow up of the ongoing inspections by the Accord, by the Alliance, by the national initiative, and by other government-hired/recruited inspectors.

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).

Agreement was reached between all stakeholders carrying out inspections for a common reporting format. In March 2014 summary inspection reports from Accord, Alliance and the national inspection initiative began to be published on the www.dife.gov.bd website. Information includes factory names, addresses, owner name, number of workers, and the number of inspections completed by each initiative.

As of 20 April 2015, the database contains information on 3,743 RMG factories (beyond the export oriented ones) covered in 1,006 summary reports. This is a major achievement in terms of transparency while agreement on common reporting standards helps harmonise inspection actions and creates a more solid basis for future activity.

The NTC decided to published all assessment reports in a harmonised common reporting format and as of 20 April 2015, 244 reports from national initiative have been published. Both Accord and Alliance are also submitting summary reports to DIFE in the agreed common reporting format.

Summary assessment reports published (as of 20 April)	
NTPA	245
Accord	607
Alliance	154
Total	1006

Although PDF versions of the summary reports are being published in the database, the findings and recommendations of the assessment reports are currently being codified to add to the database to facilitate tracking towards remediation and analyse the findings.

In addition, the Accord started publishing its full report in their own format with all the details and continued to publishing such on their website. The Alliance has committed to also host all of its inspection reports on its own website. Both initiatives also make summary reports available for the publicly accessible database of the GoB.

The capacity of DIFE is being enhanced with regards to data and information management. RAJUK, FSCD and the Ministry of Labour and Employment are also involved. The aim is to develop a strategy to develop a process flow from each department into on master database. This would allow inspectors to review information from each department in order to monitor information on factories requiring inspections, OSH and worker rights information, and tracking of the remediation process. A draft report on knowledge management strategy was submitted in December for review before bringing all stakeholders together to discuss findings and recommendations.

A toll free hotline was launched on 15 March 2015 to allow for the reporting of fire safety concerns or other safety issues in factories.

Continue upgrading the publicly accessible database 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.

Pillar 3: Responsible Business Conduct

Key Achievements:

- The [Accord on Factory and Building Safety in Bangladesh \(the Accord\)](#)⁷ and the [Alliance for Bangladesh Worker Safety \(Alliance\)](#)⁸, gathering over 250 companies from over 20 countries, are now fully operational and have agreed with national authorities on a common approach, including standards, for inspections and inspections have been carried out and remedial work has started to address shortcomings.
- The Accord and Alliance have inspected over 1900 factories.

Key steps to be taken include:

- Continue encouraging private sector initiatives, including with respect to work on the follow-up on results of inspections, and for further companies to join them.
- Continue to promote the uptake of socially responsible supply chain initiatives and facilitate transparency and coordination between them.
- Encourage Multinational enterprises (MNEs), brands, 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 BGMEA to invite the ILO to participate in their on-going worker management relations and labour law training.
- Encourage the continuation of the work of the global retailers and brands to adopt a unified code of conduct for factory audit in Bangladesh.
- Encourage all stakeholders, including brands and retailers, to stay engaged in Bangladesh.

⁷ <http://www.bangladeshaccord.org/>

⁸ <http://www.bangladeshworkersafety.org/>

Commitment 3.a – Bangladesh, the EU and also 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 – They welcome the fact that over 70 major fashion and retail brands sourcing RMG from Bangladesh have signed the Accord on Fire and Building Safety to coordinate their efforts to help improve safety in Bangladesh’s factories which supply them. In this context, they encourage other companies, including SME’s, to join the Accord expeditiously within their respective capacities. They recognise the need for appropriate involvement of all stakeholders for an effective implementation of the Accord

The responsible business conduct initiatives launched in response to the Rana Plaza tragedy are operational. Over 250 fashion and retail brands from over 20 countries are members of either the Accord on Factory and Building Safety in Bangladesh or the Alliance for Bangladesh Worker Safety. Over 1,900 the export-oriented factories (over 50% of factories targeted for inspection) have been inspected by the Accord and the Alliance.

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.

In order to promote remediation work, the inspection reports of the Accord are followed by a Corrective Action Plan that details remedial actions to be taken with clear timelines and a financial plan. The Accord makes the results of its inspections public through its website and submits a summary report according to the common format to the DIFE online database. Besides inspection and remedial programmes, the Accord also supports the establishment of Occupational Safety and Health Committees, provides training to workers and management and operates a safety and health complaints mechanism.

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.

The Alliance also ensures effective remediation work, provides training to workers and factory management and operates a worker helpline. The brands and retailers have established a data sharing facility under the auspices of the [Fair Factory Clearance House](#)⁹.

Multinational enterprises (MNEs), brands and retailers through brands forum and other informal platforms have started taking an active role in supporting implementation of the National Tripartite Action Plan. They are particularly interested in capacity development of the three regulatory authorities, DIFE, FSCD and Capital Development Authority (RAJUK) to enable these agencies to continue the results achieved by the National Initiative, Accord and Alliance, when these organisations would end their programmes by 2018.

Initiatives have also been taken by the Bangladesh Garments Exporters and Manufacturers Association (BGMEA) including establishment of teams for periodic monitoring of fire safety standards and social compliance and structural safety standards of members' factories; providing fire safety training to over 70,000 workers; continued conduct of fire drills in factories; holding regular training programmes on worker-management relations and labour laws for both factory management and workers.

Commitment 3.c – The EU and Bangladesh recognise the need for multi-national enterprises (MNEs)/brands/retailers to deepen discussion on responsible business conduct with a view to addressing issues along the supply chain. We encourage retailers and brands to adopt and follow a unified code of conduct for factory audit in Bangladesh

The Accord on Factory and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety have agreed with national authorities on a common approach, including standards, for inspections and have used them for all the inspections they have carried out.

⁹ <http://www.fairfactories.org/Main/Index.aspx>

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 recently started working on a follow-up project on "CSR Risk assessment model development, implementation, and dissemination". The project aims at fine-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.