

Highlights



There are variations in extensity and intensity of problems, predominance of specific nature of problems, and variation in progress of remediation.



Public monitoring authorities need: a) harmonisation of inspection guidelines; b) setting up SOPs; c) creating databases; d) ensuring transparency; and e) skilled professionals.



Sustainable monitoring and inspection system requires: a) National Action Plan and National Inspection Strategy; b) PPP model for monitoring and inspection; and c) Remediation and Relocation Fund.



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Can a Sustainable Inspection System be Developed? *The Case of RMG Sector in Bangladesh*

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Introduction

After successful completion of inspection and remediation of readymade garment (RMG) enterprises in 2018 under two major international initiatives, major stakeholders are waiting to know more about the future monitoring system which will replace the existing one. The international initiatives of the Accord for Workplace Safety (henceforth Accord), Alliance for Bangladesh Worker Safety (henceforth Alliance) and National Initiative (NI) are important repositories of organisational learning of as far as monitoring and inspection (M & I) systems of industrial establishments are concerned. Under these initiatives, a total of 3,839 RMG enterprises have been inspected which have undertaken remediation measures as per the Corrective Action Plans (CAPs). These initiatives have followed international standards for M & I which were rarely practised by local authorities because of various structural and regulatory weaknesses, along with lack of knowledge and understanding and dearth of logistic and human resource capacities. It is important to institutionalise the organisational knowledge to develop a sustainable M & I system for factories. The objective of this policy brief is to review the problems identified in workplace safety and security in the RMG sector and to identify the gaps of the public monitoring system in contrast with that of international initiatives, and consequently putting forward a set of recommendations for developing a sustainable M & I system for factories.

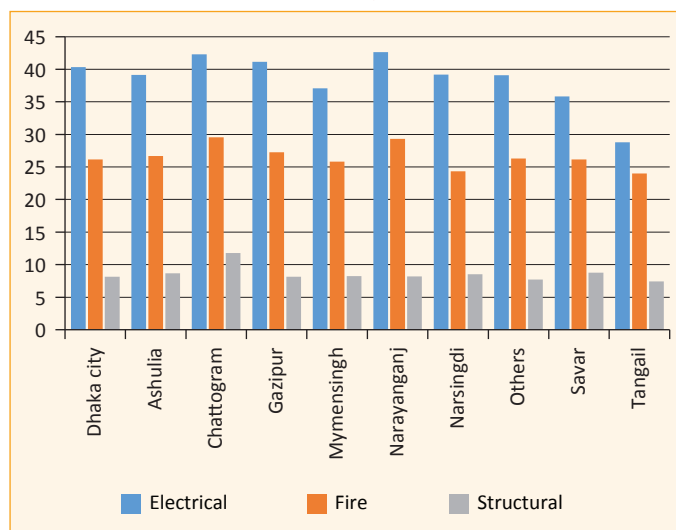
The analysis for this study has been carried out by using data and information collected from different sources. First, factory inspection related data was gathered from the Accord website for two periods in an eight month interval—August 2016–April 2017. Hence, the progress made by factories in inspection afterwards is not reported in this brief. Second, key informant interviews (KIs) of major public monitoring authorities have been carried out to appreciate their issues with regard to the M & I process, human resources, problems faced by different entities, problem solving techniques, punitive measures, report preparation, follow-up activity and future plan of activities.

Lessons from the International Monitoring Initiatives: The Case of Accord

Operational Modalities Followed under International Initiatives could Provide Important Lessons: It has been observed that all factories under the Accord initiative had been inspected following the Bangladesh National Building Code standards. As per the work plan, Accord has inspected three types of safety related issues—fire, electrical and structural integrity. After the initial inspection, the factory owners and the Accord signatory companies developed a CAP based on the inspection reports. These CAPs have been updated on a regular basis, which shows the change in progress status of fire, electrical and structural problems of the factories. In case of non-compliance, Accord follows regular warning system and in extreme cases, severe ties with factories. These operational modalities could be important sources of information for local public authorities to improve their systems.

Majority of Problems are in RMG-Concentrated Areas but Intensity of Problems is High Elsewhere: Among the 120,874 problems identified during the Accord inspections, the majority of problems are related to electricity (52.9 per cent), followed by fire (35.8 per cent) and structure (11.3 per cent). The frequency of problems is high in Dhaka city and around Gazipur due to the higher number of factories in these two regions. However, the intensity of problems in a factory is high in other locations—the average number of electrical problems per factory is more in Narayanganj followed by Chattogram and Dhaka (Figure 1). For the fire related issues, the number of problems per factory is higher in Chattogram and Narayanganj regions. Chattogram also has the highest average number of structural problems per factory. Overall, there is a geographical aspect related to fire, electrical and structural integrity issues.

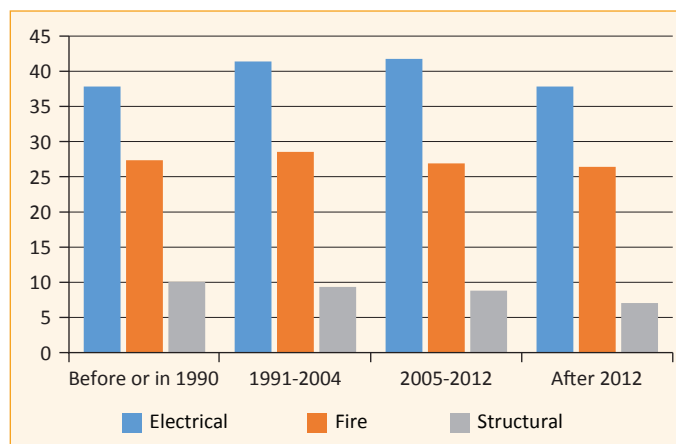
Figure 1: Location-wise Problems per Factory



Source: Authors' estimates based on CPD-RMG Study database.

The average number of electricity and fire related problems per factory is high in factories established earlier—between 1991 and 2012, while the average number of structural problems per factory is high in the factories which were established before or in 1990 (Figure 2). Higher number of structural problems in factories established before 1990 portrays that the older buildings have more problems due to wear and tear. Due to technological advances and greater awareness of safety standards, fewer problems have been detected in factories which have been established after 2012.

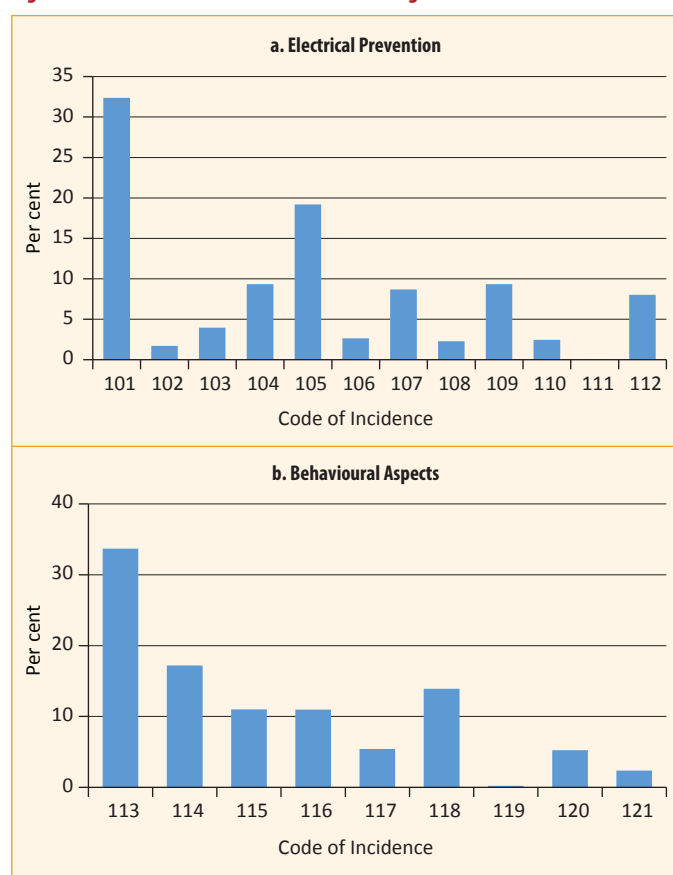
Figure 2: Establishment Year-wise Problems per Factory



Source: Authors' estimates based on CPD-RMG Study database.

Specific Nature of Problems Dominate in Factories which Need Special Attention: Most of the electrical problems are related with 'electrical prevention' (85.9 per cent) followed by 'behavioural aspects' (14.1 per cent) (Figure 3). The frequency of problems related to fire is comparatively high under the category of 'means of egress' (57.2 per cent) followed by 'fire prevention' (23 per cent), 'fire prevention/control' (15.7 per cent) and 'behavioural aspects' (4.1 per cent). On the other hand, almost 70.6 per cent of the structural problems are identified under the category of 'physical aspects' while the rest is under 'behavioural aspects'. Overall, lack of adequate awareness and unwillingness to comply with electrical standards and national rules on means of egress, as well as unwillingness to make necessary investment to address structural issues, caused various problems for the enterprises.

Figure 3: Electrical Problems under Various Categories



Source: Authors' estimates based on CPD-RMG Study database.

Progress of Remediation Varies in Terms of Location, Size and Year of Operation of Factories: Major progress has been observed in case of fire and electrical problems, whereas structural issues are still lagging behind due to financial constraints, lack of incentives and inappropriate plan for relocating factories. Remediation activities are much slower in Chattogram compared to other regions as almost 50 per cent of factories were established between 1991 and 2004—a time when entrepreneurs were less interested in making additional investments due to uncertain business prospects after the end of the multi-fibre arrangement (MFA) in 2005. From the investment point of view, large factories progress faster in remediation activities compared to medium and small. On the other hand, percentage of 'corrected' problems is higher among factories established after 2005 due to better maintenance and management compared to the factories established before 1990.

The aforesaid issues need special attention during the operation of the newly formed monitoring body, i.e. Remediation Coordination Cell (RCC) under the Ministry of Labour and Employment (MoLE).

Identifying the Gaps in the Inspection System of National Authorities

A number of public agencies are involved in monitoring and inspecting RMG enterprises which include among others Department of Inspection of Factory Establishments (DIFE), Department of Labour (DoL), Fire Service and Civil Defence Authority (FSCD), Boiler Authority, Department of Environment (DoE), Rajdhani Unnayan Kartripaksha (RAJUK), Chittagong Development Authority (CDA), Power Development Board (PDB), and Public Works Department (PWD). Each of these organisations follow its own inspection guidelines and inspection process.

Public Organisations Need Substantive Organisational Reform: Although most of the M & I agencies were established long before country's Independence in 1971, organisationally they are yet to upgrade their standards even at the level of national average. Since the Rana Plaza tragedy, a number of initiatives have been undertaken for institutional reform. However, further reform is necessary in case of improvement of legal structure, infrastructural facilities (particularly logistics and human resources and development of their soft infrastructure) and better training facilities for human resources. It is worth evaluating whether organisations have developed their institutional capacities sufficiently with a view to undertaking M & I as per requirement.

Operational Structure of Public Agencies should Take Lessons from International Initiatives: Given the limited human resources, public agencies put more emphasis on inspecting RMG enterprises. Each organisation has its own operational mechanism for M & I, which includes specific documentation requirement, standard operating procedure (SOP) etc. Given the limited technical expertise of the inspectors and testing facilities, such inspections often lack quality and control. Taking the experience of international initiatives, a number of organisations have modified their checklists as regards strengthening training facilities for inspectors, upgrading the position of inspectors and increasing their logistic facilities. Overall, most public organisations have similar constraints in the inspection process. These include: a) lack of skilled staff; b) limited capacity to provide training of international standards; c) weak delegating authority of factory inspectors at the factory level; d) lack of cooperation from the factory management; e) lack of adequate logistic facilities; f) unclear inspection guideline; g) biased process for selecting factories; h) limited awareness among the owners regarding compliance standards; i) lack of transparency in the inspection process; and j) poor ethical standard of the officials.

There is Serious Gap in the Review Mechanism and Punitive Measures: Most of the organisations have followed up review mechanism of inspected factories. The review reports shared with the factories may or may not have specific timelines to comply with suggested measures. Moreover, there is no standard timeline for review and follow-up actions to be taken by the factories. Based on the review report, organisations take action against non-compliant factories—the punitive measures may vary from minor penalties to the closure of factories. However, there is little evidence that factories have faced the penalty of closure for not complying with the required standards. There are allegations of illegal financial transactions in order to overlook faults related to major safety concerns.

Identifying the Gaps between Private Sector-led vis-à-vis Public Agency-led Initiatives: Local public authorities need to upgrade their inspection processes significantly in order to reach the international standards. These include: a) harmonising inspection guidelines of local agencies with that of international ones; b) setting SOPs for M & I; c) ensuring transparency in the inspection process which cover selection of factories, sharing the inspection reports in public accounts, proper follow-up and thereby ensuring the compliance standards etc. d) creating inspection related databases for better monitoring; e) recruiting skilled professionals with necessary training; and f) strengthening the enforcement mechanism.

Transitional Arrangement for Inspection of Factories

The M & I system of RMG enterprises has entered a transitional phase with the end of the initial phases of Accord (in May 2018) and Alliance (September 2018). While Accord signatories agreed to continue operation for another three years (till May 2021), the Alliance did not extend its operation, rather they continued working with local partners by forming an independent safety monitoring organisation. The Government of Bangladesh (GoB) has allowed Accord activities for a certain period till a set of rigorous readiness conditions are met by local regulatory bodies. However, the high court has given a verdict to allow Accord to continue its activities for six months only after a suo motu ruling and writ petition.

With a view to addressing the growing demands of the transitional period, the GoB has formed an RCC in May 2017. As per the plan of work, the RCC will initially oversee the M & I of factories under the NI (771 factories). The RCC has been formed under a comprehensive operational structure by including representatives of six core bodies including DIFE, RAJUK, FSCD, PWD, Electrical Advisor and Chief Electrical Inspector and CDA. However, the RCC is facing the challenge of completing M & I work on time due to lack of sufficient human resources and logistic support. As per the current implementation agreement between DIFE and ILO, DIFE will recruit 60 engineers for the RCC. A website has been set up with the support of ILO from where the recent status of the factories can easily be addressed. In the process of the capacity building of the RCC, necessary technical cooperation has been extended by the Accord, Alliance and ILO. However, the process of upgrading the public M & I system is still being discussed and needs to be finalised soon in order to provide predictability to the stakeholders of the RMG sector.

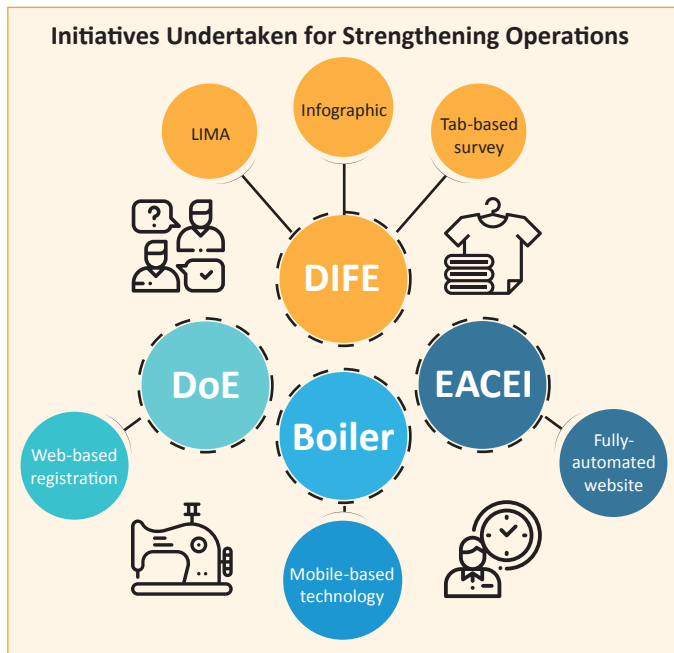
Towards Developing Sustainable Inspection Process

The MoLE has been working with local and international organisations including ILO to develop a sustainable M & I system. The target of these initiatives is to ensure effective functioning of the public authorities at the end of the transition period.

Broad-based Consultation is Required for Developing National Action Plan: RCC is now laying out the preparation of the National Action Plan (NAP) for industrial and occupational health and safety measures with detailed description of tasks, roles, persons in charge, budgetary allocation and consultation with relevant stakeholders. It is expected that the draft NAP will be finalised through a broad-based consultation process.

Further Integrated SOP is Required for Better Transparency and Accountability: Different public organisations have discretely undertaken different initiatives in order to strengthen their operational mechanisms for M & I. For example, DIFE is planning to

start LIMA (Labour Inspection Management Application) application and infographic technology in order to collect information using TAB and store those information in the server; DoE has developed a web-based registration system; the Boiler authority has developed mobile-based technology to track records of boiler registration numbers; and EACEI tracks records of factories through their fully automated website. In spite of these, the monitoring system needs to be upgraded in order to make the process transparent, time-bound, publicly accessible and accountable in every course of action.



Need Further Review of Draft National Inspection Strategy: A draft national inspection strategy has been formed with a view to ensuring workplace safety and security in all factories and establishments. However, the inspection strategy needs to be

reviewed on a number of issues which include, time frame for implementation of law, extent of power to be practised by the inspector during inspection, licensing and documentation issues, allowing worker leaders to take part in risk assessment, and properly mentioning about the activities during the periods of emergency. Hence, there is room for improvement of the national inspection strategy. Further to that, there will be an industrial safety unit and occupational health and safety academy which are currently being discussed at the stakeholders' level.

Effective Functioning of the Coordinating Body Needs to be Ensured:

Following the directives of the high court, a Transition Monitoring Committee (TMC) has been formed which monitors the progress of remediation related activities and puts forward necessary suggestions to the RCC for better monitoring of their activities. This committee comprises representatives of government, employers, workers and brands/buyers. The TMC with their effective functioning could create the benchmark for a future coordinating body for M & I.

Developing a New Institutional Structure for M & I:

Moving forward, M & I systems need to cover all factories and establishments of all economic activities. Therefore, MoLE needs to consider a mechanism by developing a public-private partnership (PPP) model in order to cover maximum number of factories and establishments at the shortest possible time. In the PPP model, the DIFE will act as the overall regulatory authority which will give accreditation to private M & I firms which are capable of undertaking these activities.

Developing a 'Remediation and Relocation Fund':

Unless low cost fund is assured for firms, investment for remediation by firms will either get delayed or stopped. For factories located in shared buildings, it is better to relocate from their existing locations. Hence, a 'remediation and relocation fund' along with the fund by different development partners and other international agencies, need to be developed for quick completion of remediation related activities.

The policy brief is based on the CPD-RMG Study 2018

New Dynamics in Bangladesh's Apparels Enterprises: Perspectives on Restructuring, Upgradation and Compliance Assurance.

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