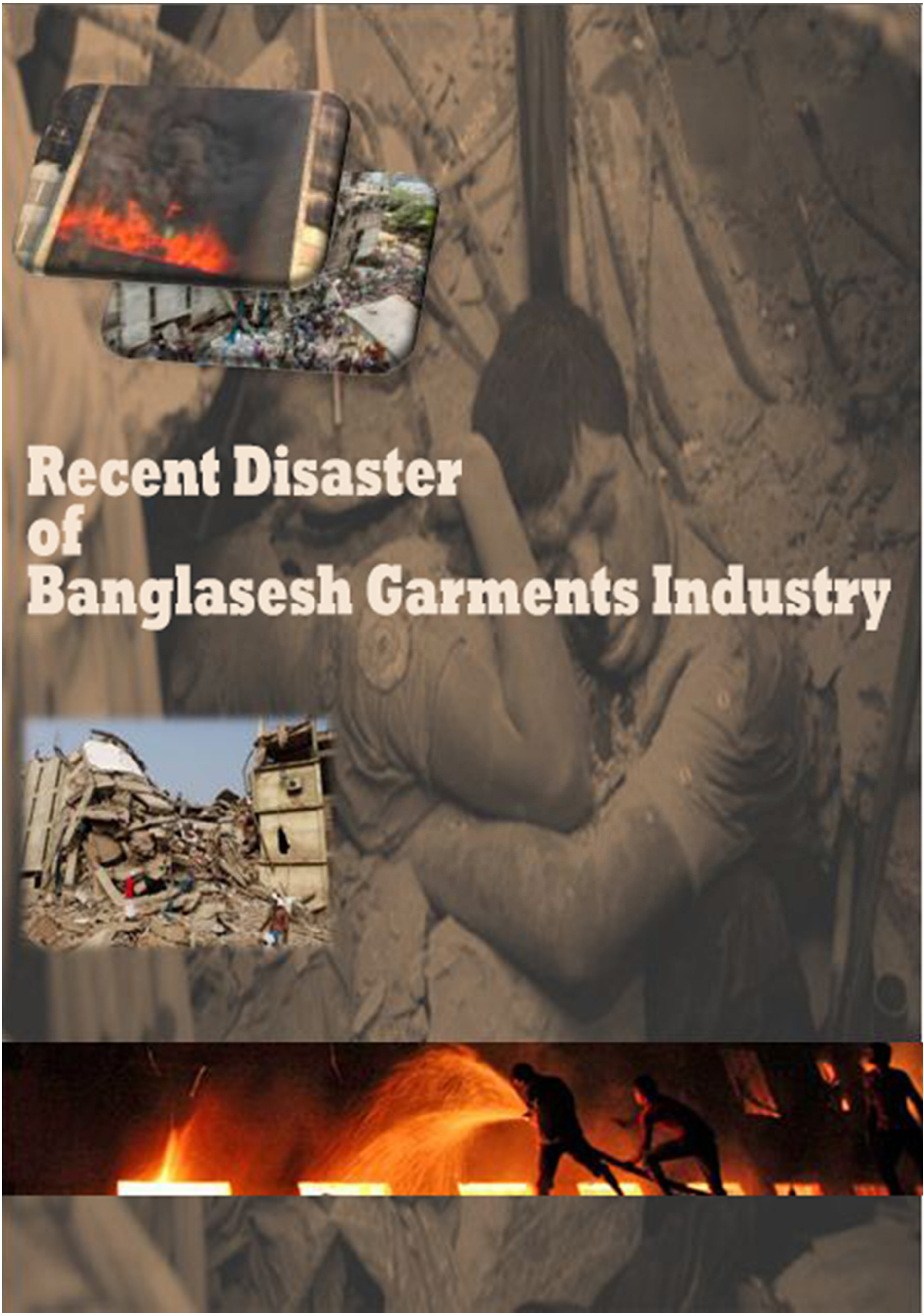

Recent Disaster of Banglasesh Garments Industry

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ASSIGNMENT ON

Investment Analysis & Portfolio Management

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Introduction:

Two terrible tragedies occurring within 7 months of each other in the Bangladesh garment sector killed over 1,200 workers and galvanized the world's attention around the issue of worker safety in the country. Global retailers, foreign governments, and international organizations were spurred to action. These stakeholders launched several parallel initiatives to improve fire and building safety and efforts are underway to inspect every garment factory in Bangladesh. While many remains to be done to ensure that all of Bangladesh's factories are safe from fire or collapse, the mechanisms are in place, the political will exists, and vigilant observers are watching every step. But ultimately, workers are best placed to oversee their own safety, and their empowerment to do so is best achieved through independent, representative labor unions. Unfortunately, union presence is still nominal and collective bargaining is virtually nonexistent in Bangladesh's garment industry. A few small programs are working to change that, but far more will be required if Bangladesh's workers are to have truly safe, healthy, and decent working conditions. Principally, a fundamental shift in attitudes toward collective bargaining and the right to organize is required among all stakeholders, especially factory owners, global brands, and the government of Bangladesh.

Expanding the role of organized labor in Bangladesh now is imperative. An active labor movement is the best bulwark against another tragic accident. Improved awareness among American and European consumers is part of the push for better working conditions in Bangladesh. But the country's garment industry will increasingly produce for clients in markets that are not as discerning as European and American retailers when it comes to demanding compliance with health and safety standards, so strong unions will be needed to ensure the sustainability of current safety efforts. Most importantly, what happens in Bangladesh could have a dramatic ripple effect on the global apparel industry. Improving workers' rights in Bangladesh can help end the ''race to the bottom'' and lift labor standards in other growing economies like Burma and Vietnam.

Recent disaster of garments industry:

On 24 April 2013 more than 1100 people died in one of the world's worst industrial accidents. The collapse of Rana Plaza, an eight storey multiplex housing clothing factories, a bank, shops and several residential apartments in the Savar district of Dhaka, came just months after a fire in the Tazreen Fashions factory killed an estimated 112 workers. The collapse has since become emblematic of the human costs of doing business in Bangladesh.

The story of how Tazreen Fashions and Rana Plaza came to disaster cannot be told without reference to the success of Bangladesh's RMG industry. Since the start of its garment export industry in the late 1970s, Bangladesh has seen its RMG export levels grow steadily and has become a top global exporter: in 2011-12 Bangladesh was the world's second largest exporter of apparel, registering $19.1 billion of RMG exports. Ready-made garments account for nearly 75% of export revenue, a 13% share of GDP, and nearly a third of total exports3. Over the last 15 years, Bangladesh's share of apparel imports to Europe and the US has more than doubled. High capacity and continued wage competitiveness have consolidated Bangladesh's position as the third most prolific importer to the European Union and the fourth most prolific to the United States5. Apparel production and export is the key driving force behind Bangladesh's GDP development, a trend that will continue in the coming decades: in 2012 McKinsey & Company forecast an annual export-value growth of 7-9% over the next ten years, predicting that the market will nearly triple by 2020. Goldman Sachs has included Bangladesh in the 'next 11' of emerging countries after BRICS. JP Morgan has identified Bangladesh among its 'frontier five' emerging economies in which it is worth investing. However, this story of growth is shot through with digressions that hint at systemic vulnerabilities and exploitation.

On the ground this rapid growth finds physical reflection in the 5000 factories that fill the business districts and export processing zones of Dhaka. These 5000 factories provide employment for an estimated 3.6 million workers: between 2000 and 2009 employment in the apparel sector grew by 94%8, and a city landscape built of *bostees* and workers' hostels illustrates an influx of low-paid workers unprecedented in scale and speed. It is here, on the factory floors and in the slums of Dhaka, that the costs of economic success are revealed. Whilst the growth of the RMG industry has provided millions with an opportunity for paid work, the work itself can be precarious and its rewards are routinely low. Increases in employment have been matched by a decline in real wages9and according to research carried out by Impactt workers can take home up to 62% less than the living wage10. Moreover, as evidenced by the collapse of Rana Plaza and the fire of Tazreen Fashions, the conditions in which these wages are earned are sometimes unsafe. Between 2006 and 2009 414 garment workers were killed in at least 213 separate factory fires, and in a five month period following the fire at Tazreen Fashions in November 2012 a further 28 factory fires were reported, with at least 591 workers injured and eight killed by the end of January 2013 alon.

The events of Tazreen and Rana Plaza are not isolated incidents rather; hazardous conditions of varying severity are systemic to the industry. Thus, whilst Bangladesh's rapid economic development is to be lauded, the lag in the development, application, and enforcement of labour legislation, building and safety standards must be understood and addressed. There are many drivers that fuel the industry's permissive business environment: in Bangladesh the RMG industry is highly politicized and built on a foundation of weak governance and still weaker industrial relations. In the buyer-driven supply chain margins are thin and the fear of undercutting is strong. As such the purchasing practices of brands can incentivize violations of health and safety through undisclosed sub-contracting, excessive working hours, and unauthorized factory expansions.

This does not mean that the answer to improving conditions for workers is for brands to pull out of Bangladesh. In viewing the problem through the 'Protect, Respect and Remedy' framework of the UN Guiding Principles on Business and Human Rights, states bear a duty to protect against human rights abuses by third parties, whilst business enterprises should act with due diligence to avoid infringing on the rights and address the adverse impacts their actions cause12. Under the Guiding Principles brands have a responsibility to use their leverage and offer redress for poor conditions, a principle that was universally lauded by the brands interviewed in the course of this research. To abandon Bangladesh was seen to be an abnegation of responsibility and to refrain from addressing the systemic problems of doing business in Bangladesh was seen as a risk to the long term integrity of the brand and a potential risk to both consumer loyalty and long term share-price stability. The status quo is neither desirable nor sustainable for Bangladesh or for brands; economic growth and robust efforts to ensure social upgrading need to go hand in hand in order for the deaths of Tazreen Fashions and Rana Plaza to become a tragedy belonging in the past rather than an inevitable feature of Bangladesh's future.

All of the brands who were interviewed and met with the APPG as part of the research were united in their desire to remain in Bangladesh, and to continue, in the words of one major brand, 'to do the right thing'. What this means and how it can be achieved by brands, by multi-stakeholder action, and by government will be reviewed in the following sections.

An anatomy of industrial disaster: Tazreen Fashions and Rana Plaza

On Tuesday 23 April cracks appeared in the walls of Rana Plaza. A day later the eight storey multiplex collapsed and over 1100 of the estimated 5000 workers that used the building were dead, and a further 2500 were injured, many severely. The cracks had not gone unnoticed; according to media reports the Industrial Police had recommended that factory owners using the building suspend operations until the safety of the building could be established by inspectors from BUET. Not all of the floors were in use the next day, the ground and first floor of the plaza which had hosted shops and a bank branch were empty as the shop workers and bank staff had been told to wait until the integrity of the building was assured before returning to work. The garment factory owners who occupied the remaining floors allegedly ignored these directives and re-opened their units after engineers working for the building's owner inspected the structure and pronounced it safe. Faced with losing a day's wage and, in some cases allegedly threatened with dismissal, many workers returned to their machines just an hour before the seven upper floors of the complex collapsed.

Five months earlier, at 6.30pm on 24 November 2012, a fire broke out at the Tazreen Fashions factory, killing at least 112 factory workers. Though the majority of the workers had been dismissed for the day, 600 remained. When the fire swept up through the building from the ground floor storage facility, the 600 workers were told to ignore the fire alarm and keep working. A radio was turned up to cover the noise. Yet though the radio grew louder, the panic could not be contained and by the time panicked workers started to leave the building, many on the upper floors found it impossible to escape through the main exit, which was located on the ground floor where the fire had started. Survivors of the fire later told a local NGO that management staff had locked the gates on several floors of the building and in consequence, many of the workers had jumped to their deaths in attempts to escape the burning six storey building. Tazreen Fashions produced for a number of European and American brands and retailers, including Walmart, the Edinburgh Woollen Mill, Sears and C&A.

These two tragedies, which have cast doubt on the ethical integrity of the ‘Made in Bangladesh’ label, should be viewed neither as unforeseeable nor as unavoidable accidents. Though the scale of these events has generated an unprecedented level of global attention, unsafe working conditions of varying severity have been part of the everyday reality of millions of garment workers since the RMG industry was established in the early 1970s. In order to consider how conditions could be improved, it is critical that the multiple factors that cause industrial accidents, deaths, and disasters are established, understood, and addressed by the most relevant stakeholders in concerted and collaborative action. The following sub-sections outline these factors and their drivers, finding cause in weak governance, brand behaviour, and in the permissive and volatile nature of the business environment that results.

Infrastructural integrity

The immediate cause of the collapse of Rana Plaza was poor construction; in an early damage assessment conducted by the NGO Asian Disaster Preparedness Centre, it was revealed that the building, which hosted a total of three garment factories, was built for purely retail purposes. The thousands of workers and electrical generators exerted a weight estimated to be almost six times greater than the building was intended to bear. Load bearing support columns were found to have been erected haphazardly and experts have reason to suspect that the building materials and methods were below par: Rana Plaza, which experts assume was built largely with concrete, would have required a large amount of reinforcing steel, known as rebar. In developing countries steel is relatively expensive in comparison to labour and concrete, and often the recommended amount is not used. In a concrete structure that includes an adequate amount of rebar, a crack in the concrete can be withstood. Without the reinforcing steel, a crack in the concrete can prove fatal. Experts also pointed to the fact that the building was standing on reclaimed and potentially soft ground and that sections of the plaza were still under construction when it collapsed.

That the building was used for industrial rather than retail purposes was not legal, and neither were the additional two floors that had been added to the building in violation of planning permission. The crack may have brought the building down, but it was constructed and used without proper administrative control, professional guidance or compliance with regulations.

It is not the case that there are no national codes or guidelines to follow, rather they are not applied. The National Building Code from 1993 and building construction guidelines from 2006 are rarely enforced and in July 2013 the director of Dhaka’s development authority revealed to members of the Bangladesh Parliament that an estimated 8000 buildings in the capital either lacked the required approvals or actively violated construction codes. Though companies are required to submit detailed plans to local officials it has been alleged that these plans can be bought, and that they need only be ‘rough outlines’ in order to be approved by the required architect and engineer, who may or may not be adequately qualified. One large brand that maintains a Dhaka office of over 50 staff and sources from over 100 factory bases in Bangladesh described the construction enforcement regime as ‘absolute in its failure’, giving anecdotal evidence of encountering factories whose finished construction bore no relation to their architectural blueprints. However, given the fact that there were only an estimated 40 qualified inspectors responsible for overseeing the thousands of structures in Dhaka, weak enforcement of planning permission is almost to be expected. In the activity that has followed the collapse of Rana Plaza hundreds of factories are undergoing a flurry of building inspections, some led by government agencies and others by concerned brands. Preliminary results released in July have suggested that nearly 40% of factories have major safety issues25. In a business environment compromised by political relationships and vested interest in the permissive status quo, violations are either not identified or not addressed.

Brands are united in their efforts to source from safe suppliers, but it is apparent that it is a challenge both to find islands of excellence, and to maintain confidence in their integrity. This is especially so in the case of building safety given concerns with the authenticity of the building safety certification submitted to brands by suppliers and that the social and quality control audits that are regularly imposed on suppliers do not touch on building integrity. The high level of anxiety amongst brands that another similarly disastrous event could occur can be implied by the fact that the Accord on Fire and Building Safety in Bangladesh, which in it memorandum stage anticipated convening between five and six of the companies sourcing the highest volumes of garments, eventually accrued 82 brands as signatories to a binding agreement. In the assessment of one NGO interviewed for this research, there is a genuine and well-founded fear that Bangladesh is only ever a day away from another industrial disaster and that brands are only one accident investigation away from serious reputational damage.

Labour rights

When the cracks appeared in the walls of Rana Plaza, the building was identified as dangerous, the next day, after an assessment of the structure paid for by the factory owner, managers were prepared to send thousands of their workers back into the building. Not only was there exceptionally poor regard for the health and safety of workers amongst managers and owners, but there was no attempt by workers to collectively complain or demand explanation. A cursory review of the status of industrial relations in Bangladesh explains why: the grassroots labour movement is weak and highly fragmented, labour leaders consistently face physical harassment and abuse, and unions are confronted with highly bureaucratic obstacles to organisation and strike action. Though Bangladesh has ratified some ILO conventions pertaining to labour rights, the reality is that these rights are not enforced in national labour law and the government does not guarantee that the right to organise and to bargain collectively is respected.

In March 2012 Aminul Islam, Head of the Bangladesh Centre for Worker Solidarity and the Bangladesh Garment and Industrial Workers Federation and a prominent national figure, was disappeared, tortured and murdered26. This harassment is not uncommon. An incident that took place as recently as May 2013 at the Sadia Garments Ltd factory saw newly unionised workers subjected to an aggressive campaign by factory management. Workers were threatened with violence and the lead organiser was sent death threats. In June, a factory supervisor attacked the Sadia Garments Union General Secretary with scissors whilst demanding her resignation.

In the wake of Rana Plaza and the United States' withdrawal of Bangladesh from the Generalized System of Preferences (GSP) trade program the Government of Bangladesh has made moves to ease freedom of association by amending national labour laws. These amendments are awaiting implementation and though these changes are to be welcomed, workers hoping to organise face significant challenges. In forming a union workers must gather signatures of 30% of the company's workforce, a target which may comprise many thousands of workers spread across a number of factory floors. Though unions no longer have to share these lists with managers, once formed unions may only select leaders from their workplace, a measure that will enable employers to easily identify and potentially force out union leaders by firing them for allegedly non-union matters. In addition, the right to strike remains burdened by stifling bureaucracy: two-thirds of the membership must vote favourably, and even if decided, the government is able to stop industrial action should it deem that a strike may cause 'serious hardship to the community' or is 'prejudicial to the national interest'. Given that an estimated 10% of parliamentarians are factory owners and that the RMG industry is a key driver of national economic growth, that any industrial action and all strikes would be defined as 'prejudicial to the national interest' is highly likely. However, though formal strikes are nearly impossible to organise, this does not prevent workers from venting their frustrations; in the place of collective bargaining and strikes with formal demands mass protests, known as *hartals*, which are frequently violent and often highly politicised, become the vehicle for communicating general public discontent and have the effect of adding to the pressures of production and in turn worsening working conditions.

Given this context it is pertinent to be aware of the gendered experience of work which is a daily reality for the majority of the RMG workforce. The RMG industry is one of the few economic sectors that offer formal employment to women and is potential a source of female empowerment; an estimated 85% of RMG workers are women28. Nevertheless, many of them struggle with pervasive gender based prejudice and discrimination that perpetuates their vulnerable position in the workplace and opens them up to verbal, physical, and sexual harassment. In this culture, the voices of women are often either not raised, not heard, or not credited in the workplace. At the Bangladesh Democracy and Human Rights conference hosted at the Houses of Parliament in July 2013 questions were raised by the Bangladesh Women's Minister about the impact of political rhetoric from the opposition that implied a woman's 'place' as in the home, though this has been disputed by the opposition. Women workers are sometimes undermined at the highest levels of politics and have very little power to demand change in the workplace. On the factory floor this cultural disempowerment can be expressed in the routine denial of maternity rights, in the compulsory nature of overtime, and in the excessively long working days that add to the burden of women's domestic responsibilities.

Disempowerment also has a financial aspect. Bangladesh has the lowest hourly wage in the world at $0.32 cents per hour. The minimum wage for garment workers was last raised in 2010 and falls far short of the level which is considered to be an adequate living wage32. Wages are dependent on meeting production targets which, if met, a sewing operator can take home 3861 taka, approximately £32, a month33. The eight hour shifts that are mandated by law are frequently superseded in order to meet production targets, and given that the extra hours needed to meet production targets are not viewed as overtime, they can be unpaid in firms with poor Corporate Social Responsibility (CSR). To meet the costs of living, workers sometimes opt to take on additional paid hours, on occasion working more than ten hours a day and into the night to meet shipment deadlines. Research conducted in 2010 by War on Want found that of the 988 women garment workers interviewed, 243 had experienced overtime deductions in the preceding month34. It is therefore no surprise that garment workers frequently survive on credit and that in consequence missing even a single day's work can have a strong negative impact on their lives.

In the context of Rana Plaza and Tazreen Fashions, it is not surprising that some workers felt that they could neither raise concerns about safety, nor turn down the opportunity to work: they could not make a 'free' choice to return to the cracked building, or freely choose to be locked in a factory overnight. It would be misleading to equate their livelihoods to 'slave labour', but to understand why workers returned to Rana Plaza and why workers were labouring into the night for Tazreen Fashions without complaint is critical to finding solutions.

Poor working conditions

Research conducted by McKinsey in 2010 points towards the growing confidence that European and US based purchasing officers have in the compliance behaviour of suppliers in Bangladesh: 93% agreed that the compliance standard had either somewhat or greatly improved over the previous five years. The spread however was high, in the McKinsey study only 50 -100 manufacturers out the estimated 5000 that are active were mentioned as having achieved very high standards. This was echoed by the brands interviewed in this research: though each was confident that their codes of conduct were enforced and that compliant behaviour was supported, encouraged and in some cases rewarded, concerns about health and safety in the workplace remained, with just under half of the brands mentioning problems with occupational health and safety as one of the main challenges to ensuring ethical compliance. Social audits, which are conducted before a supplier is contracted and which continue on a periodic basis afterwards, routinely pick up health and safety violations, nearly all of the ethical trade and supply chain managers interviewed reported that the majority of audits encountered minor violations. In lesser infringements fire extinguishers may be out of date or exit routes may be blocked. More serious misdemeanours may see gates between floors locked, significant overcrowding on the factory floor, windows barred, and electrical equipment exposed. In terms of Human Resources (HR), records are often falsified for the purpose of passing audits. Double, or even triple, books recording overtime and wages are maintained for different brands and auditing companies. One international brand interviewed for this research mentioned that they were committing significant resource toward working with suppliers to access genuine records and implement sound HR policies as a result. This brand had recognised that a knock-on effect of falsification was that it had become the primary role for HR personnel and that the effort of meeting audit standards was prioritised above implementing policies around training, leave or worker registration. The pressure to meet audit standards and shipping deadlines means that not all workers may be formally registered with the supplier. Staff turnover can be very high and casual labour is frequently hired on a rolling basis during peak production. One implication of this practice is that the total number of causalities from Rana Plaza and other disasters may not be accurate. This generates problems not only for safe working conditions, but for the awarding of compensation in cases of disaster or business interruption. When considered as a whole these conditions are not conducive to the implementation of safety procedures, emergency or otherwise. The brands interviewed repeatedly referred to their trust in their suppliers, the strength and relative longevity of their business relationships, and the robust nature of their voluntary codes of conduct. Yet when pushed, many admitted their perennial concern with finding evidence of unauthorized sub-contracting in their supply chain. An international brand spoke of instances in which their trusted suppliers would occasionally request to alter the location of production during peak times. Though this request was refused as per the brand's code of conduct, this anecdote gives an indication of the flexibility that suppliers adopt in their effort to meet delivery deadlines and gives a glimpse of the pressures suppliers are under and the kind of solutions they seek. In the opinion of one brand director with decades of experience in garment supply chain management, every brand has problems with sub-contracting, this was echoed by a code of practice manager for another high-street brand who claimed that unauthorised sub-contracting is the biggest challenge facing the industry in Bangladesh, and by an ethical trade manager from a low value brand who claimed that it is a risk that is 'near impossible' to control. This was evidenced in the rubble of the Tazreen Fashions factory: in the days following the fire, Walmart issued a statement that though the factory had previously been on its list of suppliers, it was no longer authorised to produce merchandise for the brand. That Walmart labels were found in the burned out factory was blamed on Success Apparel, a supplier that had sub-contracted work to Tazreen without authorisation and in direct violation of Walmart's policies. Unauthorised sub-contracting is a known risk and one that persists in spite of social auditing and quality assurance.

The flaws with the audit regime will be explored in the next section, but the fact that brands are fearful that evidence of unsafe conditions will arise is instructional. Fear persists when the risks are known and not managed. In the case of the RMG sector in Bangladesh it is well known that at some point in the supply chain human rights violations are likely to be taking place. It may be in the first tier, or the sixth. It may be in a factory the brand has contracted, or in an unauthorised sub-contracted unit.

Compliance culture

The retail industry is known for the opacity of its supply chains. A purchasing and supply expert interviewed for this research referred to the industry's relatively low level of investment in supply chain management. In comparison to other sectors, which can be aware of the quality and reliability of their suppliers at the fifth or even sixth tier, risk awareness in the RMG sector often extends only to the second tier beyond which buyers may only be aware of high risk products in the broadest sense. At least two brands that were interviewed mentioned their policy of not sourcing cotton from Uzbekistan, a country where cotton production has been known to involve child labour, as evidence of strong supply chain management. Without robust supply chain management maintaining confidence in ethical practice is a constant challenge. One large brand which sources 8% of its products from Bangladesh referred to occasions wherein to meet the unit cost determined by buyers, suppliers flagrantly offered the brand a choice of either an ‘ethical price’ or an ‘unethical price’. In an industry in which the low cost of garments translates into exceptionally thin profit margins, both the resources for suppliers to invest in stronger management, and the incentive for brands to accept responsibility for violations beyond the first tier, are low. If the first tier audit information and building certifications present a favourable picture, brands can very easily disassociate themselves from bad practice. One senior supply chain manager of a medium-sized UK brand suggested that some brands, determined to hear the right thing and dependent on the evidence presented in audit reports and CSR evaluations, could be considered culpable of perpetuating a flow of disinformation.

Over three-quarters of the brands interviewed expressed their frustration with the level of corruption in the industry and what they perceived to be the complacency of factory owners and suppliers, an attitude which was summed up by one participant as the ‘it’s Bangladesh’ excuse. They spoke of not being able to trust audit results and certification and of experiences wherein first tier suppliers refused to disclose their business relationships further down the chain. One brand spoke of being accompanied by members of the political and military establishment in business meetings and another referred to a recent case in which a factory owner had refused offers of financial support from brands to renovate his unsafe factory complex and instead continued to operate using other less reputable brands.

More than one brand cited low management capability as a factor contributing to low compliance: poor risk analysis and decision-making skills within middle management were seen to cause safety violations and fuel the reluctance of factory owners to proactively invest in HR, training, or staff facilities. Another brand speculated that the lack of incentive to upgrade social standards was evidence of a short-term view of business; in many cases a garment factory was found to be part of an owner’s extended business portfolio and perhaps to be a family institution over a decade old. In this scenario the presumption was that owners were confident from experience that the demands of brands could be weathered and that to implement new initiatives would be a risk not worth taking given that a business environment, which is built on the strength of political relationships, is inherently subject to volatility.

Whilst this evidence is anecdotal, the fact that Bangladesh is the cheapest place in the world to source garment labourers is not. A international brand interviewed for this research reported that the next cheapest labour market for their product was nearly 10-15% more costly. The same brand disclosed that in a recent internal survey the country was placed in the bottom quintile of potential sourcing locations. Problems with infrastructure, corruption and compliance had pulled Bangladesh down the rankings; yet owing to the cost factor alone, the brand had, in words of its VPs, 'no choice' about whether or not to source from the country. Bangladesh's comparative advantage, its sole asset value, is cheap labour and its correspondingly low unit costs. In this context the incentive and capacity for suppliers to invest and upgrade factories, either socially or technically, is weak. If demand is based on the bottom line, if margins remain thin and if social audits and planning permission can be bought or faked, then the incentive to comply with and the ability to plan and pay for the ethical standards set by brands are equally low. For the brand that does not ask the right questions, that does not verify audit findings, conduct human rights due diligence, consult workers, or address the role of its purchasing practices in contributing to poor working conditions, the pursuit of ethical trade in Bangladesh is lost before it has begun. For the past 30 years the permissive business environment in Bangladesh has benefitted brands driven by the dictates of the bottom line.

The brand that claimed that it had 'no choice' but to source from the country has, just like other brands that source from Bangladesh, profited from a gap in governance and enforcement. Frustrations with the weak compliance culture are genuine and well-founded, but to focus solely on the failings of middle management, owners, and government bodies is to divest brands of their responsibility to incentivise compliant behaviour. Moreover, it shifts attention away from the role that brands play in perpetuating and encouraging poor practice in the supply chain.

Purchasing practices

In Bangladesh's RMG industry, where the politically connected barriers to entry are low and start-up costs are minimal, there is a surfeit of supply. In this market buyers drive the supply chain and set the terms of competition. In consequence suppliers and workers are the weakest actors, subject to conditions of input and order dependency, hand-to-mouth contracting, and footloose sourcing practices. According to a DFID sponsored study by the 'Capturing the Gains' research unit, apparel companies' relationships with contract manufacturers in low-cost countries have often been transient working on a contract to contract basis. Deals can sometimes last only a few months as brands continuously pursue the lowest cost: on average one-third to three-quarters of a brand's contractor portfolio turns over every year39. Fear of undercutting is high and in this market context brand purchasing practices can exert significant influence on working conditions. If managed ethically, purchasing practices can enable suppliers to be decent employers. However, if unchecked, the short supply lead times and tight margins imposed by some buyers in the name of 'fast fashion' can exert a distinctly different set of incentives. The majority of low to medium value brands adhere to the 'fast fashion' model wherein their stores host up to 9 and, in some cases even , clothing seasons a year. For suppliers, this model demands very short lead times in which orders are required to be placed, produced and shipped within 90 days. With robust management the model need not spur the development and perpetuation of poor working conditions. However, if during the lead time buyers claim the right to alter their designs just days before production is scheduled to begin and if new materials need to be purchased to meet these demands the onus is on the supplier to resource the changes within the original deadline. This kind of time and cost pressure can have negative consequences for workers by incentivising suppliers to increase overtime beyond legal limits, and to turn to contracting for temporary or secondary workers. If the additional hours are not calculated into the cost of goods, overtime will not be paid to the supplier or to the workers who labour into the night; rather, unattainable wage-dependent production targets will be set, creating mandatory overtime and leading to workers, casual or permanent, enduring 12 hour shifts to qualify for their daily rate. Alternatively, in order to meet the shipment schedules of multiple concurrent orders, units may be sub-contracted out to other suppliers and factories facing identical pressures. The brands that create the risk are able to delimit their liability by correctly claiming that the units were sub-contracted on an unauthorised basis. In this scenario, where poor purchasing practices incentivise sub-contracting, the risk is safely offloaded to suppliers, deadlines are kept and fast fashion thrives. According to the NGOs and campaign groups interviewed for this research, relationships between brands and suppliers in Bangladesh are frequently built on tight margins, intense time pressures and short-term contracts. Orders that continuously shift from supplier to supplier create an instability that denies suppliers the economic security necessary to make buildings safe, whilst pricing policies that do not take into account the investment needed for upgrading their buildings leave garment producers with insufficient capital. A problem compounded by the high interest rates that businesses face in Bangladesh. These relationships are not conducive to suppliers or factory owners improving conditions, training workers, or creating strong business plans. If there is neither time to plan business nor capital to invest, suppliers and factories will follow the low-road to competitiveness by continuing to squeeze labour costs in poor conditions. On Tuesday 23 April cracks appeared in the walls of Rana Plaza. A day later the eight storey multiplex collapsed and over 1100 of the estimated 5000 workers that used the building were dead, and a further 2500 were injured, many severely. The cracks had not gone unnoticed; according to media reports the Industrial Police had recommended that factory owners using the building suspend operations until the safety of the building could be established by inspectors from BUET. Not all of the floors were in use the next day, the ground and first floor of the plaza which had hosted shops and a bank branch were empty as the shop workers and bank staff had been told to wait until the integrity of the building was assured before returning to work. The garment factory owners who occupied the remaining floors allegedly ignored these directives and re-opened their units after engineers working for the building's owner inspected the structure and pronounced it safe. Faced with losing a day's wage and, in some cases allegedly threatened with dismissal, many workers returned to their machines just an hour before the seven upper floors of the complex collapsed.

Five months earlier, at 6.30pm on 24 November 2012, a fire broke out at the Tazreen Fashions factory, killing at least 112 factory workers15. Though the majority of the workers had been dismissed for the day, 600 remained. When the fire swept up through the building from the ground floor storage facility, the 600 workers were told to ignore the fire alarm and keep working. A radio was turned up to cover the noise. Yet though the radio grew louder, the panic could not be contained and by the time panicked workers started to leave the building, many on the upper floors found it impossible to escape through the main exit, which was located on the ground floor where the fire had started. Survivors of the fire later told a local NGO that management staff had locked the gates on several floors of the building and in consequence, many of the workers had jumped to their deaths in attempts to escape the burning six storey building16. Tazreen Fashions produced for a number of European and American brands and retailers, including Walmart, the Edinburgh Woollen Mill, Sears and C&A.

These two tragedies, which have cast doubt on the ethical integrity of the 'Made in Bangladesh' label, should be viewed neither as unforeseeable nor as unavoidable accidents. Though the scale of these events has generated an unprecedented level of global attention, unsafe working conditions of varying severity have been part of the everyday reality of millions of garment workers since the RMG industry was established in the early 1970s. In order to consider how conditions could be improved, it is critical that the multiple factors that cause industrial accidents, deaths, and disasters are established, understood, and addressed by the most relevant stakeholders in concerted and collaborative action. The following sub-sections outline these factors and their drivers, finding cause in weak governance, brand behaviour, and in the permissive and volatile nature of the business environment that results.

What is being done? Corporate Social Responsibility and Multi-stakeholder Initiatives after Rana Plaza

The collapse of Rana Plaza has proved to be a catalytic moment for the RMG industry in Bangladesh. The disaster did not uncover previously unknown problems and nor was it a surprise for brands, governments, unions or consumers to find evidence of poor conditions. Rather, the disaster galvanised international action and sparked a critical review of the auditing regimes and programmes of CSR that have been implemented by buyers over the past two decades. The following section reviews the measures that brands and stakeholders have taken prior to Rana Plaza to remediate poor working conditions, and will endeavour to offer an initial assessment of the Accord on Fire and Building Safety, the Alliance for Bangladesh Worker Safety and the NTAP.

Corporate Social Responsibility

All of the brands interviewed for this research are aware of the conditions they work with in Bangladesh and they are acutely aware of the reputational risk that disasters such as Tazreen Fashions and Rana Plaza pose to the long-term integrity of their brand. Motivated by the fear of a diminishing consumer base and shareholder scepticism, over the past 20 years brands have developed and adopted extensive programmes of corporate social responsibility, endearing themselves to consumers, suppliers, and prospective employees through charitable projects, environmental targets, and efforts to manage supply chains ethically. In the context of working in Bangladesh, all the brands interviewed stressed the importance of cultivating long-term relationships with suppliers based on trust and backed by codes of conduct checked by regular audits. However, when Tazreen Fashions burnt down and when Rana Plaza collapsed revealing poor working conditions, unauthorised sub-contracting and labour violations at scale, the effectiveness of some of the CSR initiatives were cast into doubt.

In adopting and enacting CSR in its most basic form brands monitor and ensure their active compliance with the spirit of the law, ethical standards and international norms. To achieve this brands issue codes of conduct which set out standards that aspire to safeguard workers' rights in the factory regardless of the legal and cultural environment in which the factory operates. The majority of codes, whether written by individual brands or adopted from ethical trade bodes, correspond with internationally accepted labour standards derived from relevant conventions of the 30 International Labour Organisation and clauses from the Universal Declaration of Human Rights. These codes make brands envoys for international principles; the Ethical Trade Initiative Base Code for example includes standards relating to the prohibition of child labour, the promotion of safe and hygienic working conditions, freedom of association, collective bargaining, the provision of living wages, and restrictions on excessive working hours. Contrary to the profit motive that exerts a downward pressure on wages and conditions, codes are an attempt to create an incentive structure that will encourage suppliers and factory owners to improve working conditions that are within their control. For the larger brands that were interviewed CSR is about far more than code compliance. Many are engaged in actions intended to further social good beyond the immediate interests of the firm, in some cases going 'beyond audit' to tackle the root causes of poor living and working conditions amongst select groups. Foundations established by brands, or their CSR departments, may lead academies dedicated to increasing life skills and literacy for women workers, or direct programmes that subsidise training for engineers and technicians. From a brand perspective, this kind of social engagement meets consumer expectations, makes business sense, and limits the risk of reputational damage.

However, as the NGOs interviewed for this research pointed out, in their current incarnation CSR programmes are not a panacea to the systemic and chronic problems that plague the RMG industry in Bangladesh. Such programmes are voluntary initiatives that address the most visible problems of non-compliance and in scale and subject do not even begin to address the systemic flaws in the industry if they fail to incorporate an element of reflection and address brand purchasing practices. Of the 15 brands interviewed only two mentioned how ethical and sustainability standards were integrated into staff performance targets and indicators. While most brands discussed how responsible and ethical business was embedded in their corporate culture, buying teams often continue to report to Finance Directors and are rewarded solely on a cost based analysis. CSR can become a form of window dressing if it not driven by concern from the board level down.

Audit regime

Codes of conduct aim to incentivise the development of working conditions that comply with international standards. Prior to Rana Plaza, they were the main tool used by brands to encourage, facilitate and ensure good working conditions in factories which are the final point of manufacture for their garments. Brands determined the code of conduct which was then implemented by suppliers and factory owners and verified by means of regular audits which can be announced, semi-31announced, or unannounced depending on the brand's preference. It was standard practice that audit information was submitted to brands in advance of the initial contract and suppliers were subjected to periodic follow-up audits, their frequency depending on the initial findings. For instance, if only a small number of minor infringements were found in the initial audit and were quickly resolved, the supplier would only have had to be audited annually or every 18 months to satisfy the brand's code of practice.

If social audits uncovered major violations the supplier was unlikely to be contracted in the first instance, whilst in the event of violations, brands, auditors and suppliers collectively worked towards corrective action, with brands setting a deadline by which misdemeanours must be rectified. Many of the larger brands with in-country offices with teams dedicated to social compliance supplemented full audits with frequent factory visits. Depending on the size of the brand, audits may have also been carried out by internal specialist staff, more usually, however, third party auditing companies were contracted by brands to verify code compliance. Typically, suppliers themselves paid for the audits. Audit results were then assessed, with many medium to large brands grading audit results according to risk, awarding minor to major violations ratings, colours. These rankings were used internally, for example a buyer would know that an ‘orange’ rated supplier had either incurred repeated minor infringements or would be working towards correcting violations. All the brands interviewed strenuously confirmed their commitment to supporting suppliers to achieve compliance and expressed their commitment in terms of their corporate responsibility to exercise their leverage for positive impact. Only in cases of major violations where suppliers prove resistant to change, or in instances where infringements are repeated, would brands concede defeat and walk away from the offending supplier, cancelling orders and terminating their business relationship. It follows that codes of conduct were only ever as strong as the brand’s leverage. In Bangladesh any given supplier was dealing with a number of brands and buyers, and each would request the implementation of their own codes, corrective actions and audits. Not only was this is a time-consuming and costly process which absorbs vital managerial capacity and capital which could have been directed towards upgrading, but it had the potential to diminish the power of brands to demand remediation if codes differed, and especially if the volumes they sourced from the supplier were comparatively low. A 2006 impact assessment of ETI members’ ethical trade activities found examples in which ethical problems in the supply chain were counter-balanced by a critical mass of brands working together with suppliers towards code compliance. However, this potential was swiftly undermined by the use of individual company codes and the corresponding lack of coordination between companies regarding remediation[40]. Whilst many of the brands interviewed 32 spoke of the informal conversations that took place between Supply Chain Managers, CSR professionals and Managing Directors across firms and mentioned their engagement with systems such as SEDEX, a secure audit information sharing platform, and membership organisations such as the Ethical Trade Initiative (ETI) and the Fair Labor Association (FLA), these informal channels of communication and information sharing are voluntary, as are the codes and audits themselves. In the weeks following the collapse of Rana Plaza a number of retailers initiated their own structural surveys of the factories they sourced from. On this basis two brands went on to end, rather than suspend, relations with one of its factory bases. After negotiations, the factory owner turned down an offer to relocate workers to another locale and refused entreaties to close the factory pending renovations. This case is instructive: it illustrates how construction regulations and proven safety concerns are flagrantly breached and ignored, and points to the lack of influence and leverage that brands may have in such an environment. In this instance at least one of the brands in question had been sourcing from the factory for over a decade, and though attempts were made to remediate and use the joint influence of two brands positively, attempts to exert leverage failed. The incentive to follow codes of conduct is further undermined if the audit regime can be duped. The NGOs and brands interviewed spoke of factories being ‘audit-ready’: protective equipment can be rented especially for the day of the audit, workers can be coached by managers to give the ‘right’ answers in on-site interviews, child workers can be given a signal telling them to leave the floor ahead of inspection, and audit-ready books can be kept to present auditors with false pay and hours records in order to comply with standards.

Even if findings are authentic, audits can only be relied upon to provide a snapshot of what is visibly happening on the factory floor on the day of the review. Their checklist approach is not designed to pick up chronic problems and findings run the risk of being unduly positive by failing to pick up on poor labour standards and the cultural elements that make for poor working conditions[42]. Though in a healthy supply chain which is based on transparency between brands and suppliers audits can perform as a useful ‘health check’ in addition to regular factory visits, in a supply chain built on short lead times and weak brand-supplier relationships, audits can incentivise fraud. Four brands mentioned that they had concerns with the integrity of the audit information they had received. One brand mentioned dealing with a factory that had submitted an audit report which bore evidence of data having been copied and pasted from a previous assessment, another voiced doubts that the implications of abiding by a code of conduct were understood by managers, whilst another referred to audits as a ‘necessary evil’ to establish baseline data. Yet for the brands that are disengaged from 33 their responsibility to improve conditions the pressure to question positive audit results that can exculpate them from tackling the drivers of poor conditions is minimal, especially given the voluntary nature of the exercise and the confidentiality of results. their responsibility to improve conditions the pressure to question positive audit results that can exculpate them from tackling the drivers of poor conditions is minimal, especially given the voluntary nature of the exercise and the confidentiality of results.

Beyond questioning the authenticity of audit results, the NGOs interviewed pointed to concerns with audit industry as a whole claiming that the way in which audits are funded is contrary to the achievement of independent results. The majority of social audits are conducted by global firms, and the majority are paid for by suppliers and submitted to appease brands. This business model conflicts with the requirements for credible social auditing as it is unlikely that an auditor or auditing firm that consistently registers violations will be commissioned on a repeat basis.

Transparency is low in the audit regime, brands are not legally required to act on findings, nor are they required to share them with other stakeholders who could. When audits detect non-compliance, brands could cut the business relationship without alerting other relevant stakeholders; in consequence worker representatives, government bodies and other brands would be unable to take preventative or remedial action. In theory, even if brands have ceased to do business with an unsafe factory, it is entirely possible that the same supplier could later reappear in the brand's supply chain by taking on unauthorised subcontracted work. In this scenario not only are people left to work in unsafe conditions, but the risk to the integrity of the brand remains. This is what happened at Tazreen; in the months before the Tazreen Fashions fire five of the factory's 14 production lines were contracted to supply Walmart. In a statement released after the disaster the company claimed that at the time of the fire the factory had not been authorised to produce Walmart merchandise. According to the statement, another supplier had subcontracted work to Tazreen Fashions in violation of Walmart's policies[43]. In the aftermath of Rana Plaza Walmart has tackled this issue by publishing a 'Red List' detailing factories in Bangladesh that they deemed to be unsafe. The list rapidly attracted the attention of fellow retailers with three asking for further information about the factories in question.

The fundamental problem with the CSR regime is that brands are caught between a conflicting set of incentives. In Bangladesh's RMG industry brands are the largest and the most influential envoys of international standards, but they are businesses foremost; businesses that balance the pursuit of ethical standards with the pursuit of the bottom line. If their chief motivation for improving conditions is to safeguard their reputational integrity it follows that the incentive structure that determines brand behaviour is neither conducive to transparency nor welcoming of liability. It is therefore not unsurprising those codes of conduct are self-imposed and that audit findings are 34 largely confidential and voluntarily acted upon. Of course, that labour compliance is better for business is known: better conditions, HR policies and management see staff turnover and workplace disruptions reduced and result in enhanced worker productivity[44]. However, in a highly competitive industry the business case for sustainable sourcing is one that can only afford to be made collectively and if brands are not the only envoys advocating for decent working conditions and higher wages.

Brand liaison with government and workers

Over the past three years a number of brands have approached the government of Bangladesh with the aim of establishing dialogue on working conditions. In recognition of the fact that they alone could not force change, a coalition of brands sent a letter to the Government of Bangladesh in January 2010 commenting on ‘the increasing unrest in the textile and garment industry’ that posed a risk to their companies and caused ‘damage to the reputation of Bangladesh as a reliable sourcing market’[45]. The coalition requested that in light of growing living costs that the Government of Bangladesh address the minimum wage issue in the garment sector by forming a review board with a built-in mechanism of a yearly review. The Chief Executive of H&M pursued this personally with the Prime Minister in September 2012, reiterating the need for wages to be reviewed annually[46]. This review only took place in the summer of 2013 in the wake of the Rana Plaza collapse and with the full weight of the world’s attention focussed on the garment industry. When another similarly large brand was interviewed for this research they spoke of their absolute frustration in engaging with government and public administration, indeed they had ‘no expectation’ that any conversations held with senior officials would create change, and had no confidence that their requests regarding the minimum wage and their concerns regarding safety would reach the relevant branches of public administration.

The attempts by these few brands to use their leverage to engage with government in this instance proved ineffective. One NGO interviewed for this research opined that their leverage was diminished by the fact that though unsatisfied, these brands continued to source large volumes from the RMG sector and benefit from the low unit costs. In lobbying for an increased minimum wage they rightly identify the minimum wage as an issue that falls within the remit of government, but in approaching government independently brands limit their leverage and deliver mixed messages to the industry. If demand remains strong the impetus for a government to address wages at the behest of these brands is weak, especially given that the government relies on the industry, indentifies its asset value in low wage labour, and includes a number of officials and elected representatives with strong personal interests in maintaining the status quo.

When questioned about their interactions with workers and their representatives, a minority of brands either drew attention to the CSR work they carry out with local or international NGOs, or to their cooperation with multi-stakeholder initiatives such as the Ethical Trade Initiative (ETI) or the Fair Labor Association (FLA). Until the Accord on Building and Fire Safety was signed in May 2013 no brand dealt directly with organised workers. Four of the 15 brands interviewed mentioned that they had not received petitions from workers and nor had they sought them out. One respondent surmised that it was 'as difficult for workers to reach us [the brand] as it for us to reach them'.

The NGOs and campaign groups that were interviewed were unanimous in their call for workers to be more involved in the audit process as the first step towards injecting transparency and authenticity into audit results. In the words of one NGO, including the voices of organised workers and sharing audit results with worker representatives would be the cheapest and most effective means of driving up standards. If brands want to find out working hours, levels of pay and the normal conditions under which orders are produced, those on the factory floor are likely to have a great deal of insight. Thorough audits include a physical inspection of the workplace, examination of records such as pay and working hours, meetings with workplace managers and private interviews with workers. In Bangladesh, where labour rights are rarely accorded, private interviews with individual workers are unlikely to yield findings contrary to the wishes of the supplier. Any incorporation of workers into the assessment framework would require a concerted multi-stakeholder effort to realise labour rights in Bangladesh.

The challenge that brands face in creating dialogue with government and with workers raises the question of how mutual concerns and interests should be channelled and shared between stakeholders. In the wake of Tazreen and Rana Plaza two agreements have been brokered that attempt to clarify the interests and remits of all the stakeholders involved.

The Accord in Fire and Building Safety in Bangladesh

Since the collapse of Rana Plaza the Accord on Fire and Building Safety in Bangladesh has been signed by 82 clothing brands and retailers. As of August 2013 approximately 1500 factories are covered by the Accord and with 20 brands yet to submit their factory lists to the Accord Secretariat, this total is expected to rise.

The Accord is a five year agreement which aspires towards a 'safe and sustainable Bangladeshi RMG industry in which no worker needs to fear fires, building collapses, or other accidents that could be prevented with reasonable health and safety measures'[47]. The agreement, drawn up by Uni Global 36

Union and IndustriALL and led by a Steering Committee composed of representatives from three brands and three global unions under the chairmanship of the ILO, builds on Bangladesh's National Action Plan on Fire Safety and calls for an independent factory safety inspection regime. A complete list of all the factories covered by the Accord and all their inspection reports will be published in the coming months. The Accord calls for retailers to end business relationships with factories that refuse to make necessary improvements, and if subsequent to inspection a factory should be found in need of remedial action, brands are required to support the necessary upgrades and the Accord's Secretariat is obliged to inform workers' organisations and factory participation committees of the risks to workers and the anticipated response from the Accord's partners. Funding for compensation and for factory renovations is anticipated to be forthcoming from brands, from official development aid and potentially from international organisations including the World Bank.

A key aspect of the Accord is that it is a legally enforceable contract with a binding arbitration mechanism. Of equal fundamental importance is that the Accord awards Advisory Board roles to government officials, unions and suppliers and reserves positions on the Steering Committee for brands and workers' representatives. In addition, the agreement commits signatories to staying in Bangladesh for at least the next two years of the Accord.

From July 2013 an initial inspection regime designed to identify high risk hazards and buildings in need of urgent repair was due to be launched and an interim procedure to deal with remediation will apparently take effect in lieu of the appointment of a Chief Safety Inspector and a Chief Executive to the Accord's Secretariat. In the words of one member of the Steering Committee, the Accord aspires to be a 'clean slate' for the RMG industry and such is the low level of trust in current system it is anticipated that the Chief Safety Inspector will not be a Bangladeshi national or any individual with existing links to the industry .

The NGOs interviewed for this report lauded the Accord as an 'historic' and 'game-changing' agreement. The Accord is the first endeavour in Bangladesh to have a legal commitment to tripartite communication and action. The Accord promises to be disruptive in the immediate term and as a platform for information sharing and as a mechanism for mandatory remediation it will, over time, incentivise brands and suppliers to develop honest and transparent business relationships. The Accord will also incentivise unions to develop their capacity to represent grassroots workers. The breadth of the coalition that the Accord has secured is significant; where H&M could not persuade the upper echelons of power to improve wages and conditions, 82 brands might. It is therefore crucial that these brands collaborate. However, two research participants, one of whom resides in 37

Dhaka and the other having recently returned, raised concerns that brands are already allegedly embarking on uncoordinated action.

As mentioned above, in the immediate aftermath of the collapse a number of brands initiated their own structural surveys of their suppliers' factories. As a result factories have been subjected to an increased number of inspections and in collectively over-inspecting factories brands not only risk duplicating efforts, but are inadvertently increasing the pressure upon managers and workers by interrupting orders and production. There is an additional concern that different brands are applying different technical standards and are causing confusion and creating grounds for findings to be disputed. It was reported that adverse findings are being contested by factory owners who are calling in experts from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), from the Industrial Police or from BUET to return more favourable findings.

Needless to say it is early days for the Accord and given the challenging political and business environment in which it operates, its coordination it will require the full support and commitment of its signatories. In understanding the extent of the challenge that the Accord faces, the reason why it was designed bears reiteration: the Accord exists due to lapses in key governmental institutions and responsibilities. Capacity deficits in the labour and infrastructure inspectorates and complacency throughout government to honour its obligation to protect human rights in its prize export industry have created a gap which CSR and audits, and now tripartite action, endeavour to fill. It follows that to be truly sustainable the Accord and its partners, where possible, must endeavour to develop the capacity of the government institutions that the Accord is currently substituting. It is important that Accord builds a health and safety system which is integral to the development of the industry rather than a parallel system which lasts only as long as the five year window mandated by the signatories of the agreement.

The Alliance for Bangladesh Worker Safety

The international conversation sparked by the collapse of Rana Plaza initiated another multi-stakeholder initiative: the Alliance for Bangladesh Worker Safety and the Bangladesh Worker Safety Initiative were signed by 18 brands in July 2013. Collectively, these Alliance members represent the majority of North American imports of RMG from Bangladesh which are sourced from more than 500 factories. Under the terms of the Alliance members have agreed to share their knowledge, experience and best practice and to contribute to a safety fund which as of August 2013 stood at $42 million. In addition the members have pledged to provide access to c. $100 million of low-cost capital for factory owners to facilitate factory improvements. The Initiative will see members of the 38

Alliance create uniform standards for fire and building safety that will guide baseline inspections of factories that do business with the membership. The safety fund will cover factory inspections, training, and worker empowerment, whilst a reserve of 10% will be ring-fenced to support workers temporarily displaced from factories48.

Like the Accord, the Alliance will act over the next five years. Unlike the Accord, the Alliance it is not legally binding. The liability which was adopted by the signatories of the Accord was the prime motivation for developing an alternative agreement amenable to North American brands fearful of litigation. In the run up to the signing of the Accord, the Alliance was conceived by proponents of the Accord as a weaker 'rival' agreement. For one NGO that took part in this research the Alliance was perceived to be repeating the mistakes of CSR and the audit regime: without binding accountability, without a pledge to remain in the country, and without mandating the involvement of workers and their representatives, the NGO claimed that the Alliance cannot and will not adequately tackle the drivers of poor working conditions.

When interviewed a lead member of the Alliance was keen to purvey that collaboration between brands, suppliers and their workers is key to sustainable remediation and in that spirit, the Alliance includes provisions to notify worker organisations of imminent risks, and lead members anticipate that the Alliance will work in partnership with the Accord, sharing technical standards and results. Together the Accord and the Alliance will cover approximately 2000 factories, under half the total number of factories estimated to be operating in Dhaka. The remaining factories will be covered by the National Action Plan on Fire and Building Safety headed by the Government of Bangladesh and led by the BGMEA. According to the member of the Accord's Steering Committee a number of deadlines in the implementation plan have been missed or moved. In order to tackle the widespread and chronic nature of poor working conditions in the industry as a whole it is crucial that the Government of Bangladesh is supported and encouraged to fulfil its pledge. Collaboration is crucial to the overall success of any endeavour to improve and apply standards in Bangladesh; a two tier system employing different standards would be a weaker system open to exploitation by vested interests.

National Tripartite Plan of Action on Fire Safety and Structural Integrity in the garment Sector of Bangladesh, the ILO and the EU Sustainability Compact

The NTAP was signed on the 25 July 2013, integrating the National Tripartite Plan of Action on Fire Safety in the RMG Sector signed on the 24 March 2013 with the Joint Tripartite Statement from the 4

May 2013[49]. The NTAP is to be implemented by a National Tripartite Committee which brings together government, worker and employer representatives[50]. The ILO is playing an advisory role and will assist with its implementation and coordination. The NTAP has set out a series of legislative, administrative and practical objectives to provide a comprehensive approach to promote fire safety and building integrity. Several short term objectives have already been proposed: an assessment of the structural integrity and fire safety of RMG factories, a strengthened labour inspection regime, better worker and management training, the development of health and safety awareness programmes and the rehabilitation of disabled workers. At this stage, it is too early to judge the effectiveness of the NTAP as most of its programmes have not yet been implemented.

One of the first actions taken under the NTAP has been to establish a system to undertake a preliminary assessment of the structural safety of factory buildings which was meant to start from September 2013. BUET, aided by the ILO, has been tasked to undertake these assessments by the end of 2014[51]. BUET will provide 30 teams and the inspections will cover between 1500-2000 factories that are not covered by either the Alliance or the Accord. The Alliance, the Accord and the NTAP have agreed on the need to prevent any duplication of efforts and for a uniform approach to the setting of common fire, electrical and building safety assessment standards[52].

The Bangladesh government, aided by the ILO, undertook a review of the country's Labour Law on the 15 July 2013 as part of the NTAP. The government has proposed most of the core International Labour Organisation labour standards including convention 87 and 98 on freedom of association and the right to organise and bargain collectively. However, the new Labour Act is still to be implemented and doubts have been raised whether it goes far enough by organisations such as Human Rights Watch[53]. Unions may only select leaders from their workface, allowing employers to force out union leaders by terminating their contract, and they will require support of 30% of workers to be able to be formed. The government will be able to prevent any strike if it deems that it would cause 'serious hardship to the community' or be 'prejudicial to the national interest', both of which allow being loosely defined give a large leeway for any government to misuse the law. The NTAP also seeks to strengthen the capacity of the Department of Inspections for Factories and Establishments. 200 additional labour inspectors will be agreed and in the longer term the Department will be upgraded to a Directorate with a minimum of 800 inspectors.

The government of Bangladesh and the ILO have recently launched a $24.2 million initiative, including a new Better Work programme, on the 22 October 2013 to improve working conditions in the RMG industry. The three and a half year initiative will focus on minimising the threat of fire and building collapse as well as ensuring the rights and safety of workers. The programme is intended to support the NTAP and build upon previous ILO projects. The Better Work progamme will implement factory-level activities to improve compliance with national labour laws and aid in improving the efficiency of factories. The UK and Netherlands have already agreed to contribute $15 million towards the new initiative[54]. To support the NTAB and the ILO's Better Work Programme and ensure continual improvements in labour rights and factory safety, the EU implemented a Sustainability Compact signed on the 8th July 2013[55]. The EU has committed to assist the rehabilitation of those permanently disabled from the Rana Plaza collapse, review how the EU could provide funding or technical help to the Better Work Programme, and explore new funding possibilities.

The comprehensive and ambitious NTAP is still in its preliminary phases and seeks to provide a long term solution to the current lack of governmental capacity in its inspection and safety institutions. At present, it seeks to work in partnership with the brand led Accord and Alliance and thus there is a clear need for co-ordination and common standards in order to prevent any duplication of efforts. Doubts persist whether the NTAP will be able to achieve its objectives as a result of a lack of local capacity and funding; the initial structural assessments by BUET have already been delayed from 15 September to 1 November as a result of the unavailability of funds

Conclusion:

When Rana Plaza collapsed the world watched as the costs of doing business in Bangladesh were made public. Systemic problems with the RMG industry unfolded before them, the collapse showing that poor infrastructure, weak labour rights, fragile industrial relations, a permissive business environment, lax supply chain management and intense pressure from buyers demanding fast fashion at low costs coupled with poorly constructed buildings coalesced to create hazardous working conditions for the nearly 4 million workers in Bangladesh. In the words of one NGO Chief Executive, Rana Plaza was the result of a 'perfect storm' of poor conditions and practices.

Bangladesh's RMG industry promises a trajectory of upward mobility at a national scale but it is a trajectory hampered by forms of exploitation that chiefly effect those most vulnerable and least equipped to deal with them. None of the drivers described above should come as a surprise either to brands or to the government of Bangladesh and in preparation for the next disaster, which a number of brands and NGOs alike agreed was a matter of 'when' and not 'if', neither party should shy away from tackling the root causes within their remit of responsibility.

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