



European  
Commission

# Implementation of the Bangladesh Compact

## Technical Status Report

October 2017

Trade

## **A. Executive Summary**

The **Bangladesh Sustainability Compact** brings together the European Union (EU), Bangladesh, the US, Canada and the International Labour Organization (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 industrial disasters such as the Rana Plaza tragedy are 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**.

This technical status report follows those published in July 2014, April 2015 and July 2016. It reflects progress in implementing the Compact since its launch in July 2013 up until 30 September 2017. This report builds on information from a number of sources, including the regular meetings with the Compact Partners as well as inputs from meetings with and/or reports prepared by Bangladeshi and international stakeholders.

The Compact Partners met in Dhaka on **18 May 2017** for a **3rd annual Compact follow-up** meeting to take stock of the progress in its implementation. As reflected in **the joint conclusions** agreed at the meeting, the partners **recognized progress made in several areas** of the Compact including steps to improve the trade union registration process, ongoing strengthening of the Department of Inspection for Factories and Establishment (DIFE) and the formation of the Remediation Coordination Cell (RCC). The formation of a Tripartite Consultative Council (TCC) for RMG sector as an advisory body for industrial relations between the workers and the factory owners was also welcomed.

However the partners **also stressed the importance of adequate protection** against **acts of anti-union discrimination** and **unfair labour practices**. The **need to address** the conclusions and **recommendations of the ILO's supervisory bodies** relating to the Bangladesh Labour Act and EPZ Labour Law were also flagged. Many of these same issues were further discussed during the **106th International Labour Conference (ILC)** which took place in Geneva from 5-16 June 2017. The Government of Bangladesh developed revised versions of both the Bangladesh Labour Act and EPZ law and shared them with ILO. These submissions and their compliance with ILO Conventions will be reviewed by the Committee of Experts on the Application of Conventions and Recommendations (CEACR) in November 2017 which will share its recommendations in early 2018 for consideration at the 2018 ILC.

### **Key Compact implementation achievements**

- A **Tripartite Consultative Council (TCC)** has been formed for the RMG Sector which will monitor worker rights, safety and all relevant RMG issues.
- Steps have been taken by the Government of Bangladesh to **review its legislative framework**. A tripartite technical committee was formed to review the Bangladesh Labour Act (BLA) 2006. Meanwhile the Government also withdrew the EPZ Labour Act from parliament for review. Amended versions of the BLA and EPZ Act have been submitted to ILO for review by the Committee of Experts.

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- **Standard Operating Procedures (SOPs)** for the **registration of trade unions** were adopted by the Ministry of Labour and Employment (MoLE) in **May 2017** which should bring more clarity and consistency to the union registration process.
- **SOPs for Unfair Labour Practices (ULP)** were adopted by the Government of Bangladesh in **July 2017**.
- The total **number of trade unions** in the RMG sector continued to increase, reaching 644 by 30 September 2017. Some 524 new garment industry trade unions have been registered since 2013.
- **Progress in the remediation** of RMG factories has continued under all three inspection initiatives: the Bangladesh Accord for Fire and Building Safety, Alliance for Bangladesh Worker Safety and the Government of Bangladesh's National Initiative. The launch of a Remediation Coordination Cell in May 2017 to oversee the remediation process in National Initiative factories is a major step forward.

**Development partner support** has **continued**. The Netherlands, the United Kingdom and Canada have agreed to fund a second phase of the ILO project to improve working conditions in the RMG sector which since 2013 has made a major contribution to various commitments under Compact Pillar 2.

**Despite these achievements considerable efforts still need to be made** to ensure that real change takes place and is sustained over the long term in relation to workers' rights and workplace safety in Bangladesh. Following are some of the **specific areas** where **urgent progress is needed**.

- Ensure that the **Bangladesh Labour Act**, **Bangladesh Labour Rules** and **draft EPZ Labour Act** are **brought into conformity** with the provisions of the **ILO Convention** regarding **freedom of association** particularly bringing down the membership requirement percentage to form a trade union from 30%
- **Investigate all alleged acts of anti-union discrimination** and ensure that the Standard Operating Procedures (SOPs) for Unfair Labour Practices which were adopted in July 2017 are **widely understood and applied**
- Ensure that the new **SOPs** for the processing of **trade union registration** applications are **effectively operationalised**
- Ensure the **up-gradation of the Department of Labour (DoL)** with staff and resources
- **Complete the outstanding recruitment** of labour inspectors
- Effectively **follow up inspections** and **remediation** in all the country's active export-oriented RMG factories, including their subcontracting factories
- **Inspect RMG factories** which have yet to undergo inspection for structural, fire and electrical safety
- Continue the **formation of Safety Committees** and ensure they function effectively

## **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)<sup>1</sup> 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 some four 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 as well as the respect for workers' rights. 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 together with Bangladesh, the US and the ILO forged 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 video conferences. In particular, three high-level review meetings took place with the last one in Dhaka on 18 May 2017. Outcome documents from these three meetings are publicly available<sup>2</sup>.

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<sup>1</sup> Bangladesh Bureau of Statistics, 2010

<sup>2</sup> [http://www.ilo.org/dhaka/Whatwedo/Eventsandmeetings/WCMS\\_554839/lang--en/index.htm](http://www.ilo.org/dhaka/Whatwedo/Eventsandmeetings/WCMS_554839/lang--en/index.htm)  
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In addition, a high level group based in Dhaka referred to as the 3+5+1 Group, regularly reviews progress in the implementation of the Compact. 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>3</sup> - currently the United Kingdom – and one other EU Member State on a rotating basis) as well as the ILO.

The ILO's Improving Working Conditions in the Ready Made Garment Sector Programme (RMG Programme), funded by Canada, the Netherlands and the United Kingdom, provides continued support for the Compact's monitoring and implementation.

The Local Consultative Group's Private Sector Development (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's implementation since the end of 2013 which includes the review of achievements and input into the preparation of technical progress reports such as this one.

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<sup>3</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.

## D. Compact Commitments – Achievements

### Pillar 1: Respect for Labour Rights

#### Key Achievements:

- **An improved legislative environment**
  - In **July 2013**, a few months after the Rana Plaza collapse, the Government of Bangladesh **adopted amendments** to the **2006 Bangladesh Labour Act (BLA)**. These saw the BLA conform more closely with core international labour standards, 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 improved occupational safety and health standards (e.g. the establishment of Safety Committees).
  - Adoption of the **implementing rules of the BLA** took place in **September 2015**. These set out how the provisions of the BLA are put into practice, such as elections at factory-level of Participation Committees and formation of Safety Committees.
  - The **outright ban** on strike action by Workers Welfare Associations in Export Processing Zones (EPZs) was also **removed** as of 1 January 2014.
  - A **24-member tripartite technical committee** headed by the principal secretary to the Prime Minister was formed in **June 2017** to **further review the BLA** while the Government of Bangladesh **also withdrew the EPZ Labour Act** from parliament in May 2017. The committee has coordinated the process of revising the BLA and re-drafting the EPZ law. Revised versions of the BLA and EPZ law were submitted to ILO in August 2017<sup>4</sup>.
  
- **Better Work Bangladesh launched**
  - The Better Work Bangladesh (BWB) programme was **launched in 2014**. This partnership between the ILO and the International Finance Corporation (IFC) aims at improving compliance and competitiveness in the country's ready-made garment industry. As of September 2017, the programme was working with 146 RMG factories employing 280,254 workers.

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<sup>4</sup> These submissions remain to be assessed. The ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR). The CEACR will review them in November 2017 and will share its recommendations in early 2018 for consideration at the 2018 ILC

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- **An increasing number of RMG trade unions**
  - There has been noticeable **growth of trade unions in the RMG sector**. Since 2013, 524 new trade unions have been registered in the industry, increasing the total number to **644 as of September 2017**.
  - **Standard Operating Procedures (SOPs) for the registration of trade unions** were adopted by Ministry of Labour and Employment (MoLE) on 17 May 2017 in order to enhance transparency and consistency in the process.
  
- **Enhanced social dialogue**
  - In March 2017, the Government of Bangladesh announced the establishment of a 20 member **Tripartite Consultative Council (TCC) for the RMG Sector** chaired by the state minister for labour and employment. The RMG TCC will monitor worker rights, safety and all other relevant issues in the RMG industry. It will furthermore seek to enhance smoother industrial relations as well as contribute to the development and revision of rules and regulations. The TCC has met three times as of September 2017. It played a role in consolidating recommendations from constituents relating to BLA amendments.
  - In order to support the operation and effectiveness of both the RMG and national **TCCs a support unit** in the form of a dedicated desk at the Ministry of Labour and Employment will be established. ToRs for this support unit has already been adopted.
  - With ILO technical assistance a **draft final report on the review of laws and practices related to conciliation and arbitration** in Bangladesh has been shared with the Department of Labour (DoL) for its review and inputs.
  - Representatives from the National Coordination Committee for Workers Education (NCCWE) and IndustriALL Bangladesh Council (IBC) signed a **trust deed to establish a Workers Resource Centre (WRC)** on 29 May 2017. The WRC is now a legal entity with its Executive Board having undertaken detailed planning relating to its strategy and operations. The WRC will provide capacity building support and services for workers and unions relating to organizing, collective bargaining, negotiating with employers and dispute resolution.
  
- **Enhanced capacity of relevant public authorities and improvements in processes to ensure the respect for labour rights**
  - The **Department of Inspection for Factories and Establishments (DIFE)** has **undergone a significant upgrade** since 2013 with an enhanced mandate, resources and personnel. DIFE has seen an increase in budget from US\$ 0.97 million in US\$ 4.93 million in FY 2016-17. As of September 2017, some 262 new labour inspectors had been recruited. DIFE is better able to carry out its mandate through training, implementation of a reform roadmap, the development of a comprehensive inspection checklist, which has been used since January 2017 and the creation of a knowledge management system amongst others.

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- The Ministry of Public Administration (MOPA) and Ministry of Finance have given their **consent** for the **Department of Labour** to undergo a **similar upgrade** to DIFE.

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

The Government of Bangladesh, in line with its Compact commitments **needs to show concrete and time-bound responses** in a number of **priority areas** as follows:

- To undertake **legislative changes to the Bangladesh Labour Act** and its implementing **rules** (notably to lower the membership threshold requirements for unionization) to bring them in line with International Labour Standards (ILS) and to **allow full freedom of association**
- To propose **amendments to the draft EPZ law** to provide a consistent regulatory environment in line with the BLA and to allow **full freedom of association**
  - Amendments to the BLA and draft EPZ law were submitted to ILO by 31 August 2017 and will be reviewed by the ILO's Committee of Experts on the Application of Conventions and Recommendations (CEACR) when it meets in November 2017.
- To **effectively implement recently adopted Standard Operating Procedures** for trade union registration and unfair labour practices
- To **investigate and carry out corrective actions** relating to **unfair labour practices** which took place in Ashulia and Chittagong (an RMG cluster area close to Dhaka) in late 2016 to early 2017. The incidences of labour unrest have highlighted the **ongoing need to enhance social dialogue** in the RMG sector and for better industrial relations, with a special emphasis on the right to organize and collective bargaining.
- To establish and **put into operation a support structure** for the National and RMG **Tripartite Consultative Councils (TCC)**
- **Capacity building** initiatives for the **Industrial Police** should take place to better train them for their role in enforcing law and order and to avoid seeking to become involved in issues relating to industrial relations.
- Further **emphasis** should be placed on the **role of the judiciary**. Efforts to support the awareness of judges and lawyers on International Labour Standards have met with a positive response from participants and this group can significantly contribute to the delivery of social justice.

*The Government of Bangladesh needs to develop and implement a clear and time bound plan relating to labour rights as underlined at the 3<sup>rd</sup> Compact review and by conclusions of the Committee on the Application of Standards at the 106th International Labour Conference.*

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

In July 2013 Bangladesh amended its Labour Act of 2006 which conforms more closely to International Labour Standards. 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 Safety Committees in factories with 50 workers or more.

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>5</sup> to provide employers with the names of union officials before registration of a trade union.

The amended law now allows workers and employers to consult with external experts for advice during collective bargaining at the enterprise level. The process of formation of Participation Committees was also improved by adding a provision specifying that such Committees must be directly elected by workers rather than selected (by employers). Furthermore, in the public industrial sector, workers are now able 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.

However, **further amendments to the BLA 2006** are still **needed** to bring it on a par with **international standards** (c.f. Commitment 1.c below), particularly with respect to freedom of association and collective bargaining. For instance, the 2013 revisions do not address a number of concerns, **including a 30% minimum membership requirement** to form trade unions and the extension of the freedom of association and collective bargaining to workers in labour-intensive RMG industries. The law governing export processing zones also does not synchronize with international labour standards in relation to freedom of association and collective bargaining.

A 24-member **tri-partite technical committee** headed by a Joint Secretary of the Ministry of Labour and Employment was formed on **5 June 2017** to recommend amendments to the Bangladesh Labour Act 2006. The mandate of the committee is to identify areas for a time-bound amendment to the Act; to consult with key stakeholders including those of industrial sectors; and to submit the preliminary draft report on the amendment by August 2017.

*While important legislative and regulatory changes have been made since 2013 additional revisions to the Bangladesh Labour Act are required so that it is compliant with the ILO Conventions on freedom of association and collective bargaining.*

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<sup>5</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.

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### **Commitment 1.b - Conforming to all the existing ILO rules, procedures 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 which constitutes an important step in the Compact's implementation. The rules clarify certain issues relating to central elements of the BLA, including the formation and activities of safety committees, festival bonuses and contributions to Worker Welfare Funds amongst others.

The ILO reviewed their compliance with international labour standards. **Concerns** were raised that the rules were **not in full compliance with ILO fundamental Conventions**. It was argued that they fail to give full effect to the fundamental rights of workers, including in relation to the definition of a supervisor, or to the role of employers in the committee for the election of representatives to Participation Committees and broad prohibitions on worker activities, including the right to strike.

### **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).**

While the **2013 revision** of the **BLA** includes positive reforms, it **still falls short of international standards** with regard to freedom of association and collective bargaining, among others.

The **ILO has provided detailed feedback** to the Government of Bangladesh **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). It has been recommended to bring down the 30% representation level of workers for the formation of a trade union to a more reasonable level.

At the **106th International Labour Conference** held in Geneva in June 2017 the Committee on Application of Standards (CAS) repeated its call on the Government of Bangladesh to ensure that the Bangladesh Labour Act and the Bangladesh Labour Rules are brought into conformity with the provisions of the Convention regarding freedom of association, paying particular attention to the priorities identified by the social partners. Meanwhile, at the **third Compact review** meeting held in **Dhaka 18 May 2017**, partners also recognised the urgent need to begin inclusive consultations towards the amendment of the Bangladesh Labour Act and

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associated regulations to address the conclusions and recommendations of the ILO's supervisory bodies.

As mentioned in 1.a. above, the Government of Bangladesh has formed a 24-member tripartite committee to consider **further amendments to the BLA**. Proposed revisions to the BLA were submitted to **ILO by 31 August 2017**. They will be reviewed by the **Committee of Experts in November 2017**.

**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. While all factories, establishments etc outside EPZs are governed by the Bangladesh Labour Act, those inside EPZs are covered by the Bangladesh Economic Zones Act 2010. The Government of Bangladesh formulated a revised version of the act namely **'The Bangladesh Export Processing Zone (EPZ) Labour Law, 2014'** which was endorsed in principle by the cabinet on 7 July 2014.

There are **noticeable shortfalls in the draft law**. For example, provisions within the EPZs allow for Worker Welfare Associations (WWAs) to be established however they do not enjoy the same rights as trade unions. 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 Bangladesh Export Processing Zone (EPZ) Labour Law, 2014, 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. As of September 2017, some 232 WWAs had been formed in EPZs.

Subsequent to the ILO Committee of Experts' expectations related to the **EPZ Act**, the draft law that had been vetted by the Cabinet and passed for adoption to the Parliament (Standing Committee for Law, Justice and Parliamentary Affairs) **was recalled by the Government in May 2017**. The government has revised relevant areas of the draft EPZ Law and **submitted it to the ILO**. It will be **reviewed by the Committee of Experts in November 2017**.

*The Government of Bangladesh is to amend the EPZ Labour Law to bring it in line with ILO Conventions so that it can be presented to the next sitting of the ILO Committee of Experts in November 2017.*

**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 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. Other organisations have also carried out a series of activities with various stakeholders.

Training and education initiatives which have taken place during the reporting period include:

***Social dialogue***

- National Coordination Committee for Workers Education (NCCWE) and IndustriALL Bangladesh Council (IBC) representatives signed a trust deed to establish a Workers Resource Centre on 29 May 2017. The centre will provide capacity building and services for workers and unions on organizing, collective bargaining, negotiating with employers and dispute resolutions. It is facilitated by ILO's Social Dialogue Project and ILO's Workers Bureau (ACTRAV). The Executive Board is actively meeting to develop a long term strategy and work plan for the WRC which should be launched towards the end of 2017.
- The Friedrich-Ebert-Stiftung (FES) launched an 'Academy of Work' in Dhaka on 20 April 2017. The Academy of Work is a unique trainee programme for mid-level trade unionists in Bangladesh. The long-term goals of the academy are to contribute to a stronger social dialogue between trade unions and employer associations, and to strengthen trade unions as a whole.
- ILO's Social Dialogue project has trained a pool of 30 master trainers comprising officials of the Department of Labour (DoL) and Industrial Relations Institutes (IRI). Training focuses on workplace cooperation, collective bargaining and grievance procedures. These master trainers will play a crucial role to support the development of workplace cooperation plans in 34 non-unionised factories out of a group of 54 pilot factories suggested by the BGMEA and BKMEA.
- ILO's Social Dialogue Project and International Training Centre (ITC) Turin, held a four-day Advanced Women's Leadership Training from 12-15 June 2017 attended by 21 women organizers and trainers from NCCWE and IBC. The training covered leadership and management skills, communication and advocacy.
- An agreement was signed on 19 June 2017 between the ILO ITC and the Department of Labour for implementation of training programmes on workplace cooperation in the RMG sector.

### ***Legal / International labour standards***

- A three-day training course on “International Labour Standards and Labour Legislation” was launched in Dhaka 25 April 2017 to equip 30 judges and judicial officers with better knowledge of international labour law. The training was supported by the Judicial Administration Training Institute (JATI), ILO’s Fundamental Rights and Labour Relations project funded by Norway as well as the Social Dialogue project.
- ILO’s Social Dialogue project supported a two week course on international labour standards in the ILO ITC for three judges including two from the Labour Court and a Director from the Department of Labour. The project team also met with BRAC University on 19 February 2017 to explore the possibility of developing a course for paralegals in view of the lack of legal experience and skills amongst trade unions and their members.

### ***Safety Committees***

- The Occupational Safety and Health (OSH) unit of DIFE has conducted training for 150 Safety Committee (SC) members (male 95 and female 55) from 40 factories in the Dhaka area as well as Chittagong.
- With the support of ILO, BGMEA and BKMEA have also started a training programme on Safety Committees to educate two representatives from each of 585 factories on management, risk assessment and reporting of SCs. To date, 693 participants (male 466 and female 277) from 388 factories have received this training.
- Selection and registration procedures of Safety Committees from 110 pilot factories have been completed as part of a DIFE initiative supported by ILO. An advisory support process has been initiated by BGMEA and BKMEA at factory level for making Safety Committees functional.
- The DIFE OSH unit has finalized a Safety Committee Training manual for factories and industries. A video has also been produced by DIFE to raise awareness of factories on Safety Committees.

### ***Occupational Safety and Health capacity building***

- By the end of August 2017, 811,100 participants (61% women) from 585 factories had participated in orientation sessions on Essential Occupational Safety and Health, supported by ILO and also received basic information materials.
- A campaign aimed at enhancing the knowledge and awareness of RMG workers and supervisors/managers relating to Occupational Safety and health was launched on 30 March 2017 by ILO in collaboration with DIFE. This campaign comprising a series of radio broadcasts and public service announcements sets out to reach workers across the RMG sector with messages and information on key OSH related areas.
- OSH outreach training activities targeting trade unions, organized by the Bangladesh Institute of Labour Studies (BILS) in collaboration with NCCWE and IBC,

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was completed and covered 2,355 (1,560 female and 795 male) RMG workers/potential union organizers.

- An OSH KIT has been finalized by DIFE with ILO support and 4,000 copies have been printed and distributed to factories through DIFE, BGMEA, BKMEA, worker organizations and relevant stakeholders.
- Trade Union advocacy tools for safer workplaces have been finalized by ILO's workers bureau (ACTRAV) and its RMG programme.
- An OSH expert resource pool has been established under the BGMEA and BKMEA OSH units. It is expected that this resource pool will play an advisory support to factories.
- The Bangladesh University of Engineering and Technology (BUET) launched a Post Graduate Diploma course in Fire Safety.
- A four-day follow-up training session on "Safer Workplaces for Women workers" was held during 20 to 23 March 2017 attended by 26 potential NCCWE and IBC women organizers.

### **Better Work Bangladesh**

- See Commitment 1.f below.

### **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**

#### **a. Better Work Bangladesh**

The Better Work Programme<sup>6</sup>, 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. Better Work is now fully operational, with a staff of 14 Enterprise Advisors, Training Officers and Administrative staff.

Better Work Bangladesh sits within the wider RMG programme executed by ILO. Coordination among Better Work Bangladesh, the four other components of the RMG projects and other ILO projects in the country takes place regularly. This coordination and ongoing collaboration has grown to include an ILO project that focuses on promoting social dialog (Promoting Social Dialogue and Harmonious Industrial Relations in Bangladesh Ready-Made Garment Industry). The project focuses on three specific outcomes:

- (i) Outcome 1: Sustainable improvement in social dialogue, workplace cooperation and grievance handling;
- (ii) Outcome 2: Sustainable and effective mechanisms for conciliation and arbitration are established;

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<sup>6</sup> <https://betterwork.org/where-we-work/bangladesh/>  
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(iii) Outcomes 3: Enhanced capacities of employers' and workers' organizations to dialogue and prevent and resolve disputes including those of gender concerns.

Better Work Bangladesh and the social dialogue project will collaborate closely on outcome 1 & 3 for industry-wide impact beyond Better Work factories.

Since becoming operational in 2015 Better Work Bangladesh has provided services to improve working conditions and productivity at the factory level. As of 31 August 2017, a total of 178 factories have participated in the programme. Of these, 146 are currently registered and active, employing 307,563 workers, 56% of whom are women. Better Work carries out in depth assessments of its participating factories every year relating to compliance issues. In all, 171 have been carried out to date and are available for review by external stakeholders (particularly, buyers sourcing from these factories). Some 4,500+ non-compliance issues have been identified during these assessments. Of factories assessed twice (44 factories), over half have improved overall compliance during the first cycle, showing strong progress early on.

Of 35 international buyer partners working with Better Work on a global level, 16 are now actively supporting Better Work Bangladesh. An additional 70+ buyers are also sourcing from member factories, and these are being targeted for collaboration.

Addressing shortfalls in factory social dialogue continues to be a focus for Better Work Bangladesh's advisory services. In this respect, it has provided technical assistance to factories, helping them to conduct elections for Participation Committees (PC), as opposed to PC's appointed solely by management. By June 2017, Better Work Bangladesh had supported the election of 16 PCs, through which 21,998 workers elected 158 representatives.

Better Work training and capacity building efforts involve workers, supervisors, mid and senior factory management. Areas covered include management systems, sexual harassment and capacity building for Welfare Officers; workplace cooperation; roles and responsibilities of Participation Committees; and supervisory skills training for women (in collaboration with IFC).

To increase the impact of factory facing services, BWB is placing increased emphasis on gender. In order to address the issue of great gender imbalance at factory supervisory and managerial levels, BWB together with IFC and Innovations for Poverty Action launched a program looking to increase female promotion on the factory floor. The objectives of the project are to i) train mid-level management on how to select, promote and retain female workers ii) build female machine operators to have more confidence in their abilities, iii) train operators to up-skill other colleagues, balance production lines and calculate worker efficiency. So far, 169 women from 29 factories are being provided technical and soft skills training.

Furthermore, to ensure coordination and mutual learning with the government, BWB and DIFE has agreed to pilot joint factory visits. These visits will include inspectors shadowing BWB so they can see our methodology, as well as EAs shadowing labour inspections to see the strengths and weaknesses of the current approach. This sort of joint learning approach is key to ensuring the longer-term sustainability of the project.

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**Better Work Bangladesh activity statistics (as of Aug 2017)**

<i>Factories participating in BWB</i>	<i>178</i>
<i>Factories active in BWB</i>	<i>146</i>
<i>Buyers participating in BWB</i>	<i>16</i>
<i>Workers in BWB factories</i>	<i>307, 563</i>
<i># of advisory visits</i>	<i>1204</i>
<i># of factory assessment completed</i>	<i>171</i>
<i># of industry seminars (# participants)</i>	<i>46 (731)</i>
<i># participants received supervisory skills training</i>	<i>508 (female 207)</i>

**b. Registration of trade unions**

Following the amendment of the Bangladesh Labour Act in 2013 there **was initially strong growth** in the number of RMG trade unions. By **2015 however growth had slowed** with the rejection rate for new union applications increasing. An [ILO high level tripartite mission](#) which visited Bangladesh in April 2016 noted that the **heavily bureaucratic procedure for registration and some control measures** could discourage and intimidate the workers. A need to protect the trade union **registration process from arbitrary rejections** was also apparent.

**Standard Operating Procedures (SOPs) for the registration of trade unions** were adopted by the Ministry of Labour and Employment on **17 May 2017**. The SOPs were developed with the input from the ILO Social Dialogue project and the Fair Work Commission, Australia<sup>7</sup>. The SOPs provide a uniform approach to addressing union registration applications in the Department of Labour. There are **now fixed steps with fixed times** that standardize the process. **The Social Dialogue project** has also provided training to union leadership and staff on the SOPs. Training will also be provided to the relevant staff of the Department of Labour. **The implementation of the SOPs will be monitored through the Social Dialogue Project in order to track compliance.** Should the new SOPs prove effective it is expected that they will lead to fewer rejections on unjustified grounds, more approvals and the government using one standard approach that applies across all sectors. **An increasing trend in approvals will point to the effectiveness of the SOPs.**

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<sup>7</sup> Fair Work Commission is Australia's national workplace relations tribunal with power to carry out a range of functions under the Fair Work Act 2009 (Cth)

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**RMG trade union registrations (As of September 2017 provided by the Government of Bangladesh)**

<i>Formation of RMG sector unions</i>	<i>Up to Dec 2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
<b>Newly formed</b>		82	187	72	77	94
<b>Total</b>	132	214	401	473	550	644

**RMG sector registration information from 2013 to 2017 JDL office, Dhaka and Chittagong**

<b>Year</b>	<b>Previous</b>	<b>Received Application</b>	<b>Total</b>	<b>No. of unions registration</b>	<b>Registration (%)</b>	<b>No. of application rejected</b>	<b>Rejected (%)</b>	<b>Under Process</b>
<b>2013</b>	9	161	170	82	48%	49	28%	39
<b>2014</b>	39	392	431	187	43%	164	38%	80
<b>2015</b>	80	159	239	72	30%	152	63%	15
<b>2016</b>	22	122	144	77	53%	46	31%	21
<b>2017</b>	21	3	24	12	50%	4	16%	8

### **On-line registrations**

An on-line registration system for trade unions and trade union federations was launched by Bangladesh's Department of Labour (DoL) in March 2015. The on-line trade union registration system was launched with a view to promoting transparency and accountability in processing applications. While the online system is functioning, it remains necessary as per Department of Labour procedures for all applications to be submitted as paper versions as well. **The key issue remains the effectiveness of how applications are handled rather than the method by which they are submitted.** Levels of IT usage and availability both within prospective unions and government ministries are often low and therefore the ILO, through its Social Dialogue project, is placing emphasis at this stage on supporting application handling. This is being undertaken through facilitating the implementation of the SOPs for union registration. Compliance with the implementation of the SOPs will also be monitored, through feedback from unions.

### **Public database of applications**

The Department of Labour has begun to upload **detailed outcomes of applications for trade union registration to its website** ([www.dol.gov.bd](http://www.dol.gov.bd)) to make the process more transparent. At present, the status of 171 trade union applications which includes 129 successful cases of application and 42 cases of rejection, are available in the database section. This database

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contains relevant information on the submission and resolution of registration requests, including the reasons for rejections of applications. The **website should be updated to include other relevant information** such as the date of application, time taken to consider an application, reasons for rejections, etc. The ILO's Social Dialogue programme is supporting development and management of the public database.

### **Department of Labour upgrade**

The Government of Bangladesh continues with its planned upgrade of the Department of Labour (DoL). The DoL plays an important role in upholding freedom of association, collective bargaining and labour rights. The upgrade will see the staffing of the DoL increase from 712 to 921. The Ministry of Public Administration (MOPA) is currently in the process of obtaining the inputs of other ministries, including the Ministry of Finance relating to the proposed upgrade.

#### ***c. Ensuring protection of unions and their members from anti-union discrimination and reprisals***

### **Labour unrest in Ashulia and formation of a Tripartite Consultative Council (TCC) for the RMG Sector**

**Labour unrest** in the Ashulia area (RMG cluster area close to Dhaka) in late 2016/early 2017 led to 26 union leaders being arrested, 1,600 dismissed and union offices closed/ransacked. This situation further **underlined the need to enhance social dialogue** in the RMG sector and for better industrial relations, with a special **emphasis on the right to organize and collective bargaining**.

A tripartite meeting was held **23 February 2017** in a bid to defuse the situation arising from the unrest. At the meeting, chaired by the State Minister for Labour and Employment, it was decided that workers and leaders yet to be released or in the imprisonment or police custody, would be released immediately. Offices of registered federations in Ashulia which were shutdown would be reopened while workers who had been dismissed would receive any dues owed as per the labour law or be reinstated should they so wish.

On **6 March 2017** the Government of Bangladesh announced the establishment of a **Tripartite Consultative Council (TCC)** for the RMG Sector with the objective to help **facilitate industrial relations** between workers and employers as well as provide advice to the Government on various areas such as productivity, regulations and policies. As per a government decision the TCC should sit three times a year however, if the Chairperson (State Minister of Labour and Employment) finds it necessary the TCC can be convened at any time. One meeting of the TCC has been held at which its scope of work was discussed. **ILO is providing support to the TCC to assist in its operation.**

### **106th International Labour Conference**

The issue of **anti-union discrimination** and **trade union registration** was discussed by the Committee for the Application of Standards (CAS) at the **106th ILC**. The Committee **noted the long-standing nature and the prior discussion of this case** in the Committee, most recently in 2015 and 2016. The Committee took note of the drafting of Standard Operating Procedures (SOPs) regarding union registration in collaboration with the ILO, the establishment of the

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Tripartite Consultative Council for the ready-made garment (RMG) sector, and the recall from Parliament of, and the preparation of, the draft EPZ Labour Act. At the same time, the Committee noted the **insufficient progress** in relation to previous discussions of the Committee, and emphasized that **more needed to be done to achieve compliance with Convention No. 87** and that this must take place without further delay.

Taking into account the discussion, the Committee called upon the Government of Bangladesh to:

- ensure that the **Bangladesh Labour Act** and the Bangladesh Labour **Rules** are brought into **conformity with the provisions of the Convention** regarding freedom of association, paying particular attention to the priorities identified by the social partners;
- ensure that the draft **EPZ Labour Act allows for freedom of association** for workers' and employers' organizations and is brought into conformity with the provisions of the Convention regarding freedom of association, with consultation of the social partners;
- continue to **investigate, without delay, all alleged acts of anti-union discrimination**, including in the Ashulia area, ensure the reinstatement of those illegally dismissed, and impose fines or criminal sanctions (particularly in cases of violence against trade unionists) according to the law;
- ensure that **applications for union registration are acted upon expeditiously** and are not denied unless they fail to meet clear and objective criteria set forth in the law.

The Committee urged the Government to continue to effectively **engage in ILO technical assistance** to address the Committee's recommendations and to report in detail on the measures taken to implement these recommendations to the next meeting of the Committee of Experts in November 2017<sup>8</sup>.

### **Standard Operating Procedures for the handling of unfair labour practice complaints**

**Standard Operating Procedures (SOPs)** for the handling of **unfair labour practice complaints** and anti-trade union discrimination were approved by the Government of Bangladesh in **August 2017**. The document has been submitted to the ILO's Committee of Experts on the Application of Conventions and Recommendations (CEACR) by the 31 August 2017 deadline. The SOPs set out **seven time bound steps** to be followed by Government in the event of **any allegation of unfair labour practice or anti-union discrimination**. These steps are: submission of a complaint, verification, communication, investigation, resolution, record and referral to the labour court. A two-day workshop was held by ILO with union leaders in September 2017 to raise awareness and understanding of both the SOPs for TU registration and unfair labour practices.

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<sup>8</sup> CAS report 2017, P. 101

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### Labour courts relocation

Speaking at an ILO training event on 24 April 2017, Mr. Anisul Huq, Honourable Minister, Ministry of Law, Justice and Parliamentary Affairs acknowledged comments made by the State Minister for Labour and Employment that the **current location** of labour courts was a **factor hampering their effectiveness** and **access to them by workers**. The Minister of Law stated that two labour courts would be relocated from Dhaka to Tongi and Narayanganj, major industrial areas with high concentrations of garment factories. He added that the process would also be initiated to set up two new labour courts in Sylhet and Rangpur where they can serve the Northeast and Northwest regions of the country.

### Telephone helpline

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. Calls received by the Help Line are logged and forwarded to either DIFE, the Fire Service and Civil Defence Department or the Directorate of Labour to deal with. As of June 2017 **1,919** complaints had been received and 256 resolved. While the establishment of the helpline is in itself an achievement, focused interventions need to be taken up to make it more effective and improve speedy investigation by the responsible regulatory bodies. An issue remains the lack of trained conciliators to take up complaints. The ILO Social Dialogue project is training conciliators and this will help play a role in this regard.

### Key steps to be taken include:

- **Standard Operating Procedures (SOPs)** for trade union registration that the government adopted need to **be made operational**. Close observation should take place of their effectiveness.
- The **upgrade** of the **Department of Labour** needs to take place as quickly as possible. This will require the conclusion of the **consultative process** that is currently being undertaken through the Ministry of Public Administration.
- All outstanding **legal issues** relating to the Ashulia unrest need to **be resolved**.
- **Implementation** of the **SOP for Unfair Labour Practices (ULP)** need to be observed through close cooperation with the ILO.

### **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 taken a number of significant steps since 2013 to enhance the labour inspection system and **strengthen the capacity** of the **Department of Inspections for Factories and Establishments (DIFE)**. 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 full Department - DIFE.

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The leadership of DIFE was enhanced by upgrading the post of Chief Inspector to Inspector General.

DIFE was authorised to hire up to 575 inspector positions, as compared to 183 authorised posts before the Compact. Since June 2013, a total of 262 inspectors have been recruited while 49 inspectors have resigned to take up job offers elsewhere. By **June 2017**, the total number of labour **inspectors** stood at **310** of whom 67 are female (21.6%). According to the government, **169** labour inspection posts are **still vacant** and the process has been initiated to recruit the remaining inspectors on a priority basis. A **survey** looking at issues relating to the retention and motivation of labour inspectors was carried out during the first half of 2017. The report provides an analysis, conclusions and recommendations on areas including training, the recruitment process, performance management and structures/incentives to increase DIFE retention and motivation rates. The survey was carried out in response to the relatively high turnover of new inspectors, a number of whom left DIFE for other positions within the government. Some **key recommendations** from the survey are:

- Labour inspectors should be promoted as 1st Class Officer with new designation ‘Assistant Inspector General’ and their professional profiles and grades could also be reviewed at the same time to reflect similar payment/benefits schemes like those offered to civil servants exercising “equivalent” high level functions, e. g. Tax, Police, Customs inspectors (to be analyzed those schemes and its potential transferability to DIFE’s requirements).
- A good promotion system and increasing salaries and allowances will help to retain inspectors and attract candidates. A system of incentives based on labour inspectors’ performance and their “productivity” could be considered. Its implementation should be conducted in a transparent manner based on objective indicators. Their performance could be evaluated not only on an individual basis, but also considering the achievement of collective objectives or by evaluating the results of inspectors.
- Training should equip labour inspectors with more practical skills to put into practice including additional training on communication skills, planning, time management, negotiation and mediation skills.
- Labour inspectors could have their work organised with more flexibility due to the nature of their work which implies visit to companies and factories. They could organise their work in a more “autonomous” manner, submitting their reports online while fulfilling the programed targets and objectives.

Significant changes have also taken place regarding the annual budget allocation, which has increased from US\$ 900,000 in FY 2013-14 to US\$ 4.93 million in FY 2016-17. As a result of these changes and the support to the DIFE reform process from various development partners, the labour inspectorate is increasingly able to carry out its mandate in a credible and effective manner.

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### Support to the DIFE reform process

The **reform** of DIFE was a **key priority** identified in the aftermath of Rana Plaza. A labour inspection management reform and road map was agreed between ILO and the Ministry of Labour that forms the basis for ILO support to this reform process. Key **elements** of the reform process include the following:

- A **labour inspection strategy** was agreed in 2015 that sets out the priority sectors for inspection. **Monthly inspection targets** for every district have been established as well as factory selection criteria and a factory grading policy.
- An **OSH unit** was established in October 2015. This unit implements OSH related actions such as developing training manuals for factory safety committees, delivering OSH training for DIFE staff, employers and workers while also contributing to the implementation of national OSH policy.
- An **Inspection checklist** was adopted by DIFE on 1 January 2017. This is a key tool for labour inspectors to collect information on factories in a systematic and comprehensive manner. Previously there was no uniform list in use. The check list also considers areas not explicitly covered in the law such as violence against women in the workplace and gender-based discrimination.
- **Standard Operating Procedures** for labour inspectors have been developed and adopted. These provide the foundation upon which DIFE carries out a wide range of its operations.
- **Knowledge management process and systems** of DIFE have undergone a major upgrade to drive efficiency, transparency and accountability. The launch of a public data base and website in March 2014 allowing inspection reports to be accessed represented a first step towards transparency and openness for the inspection service. Labour inspectors are now beginning to use a tablet-based Labour Inspection Management App (LIMA) which considerably reduces the time to generate inspection reports. While importantly, by feeding inspection information directly into the knowledge management system, transparency is enhanced and information is immediately available upon which management decisions can be based. The system will also play a major role in monitoring the progress of factory remediation.
- A comprehensive labour inspection **foundational training programme** ended in June 2017. In all, 239 inspectors have taken the 40-day course which was developed by ILO in collaboration with its International Training Centre (ITC-ILO) and Bangladesh Institute of Administration and Management (BIAM). It has been institutionalized into the labour inspectorate reform roadmap and will become a standard training package for any new inspectors who join DIFE.
- In view of the importance DIFE places on accountability and transparency, a **Code of Ethics** was adopted at the start of 2017. This provides guidelines, instructions and advice to all DIFE staff on how they should carry out their work to ensure that integrity remains at a high level. In November 2016, the DIFE Accountability Committee drafted a **Corruption Opportunity Inventory and a Risk Register**.
- To help the DIFE management improve and better coordinate their **human resource practices**, a database for DIFE inspectors was established containing key information such as date of joining, transfer and posting, training received, promotion etc.

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

- The **recruitment** for all **outstanding labour inspector posts** should be carried out as a matter of priority.
- Basic steps to **support staff motivation** and **retention** need to be put in place.
- **Knowledge management systems** need to be operationalised and **data collected** used to inform management decisions.
- Also see **1.j below**

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

In March 2014, the **DIFE website** ([www.dife.gov.bd](http://www.dife.gov.bd)) began to provide information on 3,508 RMG factories. The publishing of summary inspection reports commenced later in the year. As of **June 2017** the database contains **summary assessment reports of 2,961 factories**. As reported in 1.g above, the knowledge management process and systems of DIFE have undergone a major upgrade to drive efficiency, transparency and accountability. The new systems will play a major role in enhancing data capture, analysis and transparency as well as support management decisions.

On 29 July 2017 the Digital RMG Factory Mapping in Bangladesh (DRFM-B) project<sup>9</sup> was launched by BRAC University's Center for Entrepreneurship Development in collaboration with BRAC USA, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and C&A Foundation. The project will attempt to digitally map the entire garment industry in Bangladesh. It will see the collection of comprehensive and accurate data on factories across Bangladesh — the names, locations, numbers of workers, product type, export country, certifications and brand customers — and disclose it in a publicly available online map. Verification will be crowdsourced from the public to ensure that the information remains up-to-date and accurate. The ILO RMG programme has entered into discussions with the DRFM-B initiative to seek to ensure collaboration and consistency between the various databases that exist.

*Publicly accessible databases of ready-made garment and knitwear factories should include 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.*

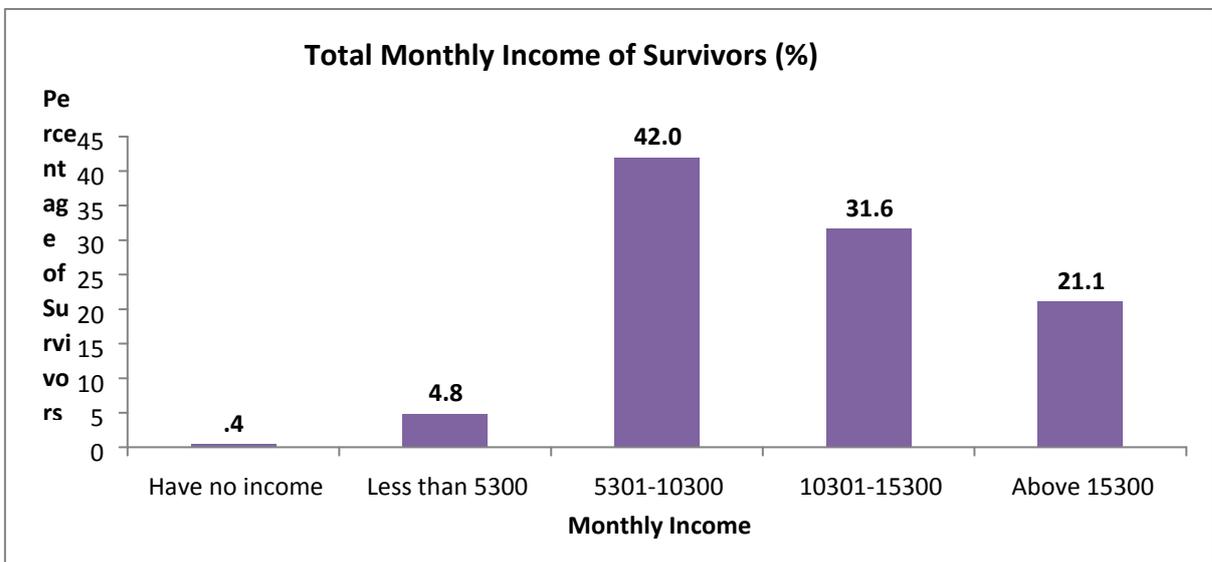
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<sup>9</sup> <http://ced.bracu.ac.bd/official-drfmb-launching/>

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

According to a survey carried out by **Action Aid Bangladesh in 2017**<sup>10</sup>, over **42% of the survivors** of the Rana Plaza collapse are **still unemployed** because of physical and mental weaknesses. Of the total unemployed, 48.1% are physically weak and 33.4% still suffer psychologically. The Action Aid survey was conducted on 1,403 survivors and the relatives of 607 deceased. Around 4.8% of the survivors earn less than the minimum wage of the garment sector, now standing at BDT 5,300 a month. However, the situation has improved significantly since 2015 when 76% earned less than BDT 5,300, according to the report. However more than 50% of them have monthly income over 10,000 taka and almost 20% have over 15,000 as shown in the table below:



Monthly income of Rana Plaza survivors (Action Aid Bangladesh 2017)

A follow-up of the Rana Plaza survivors supported by ILO<sup>11</sup> was conducted by Action Aid in **February, 2017**. Out of the participants a total of **255 survivors were contacted** during the month of February, 2017. A total of 176 participants are now engaged in small business and entrepreneurship, and in terms of wage-employment, the cumulative number now stands at 62. According to telephone interviews, **most of the participants who are now self-employed are doing well** with their enterprises. It is noteworthy that **the Self-Help Groups are functioning** and the members are interconnected.

<sup>10</sup> [http://www.actionaid.org/sites/files/actionaid/full\\_report\\_1.pdf](http://www.actionaid.org/sites/files/actionaid/full_report_1.pdf)

<sup>11</sup> ILO provided support to 299 survivors.

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

Rehabilitation related actions	Men	Women	Total
<i>Received training for reemployment</i>	68	231	299
<i>Employed/self employed (Feb 2017)</i>			238
<i>Victims/relatives received information and counselling from RPCC</i>	1,626	2,605	4,231
<i>Received career, financial and family counselling as part of vulnerability assessment (December 2015)</i>			3,137
<i>Business development training</i>	6	44	50
<i>Medical support</i>	18	124	142
<i>Psychosocial counselling support</i>	16	50	66
<i>Career Guidance Workshop</i>	26	94	120

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

As part of its labour inspection strategy, DIFE has **finalized** a sector wise **annual inspection target for 2017**. The plan will see DIFE inspect 36,780 workplaces in 2017 which includes: 4,620 RMG factories, 5,040 Non-RMG factories, 8,760 SMEs and 18,360 shops and establishments. 107 teams have been formed to carry out these inspections with each team comprising two inspectors. While RMG, non-RMG and SME workplaces will be inspected by the teams, shops and establishments will be inspected by individual inspectors. **55%** of the **workforce of DIFE** inspection teams has been **allocated** for the **RMG sector**.

A mission to Bangladesh by the Health and Safety Executive (HSE) of the United Kingdom took place in May 2017. HSE worked closely with DIFE to carry out a benchmarking activity on the labour inspection system in Bangladesh, looking at its current status, practices and plans for the future. It made recommendations for the short, medium and long term for what DIFE can do in order to develop the labour inspection system further and continue the reform process.

**Priority recommendations from the report include:**

- Putting in place **functions based organisational structure**; designing and implementing a **competence framework** for labour inspectors to be used for key human resource (HR) activities of recruitment, **performance management, and training** and development; and senior management progress the argument in government for more cadre posts in DIFE.
- Concentrating on fewer industries; an **enforcement strategy** is established and published with clear standards for inspections and criteria for investigations; and that focused guidance is prepared for inspectors and industry.
- Putting in place **mechanisms to engage with industry** and to work more effectively across government.

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

### **Key Achievements:**

- **Inspection** of virtually all (3,780) **export-oriented RMG factories** for structural fire and electrical safety **was completed by December 2015**. The work was carried out **by three initiatives**: the Accord on Fire and Building Safety in Bangladesh, the Alliance for Bangladesh Worker Safety and the Government of Bangladesh's National Initiative supported by the ILO.
- **Collaboration** and **coordination** has been **strengthened** with harmonised inspections standards and common reporting templates developed.
- **39 factories** have been **closed** as a result of the inspections for posing an immediate danger to worker safety
- **78% of the safety hazards identified** in initial inspections were reported or verified as having been **fixed** in factories under the **Accord while 83%** of total non-compliance issues have been **completed** in **Alliance** factories.
- With support from the ILO, a **Remediation Coordination Cell (RCC)** was launched on **14 May 2017** to oversee remediation of the factories under the National Initiative (NI). All factories under the National Initiative have developed Corrective Action Plans which will be followed up by the RCC.
- A **Compliance Protocol** for the Remediation Coordination Cell (RCC) has been drafted and has **initially been endorsed by the Government**.
- ILO has assisted the Government of Bangladesh to come up with a time bound **strategy on remediation** to ensure full safety compliance alongside ensuring that governance of the continued work of industrial safety is in line with national and international labour standards.
- The National Initiative, Accord and Alliance are drafting a plan to address **boiler safety**.
- A contract between engineering firms and DIFE, relevant other government departments as well as employers was agreed in August 2017 for **building capacity of these regulatory bodies**

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

- **Completion** of **all outstanding remediation** of Accord, Alliance and National Initiative factories in a time bound manner.
- **Allocation** of technical, human and financial **resources** by Government to enable full functioning of **RCC**.
- **Adoption** of **compliance protocol** by Government in collaboration with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) to put in place an effective mechanism for non-cooperative factories and factories which fail to complete remediation.
- **Inspection or closure of all export-oriented RMG factories** that **have not undergone assessment** for to ensure structural, fire and electrical safety.
- **Implementation** of **remediation strategy** for continuation and sustainability of the intervention.

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### 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

Inspections completed under the government’s National Initiative established by the National Tripartite Plan of Action have been overseen and followed up by the Ministry of Labour and Employment through the Department of Inspections of Factories and Establishments (DIFE).

As part of its RMG programme, the ILO 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 the ILO, the DIFE has worked with other government regulatory authorities to develop a **harmonised remediation strategy** for factories already assessed under the national initiative. As a continuation of this work, a **Remediation Coordination Cell (RCC)** was launched on 14 May 2017 to oversee remediation of the factories under National Initiative. The RCC will monitor the implementation of Corrective Action Plans (CAPS) and Detailed Engineering Assessments (DEA). The RCC operations to follow up and validate CAPs have started based at the DIFE HQ.

In addition to the DIFE, the RCC will bring together staff and expertise from a number of regulatory bodies and government agencies namely Rajdhani Unnayan Kartipakkha (RAJUK) which is the Capital Development Authority; Chittagong Development Authority (CDA); Bangladesh Fire Service & Civil Defence (FSCD); Public Works Department (PWD); and the Chief Electrical Inspector. The **long-term goal** for the **RCC** is for it to evolve into an **industrial safety unit or agency** that provides a ‘**single window**’ service issuing factory building, fire, electrical and occupancy permits.

Under the NI, 1,549 factories were inspected with support of the ILO. Of those factories a number have subsequently closed, leaving 1,293 factories that the RCC will work with. However this number will change as new factories are established and enter the National Initiative or as factories exit the Accord Alliance inspection initiatives.

At the RCC launch, representatives of the Government, BGMEA and BKMEA signed a Statement of Collaboration on the RCC functioning. This included commitments from all parties to support a compliance escalation protocol that would come into effect should any RMG factory fail to engage in remediation activities as deemed necessary. An international private engineering firm, ARUP, was engaged to develop specific elements of the protocol as well as operational modalities for the RCC. The protocol will be considered by the government, BGMEA and BKMEA and then placed before the National Tripartite Committee for the National Plan of Action on Building and Fire Safety for adoption.

As part of efforts to strengthen the capacity of the Fire Service and Civil Defence (FSCD), a **Guidance Manual** for FSCD on OSH violation investigation, inquiry resolution procedures and an inspection checklist was developed during January 2017. Two fire training simulators were also handed over by ILO’s RMG programme to FSCD in the first half of 2017. The mobile

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simulators allow for the FSCD to practice fighting a variety of fires in confined spaces. They will be taken to fire stations around the country to allow fire service staff to be trained.

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

- **Commitment of the Bangladesh Government** is vital for the **RCC** to function effectively and ensure completion of remediation. **Strong collaboration** between the **key regulators** will also be necessary for remediation work to be carried forward under the national initiative. Special emphasis needs to be placed on the **adoption and effective implementation of the compliance escalation protocol** without which the RCC will be unable to effectively carry out its mandate. It is vital that the Government puts in place resources necessary for continual support of industrial safety once donor support ends.
- Incidents in the industry including a **boiler** explosion in an RMG factory on 3 June 2017 highlight the continual need to **maintain the momentum of efforts to ensure workplace safety**. Boiler safety appears to be a major concern that should be the focus of wider government efforts relating to industrial safety.

### **Commitment 2.b - Assess the structural building safety and fire safety of all active export-oriented RMG and knitwear factories in Bangladesh and initiate remedial actions, including relocation of unsafe factories**

Following the collapse of the Rana Plaza it was a priority to **inspect all 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 carried out inspections of the factories which their member companies source from. As part of its RMG programme supported by Canada, the Netherlands and UK, ILO supported the national initiative of the Government of Bangladesh to carry inspections of the factories not covered by Accord or Alliance. In total 3,508 factories were identified to be inspected.

Coordination and collaboration at the start of the assessment phase saw harmonised inspection and reporting standards developed based on the Bangladesh National Building Code and international good practices.

By 31 December 2015 the inspection phase had been concluded. In total, three initiatives inspected 3,780 factories of which 1,549 were assessed through the national initiative. A total of 39 factories have been closed for posing an immediate danger to workers. **Following the completion of the inspection phase efforts have moved to the remediation of factories.**

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**RMG factory inspections**

Initiative	Factories inspected
Accord	1,505
Alliance	890
National Initiative	1,549
Total	3,780*

\*164 factories jointly inspected by Accord & Alliance

**National Inspection Initiative**

By April 2017 all factories under the National Initiative had developed the first version of a Corrective Action Plan. In all, a total 4,413 developed for 1,549 factories.

**CAP Validation Status of National Initiative (as of August 2017)**

Assessment Type	# Reports/ CAPs Developed under NI	# Factory Covered	# of CAP							
			Developed in 2016	Reviewed	Recommended to Approve	Relocated	Closed/ Not Found	Accord/ Alliance	Cannot be approved*	Others
Structural Integrity	1,379	1,549	1,021	838	797	74	264	24	36	5
Fire Safety	1,517		1,173	973	932				36	5
Electrical Safety	1,517		1,176	973	932				36	5
Total	4,413	1,549	3,370	2,784	2,661	74	264	24	108	15

\* Non-Cooperative factories

A total of 2,784 CAPs have been reviewed and 2,661 CAPs recommended for approval. Follow up and validation of the CAPs has also commenced with two task forces vetting CAPs and DEAs. Capacity for this work is being steadily built with the Structural Task Force increasing the number of eligible consultancy firms to carry out DEAs for National Initiative factories from 13 to 26. The Fire and Electrical Task Force has also started vetting firms for fire and electrical follow-up. Meanwhile DIFE has appointed two engineers to expedite the CAP verification process while two private engineering firms are also on board to carry out CAP validation including field visits.

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### Status of remediation of Accord and Alliance factories

Progress of remediation under the Accord has seen 78% of safety hazards which were identified in initial inspections having either been reported or verified as fixed (as per a report dated August 2017). In all, 500 factories have completed more than 90% of remediation and 74 factories have completed all remediation. More information can be found at <http://bangladeshaccord.org/progress/> Under the Alliance, a total of 83% of all non-compliance issues including 8,751 high-priority faults have been remediated. In all, 191 factories have achieved substantial completion of their CAPs while 160 factories have been suspended from the list of Alliance-compliant factories for failure to make sufficient remediation progress (statistics as per September 2017). For more information see [www.bangladeshworkersafety.org/progress-impact/alliance-statistics](http://www.bangladeshworkersafety.org/progress-impact/alliance-statistics)

### Key steps to be taken include:

- **Strong emphasis** needs to be placed on **the completion of all remediation work** in a time bound manner.
- The **RCC** needs to enter into **full operation as quickly as possible**. Allocation is needed of technical, human and financial **resources** by **various Government agencies** to enable full functioning of the RCC.
- **Adoption of the compliance protocol is needed** by the Government in collaboration with BGMEA and BKMEA to put in place an effective mechanism to sanction non-cooperative factories and factories which fail to complete remediation. It is vital that the compliance protocol proves effective and is enforced otherwise the RCC will have little or no leverage over non-cooperative factories.
- It is estimated that approx. **930 export-oriented RMG factories** are **yet** to have undergone **assessment to ensure structural, fire and electrical safety**. These factories are either new, have moved to new locations or were not covered by any of the three inspection initiatives. The Government of Bangladesh needs to ensure that these factories either undergo inspection or are closed.

### **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**

In March 2014, **DIFE website on RMG factories** ([www.dife.gov.bd](http://www.dife.gov.bd)) was launched containing data on 3,508 factories. The publishing of Summary Reports commenced later in that year. As of **30 June 2017**, the **database contains summary assessment reports of 2,961 factories**.

As reported in 1.g above, the **knowledge management process and systems** of DIFE have undergone a **major upgrade** to drive efficiency, transparency and accountability. The new systems will play a major role in enhancing data capture, analysis and transparency as well as support management decisions.

*Publicly accessible databases of ready-made garment and knitwear factories should include 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. It is important that databases are sustainable and that various databases can be integrated.*

## **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**. In all, Accord and Alliance have carried out **inspections of more than 2,000 factories** while **remedial work is underway** to address shortcomings.
- Leading fashion brands and global unions (IndustriALL Global Union and UNI Global Union) agreed to **extend their commitment to a second phase of the Accord** on Fire and Building Safety in Bangladesh **on 29 June 2017**<sup>12</sup>. To date **30 brands/retailers have signed up** for the new Accord. Whilst continuing its work to enhance workplace safety the new Accord also adds new worker protections and aims to inspect more factories.
- **Better Work Bangladesh** is directly engaged with 19 International buyers who source from over 146 RMG factories which have registered with the programme, incentivising them to do their part in improving working conditions of their suppliers.
- Better Work entered into **an agreement with Fair Wear Foundation**, a multi-stakeholder initiative of brands to collaborate on areas including reducing the duplication of audits, working together on factory remediation efforts, introducing a coordinated approach to worker grievances.

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

- Continue **encouraging private sector involvement** in contributing to the finalisation of remediation work in RMG factories as per Accord and Alliance guidance.
- Continue to **promote the uptake of responsible supply chain initiatives** involving the informal sector and facilitate transparent and coordinated mechanisms between 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 respect for labour rights** 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

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<sup>12</sup> <http://bangladeshaccord.org/wp-content/uploads/Press-Release-New-Accord-2018.pdf>.

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**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.**

A **large number of major fashion and retail brands** sourcing garments from Bangladesh are **coordinating their efforts** to help improve safety in the Bangladeshi factories which supply them. These efforts make a **large contribution to implementation of the Compact**. Further information on these initiatives is found under Commitment 3.b.

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

In the aftermath of Rana Plaza two major responsible business conduct initiatives were launched. 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 an 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. The Alliance members represent the overwhelming majority of North American imports of RMG from Bangladesh.

Both the Accord and the Alliance are scheduled to end in 2018.

In **June 2017**, leading fashion brands and global trade unions announced at the OECD Global Forum on Responsible Business Conduct in Paris that they would enter into **a new Accord on Fire and Building Safety in Bangladesh**. The agreement, will extend the Accord a further three years until 31 May 2021. The signatories agree to continue the fire and building safety programme while also placing greater emphasis on the importance of Freedom of Association, industrial relations as well as ensuring the functionality of effective workplace OSH committees. However, both the Government of Bangladesh and employers organisations have raised strong concerns over their lack of involvement in the process. This relates, amongst other issues, to the lack of any formal role for employers within the governance structure of the new Accord.

In **July 2017**, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) initiated a move to form a separate platform to look into the post-2018 RMG safety activities.

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Named '**Shonman**' (the Bengali word for 'respect'), it was envisaged that the proposed platform would be formed under the Prime Minister's Office and take charge and responsibility of remediation work once the tenure of the Accord and Alliance expire in mid-2018. At the time of writing the **exact formation and structure** of 'Shonman' was **still under discussion**.

ILO's **Better Work Bangladesh Programme** is also engaging retailers with regards to responsible business conduct. As of June 2017 it works closely with 134 export factories producing for over 35 European and US based buyers that have partnership agreements with the programme. Better Work aims to improve working conditions in these factories, by working with RMG supply chains, driving sustainable changes in the industry and promoting transparency in findings/remediation on non-compliance. Strong collaboration and support for this initiative from key stakeholders has begun to take shape.

**Better Work** agreed on **18 May 2017** to **collaborate with Fair Wear Foundation**, an international multi stakeholder initiative aimed at improving working conditions in the garment industry, to streamline factory-level operations and offer business partners new benefits. The collaboration officially began with an 18 month pilot on 1 June 2017 in selected apparel factories in Vietnam and Bangladesh. The two organizations will coordinate their activities relating to audits, factory remediation efforts, worker grievances and training opportunities to tackle priority workplace issues such as sexual harassment, safety and health.

The IFC Dhaka office holds quarterly forums with international buyers who have production in local RMG factories. The last meeting took place on 1 February 2017 and was attended by 17 buyers who discussed issues including the Ashulia unrest, and other persistent noncompliance issues, the Better Work programme, and other topics. This forum serves as an instrument for buyers to coordinate and align their efforts to maximize impact in driving compliance in their respective factories.

Better Work holds its own buyers forum throughout the year to discuss updates about the program, the most recent ones held in Hong Kong and the UK in London where issues specific to Bangladesh RMG industry are raised and discussed with the International Buyers sourcing in the Bangladesh. BWB held its second stakeholder and buyer forum in Dhaka 4 April 2017 to explore progress made by the programme, challenges remaining and how to continue improve working conditions across the country's garment factories while increasing their competitiveness. Some 300 national and international garment sector representatives attended the forum, including partners from government, employer associations and unions, as well as 80 members from international brands.

### **Steps to be taken forward:**

- **Discussion and negotiation** is necessary between the Government of Bangladesh, employers and workers organisations as well as brands and retailers and development partners on the **overall structure of bodies to oversee and implement remediation work and other related responsible business conduct issues**. It is vital that the RCC,

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the second phase of the Accord, the work of the Alliance and the proposed 'Shonman' body **are brought into mutually agreeable alignment** so that their work is complementary and drives enhanced safety and respect for labour rights in the sector.

### **Commitment 3.c – Retailers and brands to adopt and follow a unified code of conduct for factory audit in Bangladesh.**

Currently different retailers are conducting audits in RMG factories using different standards such as the Business Social Compliance Initiative (BSCI), Worldwide Responsible Accredited Production (WRAP), Sedex, Social Accountability (SA) 8000 and others. Though the main areas of assessment are similar in all the standards but they differ with regard to process, application and overall methodologies. A uniform standard of compliance audit as well as safety inspections would help both garment manufacturers and brands to reduce disruption, cost and time.

In many respects the Better Work Programme was designed to address this concern. It was envisioned that when a factory registered with the Better Work Programme, the buyer's placing production in the facility would all subscribe to the Assessment Report produced by BW and discontinue their own duplicate efforts, thus eliminating or significantly reducing audits. However, this has proven to be a major challenge as factories in Bangladesh are working with multiple buyers, most of who are not partners of BW. Nevertheless, the Programme has had limited success in eliminating compliance audits from certain buyers in registered factories, (for example: GAP, PVH, K-Mart Australia) and continues to pursue other buyers to do the same.

Better Work, on a Global level, has entered into collaboration with Fairwear Foundation (see above) and also joined the Sustainable Apparel Coalition's, Labour and Social Convergence Project. This is a brand driven initiative that seeks to consolidate and align audit tools and audit methodologies in an effort to bring uniformity and reduce audit duplication. These types of initiatives, in the past have had limited success as there are considerable challenges to this undertaking, not least seeking to combine the requirements of a large number of stakeholders into a single approach. The experience of Better Work has revealed the difficulties of seeking to unify audits. In view of the complexity of these issues it appears unlikely that a unified code of conduct for factory audit in Bangladesh will be adopted in the near future.

### **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-tuning and finalising the tool developed during the first project for increased use and dissemination amongst SMEs and other various

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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.

*Further progress in the area is needed and dialogue among all stakeholders further encouraged. Discussion/follow up actions should be considered to ensure that this pillar of the Compact is appropriately addressed.*