

Staying engaged: for continuous improvements in labour rights and factory safety in the ready-made garment and knitwear industry in Bangladesh

Bangladesh Sustainability Compact – follow-up meeting

20 October 2014, Brussels

Implementation review and progress stocktaking

The growth of the ready-made garment and knitwear industry in Bangladesh has made a positive contribution to economic development, employment, higher incomes, and better skills in Bangladesh, and has also had a positive impact on eradication of poverty, empowerment of women and progress on the timely attainment of several Millennium Development Goals (MDGs).

Recognising the need for further improvements in occupational safety and health, working conditions, and respect for labour rights and for promoting responsible business conduct in the ready-made garment industry in Bangladesh in the wake of the April 2013 *Rana Plaza* factory collapse, the Government of Bangladesh, the EU, the US, and the ILO, hereafter the "Compact Partners", adopted a "*Compact for Continuous Improvements in Labour Rights and Factory Safety in the Ready-Made Garment and Knitwear Industry in Bangladesh*¹" in July 2013.

The Compact outlines concrete commitments by the Compact Partners aimed at respect for labour rights, in particular freedom of association and the right to collective bargaining, improving structural integrity of the buildings, occupational safety and health, and promoting responsible business conduct. In keeping with the agreement in the Compact, the Compact Partners met in Brussels on 20 October 2014 to take stock of the progress on the actions outlined therein.

In addition to the Compact commitments, the Government of Bangladesh has increased substantially the minimum wage of ready-made garment workers, since 1 December 2013.

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

The Compact Partners acknowledged the improvements since the launch of the Compact, including:

Respect for labour rights

- Adoption of the Bangladesh Labour (amendment) Act, 2013 (of 22 July 2013) that further strengthens fundamental rights, with improvements in relation to occupational safety and health, freedom of association and collective bargaining.
- Issuance of a directive to abolish the practice to share between employers the list of terminated employees, with the aim of curtailing the practice of blacklisting of workers in all industrial units in Export Processing Zones (EPZs).
- Lapsing of the outright ban on strike action by Workers' Welfare Associations in the EPZs (section 81(2)), since 1 January 2014.
- Registration of 236 new trade unions.
- Upgrade of the Directorate of Inspection for Factories and Establishments (DIFE) to a Department with enhanced mandate, resources and personnel.
- Launching of the project "Improving working conditions in the ready-made garment sector in Bangladesh"², including making preparations for the Better Work Programme Bangladesh.

On health and safety at work

- Adoption of a National Occupational Safety and Health Policy.
- Unified standard for safety inspections and public summary reports.
- Over 2,000 safety inspections carried out in active, export-oriented garment factories by the end of September 2014 in a joint public-private effort, through the Bangladesh University of Engineering and Technology (BUET), the Accord on Fire and Building Safety and the Alliance for Bangladesh Worker Safety, under the aegis and coordination of the National Tripartite Committee in Bangladesh.

² Supported by the Netherlands, Canada, and the United Kingdom

- Review process and panel for closures of vulnerable and risky factories established, under which, as of 15 October 2014, 29 factories have been closed permanently as a result of significant safety concerns and 17 factories of which parts have been closed.
- Many factories have undertaken remediation efforts to improve safety conditions.
- Elimination by the Government of Bangladesh, as of 1 July 2014, of 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.
- An increase of 392 authorised positions for inspectors to a total of 575³, at the DIFE from 183 posts before the Compact.
- As of 20 October 2014, out of the commitment to recruit 200 additional inspectors, 50 new inspectors have been hired/recruited and the Bangladesh Public Service Commission has authorised recruitment of an additional 189 inspectors to be in service by the end of 2014.
- As of October 2014, all inspectors, including the newly recruited ones, have received induction training.
- A comprehensive training plan has been developed, in collaboration with the International Training Centre/ILO (Turin), under which all DIFE inspectors are being trained.
- Creation of a publicly accessible data base and initial data recorded therein reporting on labour, fire and building safety inspections.

On responsible business conduct

- Implementation and coordination of private sector initiatives (in particular the Accord on Factory and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety). This includes development of common standards, completion of assessment of building, fire and electrical safety of 1,681 ready-made garment factories in coordination with the Government of Bangladesh and the ILO fire and building safety training, and the launch of a worker helpline.
- Participation of more than 250 retailer brands from over 20 countries under the Accord and the Alliance.

³ Class I Inspectors (Deputy Inspector General): 211, Class II (labour inspectors supervised by Class I inspectors): 364

- Establishment by brands and retailers of a data sharing facility under the auspices of the Fair Factory Clearance House.
- Initiatives 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.
- The European social partners of the textile and clothing sector are working on a project “*Harmonisation Guidelines for Implementation and promotion of Corporate Social Responsibility in the European Textile and Clothing Industry,*” to provide the sector with a harmonised set of corporate social responsibility requirements underpinned by a risk management tool.

On monitoring and coordination

- Regular meetings between the Compact Partners, including quarterly progress reviews via international video conferences.
- Initiation of a coordination mechanism involving three key secretaries of the Government of Bangladesh and ambassadors of key implementing partners based in Dhaka.
- Circulation of periodic technical progress reports by the Government of Bangladesh.
- The publication of a technical progress report by the European Commission under a European Commission-ILO Compact monitoring project.
- Close cooperation among the development partners through the Local Consultative Group (LCG) sub-group on trade and private sector development in Dhaka.
- Close consultation with private sector initiatives to develop a coordinated approach on fire and building safety efforts.

On support to implementation

- The EU, the US and the ILO, in cooperation with other development partners, have provided capacity building and technical assistance to aid implementation of the Compact as at [Annex - 1](#).

The Compact Partners identified areas where further progress in implementation of the actions outlined in the Compact is required:

While acknowledging the progress made and without prejudice to the full implementation of the provisions within the Compact, the Compact Partners recognised that there are a number of areas where further measures need to be taken for full implementation of actions outlined in the Compact, with a view to sustaining progress made and securing further improvements in occupational safety and health, working conditions, and the respect for labour rights. The Compact Partners remain committed to the areas that remain to be addressed.

Recalling the goals of promotion of improved labour standards and responsible business conduct in the ready-made garment and knitwear industry in Bangladesh, the Compact Partners would work on the following areas as a priority:

Respect for labour rights

- In keeping with the commitments in the Compact, adoption of the rules and regulations for effective implementation of the Bangladesh Labour Act in full consultation with the Tripartite Consultative Council (TCC) and taking into account ILO recommendations on draft text without further delay and as a matter of the highest priority. The rules will, *inter alia*, address unfair labour practices, including remedies. The rules will furthermore provide for the establishment of an effective mechanism for mediation that provides for real-time resolution of labour disputes. (*Compact reference 1a, b*)
- Consultation on further amendments to the law by the Government of Bangladesh, with all stakeholders including with the ILO, taking into consideration the experience in implementation of the Bangladesh Labour Act, and the conclusions and recommendations of the ILO supervisory monitoring bodies, in particular on ILO Convention No. 87 (Freedom of Association and Protection of the Right to Organise) and Convention No. 98 (Right to Organise and Collective Bargaining). (*Compact 1c*)
- Adoption of necessary legislative changes to the legal framework applicable in the 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. This will be in

full consultation with all stakeholders and taking into account observations by the ILO supervisory bodies. (*Compact 1d*)

- Continuation and expansion of education and training programmes on labour rights for law enforcement and other relevant personnel with a view to effectively address unfair labour practices. (*Compact 1 e, f*)
- The Government of Bangladesh will prioritise the investigation and prosecution of unfair labour practices, including anti-union discrimination and reprisals, effectively, expediently, and transparently. (*Compact 1f*)
- Adoption of the necessary implementing regulations on the labour law will enable the finalisation of the assessment and advisory tools and their implementation in factories, in line with the Better Work Bangladesh (BWB) programme requirements. (*Compact 1f*)
- Ensure the recruitment/hiring of the additional 189 inspectors to be in service by the end of 2014. (*Compact 1g*)
- The Government of Bangladesh will continue to recruit/hire labour inspectors as a matter of urgency and to provide adequate annual budget allocation and training to effectively enforce the law in a fully transparent and accountable manner. (*Compact 1g*)
- Continuation of regular visits and assessment of all active ready-made garment factories by the Government of Bangladesh in order to enforce national labour laws, including on working conditions in factories, freedom of association and collective bargaining. (*Compact 1g*)
- Consideration of development of a Standard Operating Procedures (SOP), with support from the ILO, to guide labour inspectors in effective discharge of their roles and responsibilities. (*Compact 1g*)
- 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. (*Compact 1h & 2c*)
- Continuation of skills training and rehabilitation of the injured workers of the Rana Plaza factory collapse by the Government of Bangladesh with the support of ILO. (*Compact 1i*)

Structural integrity of buildings and occupational safety and health

- Reaffirmed commitment to the implementation of the National Tripartite Plan of Action on Structural Integrity Fire Safety in accordance with milestones and timelines. *(Compact 2a)*
- Inclusion of the election procedure for the establishment of the Safety Committees at factory level in the implementing rules and regulations of the Bangladesh Labour Act. *(Compact 1b, 2a)*
- Continuation of the efforts taken by the Government of Bangladesh, with support of ILO and other development partners, for comprehensive strengthening of other relevant regulatory authorities/bodies. *(Compact 2a)*
- 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 Accord, Alliance and BUET and other government-hired/recruited inspectors. *(Compact 2b and 3a)*
- 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. *(Compact 2b)*
- Ensuring factory compliance with required corrective action plans, or sanction accordingly, including closing unsafe facilities. *(Compact 2b)*
- 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. *(Compact 2b)*
- 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. *(Compact 1g, 2b)*
- Development of remediation standards for labour, fire, and building safety inspections by the Government of Bangladesh with support from the ILO and development partners. *(Compact 2b)*

Responsible business conduct (Compact 3)

- 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.

The Compact Partners will continue to follow implementation of the Compact and achievement of the actions outlined above – in coordination with other donors and stakeholders. Particular attention will be paid to the quality of the progress made, concrete and tangible improvements observed on the ground and their sustainability. The Compact Partners will also continue to support implementation through their respective development cooperation programmes and coordination with other development partners. There will be a future review against these commitments in 2015.