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## THE CRISIS IN THE WORLD OF WORK IN VIEW OF COVID-19

### *Is the Partnership across the RMG Value Chain in Reverse Order?*

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#### 1. INTRODUCTION

The 7<sup>th</sup> Anniversary of Rana Plaza tragedy (24 April 2020) was observed in a completely different context in Bangladesh - particularly with regard to the world of work. The COVID-19 pandemic has forced the shutdown of all kinds of economic activities in the country since late March 2020 which severely affected businesses, employment, workers' wages and earnings, occupational safety and health (OSH) and workers' rights. The country's world of work would be affected further in the coming days in view of the grim outlook on the economy for the rest of the period of 2020 and partly for 2021. Different national and international organisations have projected a lower level of GDP growth (between 1.6 per cent and 3.0 per cent in FY2020) (World Bank, 2020; IMF, 2020 & CPD, 2020), contraction of business, trade, personal and public services by 0.05 per cent of GDP (in case shorter containment) and 0.11 per cent (in case of longer containment) (ADB, 2020) and loss of manufacturing employment by about 0.38 to 0.95 per cent of total sectoral employment (ADB, 2020). Addressing such an economy-wide crisis requires a strong partnership among key players of major economic activities, particularly those involved in local and global value chains, most importantly in the Ready-made Garment (RMG) value chains.

In this backdrop, the 7<sup>th</sup> Anniversary of the Rana Plaza tragedy would be a 'test case' to review the partnership among the major players including employers, workers, brands/buyers, government, and development partners that have been built across the RMG value chain over the last seven years. It is to be noted that the core spirit of partnership during the post-Rana Plaza period was to collectively handle major crises, improve industrial safety, safeguard workers' entitlements and rights and share good practices. Taking that into account, this policy brief highlights – (a) current state of the partnership of workers, employers, brands/buyers and government in the RMG sector in the context of COVID-19; and (b) informing concerned stakeholders about public policy interventions in meeting policy- and operational gaps to address the above-mentioned challenges. A brief review of the progress of the Plan of Action (PoA) and necessary forward-looking initiatives are also discussed in this brief. This has been done based on an unpublished CPD-ILO report. Other analysis has been done based on the information and data collected from national and international print and electronic media during March-April 2020. A total of 27 local and international media has been surveyed covering 72 daily issues. The findings of the brief were shared in a web-based discussion organised by CPD in collaboration with FES on 23 April 2020.

## **2. IMPLEMENTING NATIONAL PLAN OF ACTION DURING THE POST-RANA PLAZA PERIOD: AN EVIDENCE OF PARTNERSHIP**

An exceptional level of partnership was observed in implementing a national plan of action in the RMG sector since its initiation in 2013. However, the pace of implementation was not at the same level over this period; rather, it has slowed down in recent years. The PoA has focused on four areas of work which include: (a) regulatory reforms and policy measures; (b) upgrading public administration, (c) ensuring industrial safety and (d) rehabilitating workers and their injury insurances. Among those, noticeable progress was observed in case of ensuring upgrading public administration, industrial safety in garment factories and rehabilitating workers, while a moderate level of progress was observed in case of regulatory reforms and policy measures. However, a number of unaddressed issues under those broad areas reflect its limited level of progress.

Regulatory reforms and policy measures have made moderate level progress during the post-Rana Plaza period. Major highlighted issues are the amendment of the labour act, the formation of labour rules and the formulation of a national occupational health and safety policy. Still, a good number of areas need further amendments and reforms. These include – (a) ratification of ILO conventions related to workplace safety and harassment and further revisions in labour laws and rules to align them with ILO conventions; (b) harmonisation of labour laws in Export Processing Zones (EPZs) and Domestic Tariff Areas (DTAs); (c) completing the revision of the Bangladesh National Building Code (BNBC); and d) updating the rules for firefighting and fire prevention, and boiler safety.

Public administration concerning labour, workers' rights and workplace safety such as the Ministry of Labour and Employment (MoLE) and Fire Safety & Civil Defense (FSCD) have upgraded their organisational structure and activities. This is reflected in upgrading

directorate of inspection for factories and establishments to the department, increasing human resource base at DIFE (total staff increased to 653 out of the stipulated posts of 993) as per long-term staff planning and improving the logistic facilities particularly for inspection of factories and accordingly the size of the budget of DIFE has increased (by about 87.2 per cent per year between FY2013 and FY2020). However, the progress in DIFE is still limited, considering the capacity required to cover industrial safety in major industrial units across the country. The legal authority of labour inspectors and safety inspectors is also limited, which needs to be revised.

There has been notable progress in improving the workplace safety of export-oriented garment factories: over 90 per cent of problems identified through inspection under the Accord and Alliance initiatives have been remediated. The progress is rather slow (about 32 per cent of total problems remediated) in case of factories inspected under the National Initiative (NI). The ongoing remediation measures led by the Remediation Coordination Cell (RCC) in NI did not get momentum. This has happened particularly because most of these are small-scale enterprises operate under sub-contracting arrangement with little direct contract with the brands and buyers which made them less enthusiast in making an investment for remediation of those factories which are located in shared buildings. After the end of the transition period of operation of Accord, the responsibility has been handed over to the newly formed private entity called RMG Sustainability Council (RSC). Though RSC will operate under the directives of Department of Inspection of Factory Establishments (DIFE), its modus-operandi with regard to scope of work, inspection and monitoring system, reporting to the DIFE and obligations to other public authorities such as Department of Labour (DoL), Fire Service Civil Defense Authority (FSCD) are yet to fix up which are under discussion. Alliance, another private entity had handed over its responsibilities to a private entity

called 'Nirapon' in September 2018. After the directives of the High Court, the Nirapon, first halted its operations for six months as per the court directives (till June 2020) and has recently decided to close-down Bangladesh office and to continue its operation from its North America-based office.

Another major achievement in the post-Rana Plaza period is setting up the Rana Plaza Donors' Trust Fund and compensating the victims of the accidents. Despite some initial discussion, the national protocol for employee injury insurance is yet to be formulated. Similarly, National Employment Injury Insurance Scheme has yet to be materialised.

In the next course of action, the industrial safety needs to be ensured beyond RMG sector covering major industrial sectors and activities. A new plan of action needs to be formulated for industrial safety for key industries and activities, including setting up an Industrial Safety Unit. The future initiatives on industrial safety should cover ratification of ILO conventions on violence and harassment and the minimum age for entry-level workers, harmonisation of labour laws, safety issues in other industries and implementation of employment injury scheme. The newly formed (RSC) should work under the proposed authority of the 'Industrial Safety Unit'. The ongoing health emergency in industrial units calls for working on emergency-related preparedness at the industrial units such as those for COVID-19.

### 3. CRISIS IN BUSINESS OPERATIONS DURING COVID 19: PARTNERSHIP IN THE RMG VALUE CHAIN IS IN QUESTION

**Challenges in Business Operations:** The RMG value chain in Bangladesh has experienced the COVID- related challenges at three phases. The adverse impact and implications of these challenges have intensified over time. The first incidence of crisis occurred in January-February 2020, when the supply of raw materials for the industry was shortened due to a lower

level of import from China during the period of corona outbreak there. Heavy reliance on China for the supply of raw materials (about 60 per cent of the total import of woven fabrics, 15-20 per cent of knit fabrics, and 80-85 per cent of dyeing chemicals) made it difficult for Bangladesh's apparel manufacturers to switch to alternate sources such as India within a short period of time with a bulk amount of demand. Moreover, India itself had already been affected by the Corona virus and had been closing down economic activities. The problems in the supply of raw materials were short-lived since China's economic activity started to get normal in early April 2020.

The second phase of crisis occurred during March-April 2020 when brands and retailers of major apparel importing countries cancelled/deferred their purchase orders in view of shutting down economic activities in major apparel importing countries of Europe and North America. Applying the 'force majeure' clause, a considerable number of brands/buyers cancelled/deferred about US\$3.16 billion worth of orders by 16 April (BGMEA, 2020).<sup>1</sup> During April 2020, the country's apparel export had experienced the lowest negative growth within the last decade (-84.86 per cent) (BGMEA, 2020).<sup>2</sup> As of 3 April 2020, a total of 14 brands (including H&M, INDITEX, PVH Corp, TARGET, KIABI, KappAhl, Benetton, Decathlon, M&S, C&A, Puma, Kontoor, Primark, and Tesco) have indicated to reinstate their export orders (US\$1.0 billion). On the other hand, some buyers asked for discounts on previously placed orders (up to 30 per cent of the contracted price); a section of buyers also asked for additional 30-40 days to complete the payment. Such activities of the brands and buyers neither reflect their compliance with the contractual obligations nor the sign

<sup>1</sup>According to BGMEA website, about US\$3.18 billion worth of work orders of 1150 factories had been cancelled/suspended till 29 April, 2020.

<sup>2</sup>The m-o-m growth in apparels export during May, 2020 maintained the negative trend of the previous month which was -62.0 per cent.

of partnership with suppliers. Contract law experts indicated that applying the ‘force majeure’ clause by the buyers/brands is difficult to justify when suppliers have spent partially/fully for procurement of raw materials and have paid workers’ wages against the work orders.<sup>3</sup> Experts suggested that suppliers may seek a legal explanation from the ICC and respective international authorities regarding the use of force majeure clause by the buyers/brands. In this backdrop, nine associations of Asia’s leading apparel manufacturers (called ‘STAR’) jointly urged the buyers/brands to show respect to the responsible business practices (RBP) during this time of emergency particularly in ensuring decent employment in the value chains.

The third phase of crisis occurred since late March when the government announced ‘public holidays’ - initially for the period of 29 March to 4 April, which was later extended for a number of times and ended on 31 May 2020. All types of RMG units were shut down till 25 April 2020. The MoLE, however, allowed factories for the production of emergency export orders and production of health-emergency equipment by maintaining health-related guidelines in the workplace. Because of lack of clarity in the instruction of the MoLE as well as lack of proper enforcement of the directives, the official decisions have not been followed by RMG units properly during the period of ‘public holidays’. Consequently, workers’ safety in factories was a major concern since the factories started operation after the public holidays are over. Due to limited export orders, factories have been operating with limited production capacity and workers.<sup>4</sup> The export performance during April-June, 2020 indicated lowering negative export growth – from -85.2 per cent in April 2020 to -62.1 per cent in May 2020 and -8.0 per cent

in June 2020. Despite the changes in a positive direction, most of the factories are being operated with a capacity of 50-60 per cent.<sup>5</sup> In other words, the factories are still far behind the situation of normalcy.

**Support Measures for the Businesses:** The government has announced a number of fiscal, monetary and sectoral measures to support the RMG sector. To address the inadequacy of cash flow in garment factories, the government allowed deferment of payment of VAT and quarterly Advanced Income Tax (AIT) till June 2020. The Central Bank has undertaken supportive measures to increase cash flow in factories which include raising the Export Development Fund to USD 5 billion (from US\$ 3.5 billion) with the interest rate fixed at 2 per cent, allowing delayed payment loan till June 2020 without being feared as a classified loan, relieving from late fees for credit cards, extending tenures of trade instruments, and increasing usance period of back to back LCs opened under supplier’ s/buyer’s credit up to 360 days (from existing 180 days). Similarly, banks and financial institutions were supported by the Central Bank by raising their cash flow in a number of ways. These include buying treasury bonds and bills from banks, cutting policy rates (from 6 per cent to 5.25 per cent effective from 12 April 2020), and reducing Cash Reserve Ratio (CRR). The export-oriented sectors are also allowed to apply for a loan under the Tk. 30,000 crore package announced for the large-scale manufacturing and services industries.

At the global level, German and Dutch Textiles Alliance, Fair Wear Foundation, Ethical Trading Initiative (ETI) and others have formed an alliance to support the suppliers. This alliance has issued a statement titled ‘Responding Responsibly to the COVID -19 Crisis’ stipulating two priorities in their work, including protection of workers’ income and health and future-proofing supply chains. Overall, the initiatives

<sup>3</sup>For comparative analysis on ‘force majeure’, please see: <https://thefinancialexpress.com.bd/views/views/covid-2019-applicability-of-force-majeure-clause-in-bangladesh-1589040154>

<sup>4</sup>According to a newspaper report published on 24 June, 2020, factories have been operating with 55 per cent of their existing capacities. For details, please see: <https://rmgbd.net/2020/06/bgmea-chief-rmg-in-crisis-with-factories-running-at-55-capacity/>

<sup>5</sup>Please see: <https://thefinancialexpress.com.bd/economy/rmg-factories-may-slash-workforce-from-june-bgmea-chief-1591282470>

and measures undertaken at local and global levels are positive. Given the extent of the impact on the businesses at the suppliers' end, such initiatives are found to be inadequate to rebuild partnerships in the value chain between brands, buyers, suppliers and governments of supplying and buying countries with regard to mitigating the short-term crisis leading to medium-term recovery.

#### 4. CRISIS IN WORKING CONDITIONS IN RMG FACTORIES DURING COVID 19: PARTNERSHIP IN DECENT EMPLOYMENT IN THE WORKPLACE IS UNDER THREAT

**Crisis in Working Conditions:** The COVID-19 related challenges with regard to working conditions in RMG factories have been exposed in a number of ways. It was first exposed when garment workers struggled to get their due wages for the month of March 2020 due to continuation of public holidays in early April 2020. It took until the third week of April 2020 to receive payment of March for the majority of the workers. According to the BGMEA, as of 19 April 2020, 95.8 per cent of workers of member factories received their wages. These workers worked in 91 per cent of the BGMEA member factories.<sup>6</sup> On the other hand, as of 16 April 2020, 91 per cent of workers in BKMEA member factories had received their wages. These workers belonged to 90 per cent of member factories. In total, 370 factories failed to pay workers' wages before the deadline on 16 April (DIFE, 2020) - of these factories, 122 are located in Dhaka, 120 in Gazipur and 58 in Chattogram. A number of workers' organisations differed with the claim made by the employers' associations, BGMEA and BKMEA. For example, National Garment Workers Federation (NGWF) alleged that about 30% of workers did not get their due wages which is higher than the

number mentioned by the association, BGMEA. Most of the factories which paid the wages did not make the full payment. A number of employers cut wages for the last five days of March 2020 when factories were closed for government announced holidays. Overall, the partnership between employers and employees in the RMG sector has weakened due to lack of financial contingency of the factories.

The second way of confronting challenge was when workers experienced lay-offs or retrenchment from the factories. There is no official record of the lay-offs or retrenchment of workers from RMG factories. As the crisis in businesses intensified, the difficulty to provide jobs and wages has been getting more difficult, which might lead to a rise in a number of laid-off workers. According to the Garment Workers Trade Union Centre, at least 30,000 workers were laid off during the first four weeks of the shutdown. The Penn State Center for Global Workers' Rights (2020) has estimated that more than a million Bangladeshi apparel workers were laid off during mid-March to early-April, 2020. In some instances, there are incidences of retrenchment of workers in garment factories. According to the workers' organisations, the provisions of the labour law related to laying off and retrenchment of workers were not properly followed in a number of cases. Hence, the partnership between employers and employees has experienced another setback in terms of failure to assure jobs, proper payment of wages and other dues and payment of dues in case of laying off of workers.

The third way of confronting challenge was when workers were forced to return to work during and after the public holidays in a period of a high level of health risk. As per instruction of the MoLE, factories with emergency export orders, and were producing masks and PPE, could remain open during the lockdown period by maintaining health safety measures. A section of RMG employers did not comply with health emergency directives announced by MoLE and even did pay due attention

<sup>6</sup>According to BGMEA as of 19 May 2020, about 99 per cent of its member factories have paid workers' wages for the month of April, 2020 except 46 factories (Textile Today, 19 May 2020). It has requested the DIFE to force shutting down those 46 factories. On the other hand, only half of BKMEA member factories paid workers wages as per the schedule.

to the notices of their associations. Lack of coordination between different concerned ministries and departments such as the Ministry of Health (MoH) and Ministry of Labour & Employment (MoLE) as well as the Ministry of Commerce with regard to following health emergency directives has increased workers' health risks further. Moreover, community-level health-related concerns in RMG clusters were not properly addressed in the official directives/guidance and the notices issued by the associations. As per ILO's emergency guideline, no factories can force workers to work during the time of emergencies. It is alleged by the workers that the safety measures taken by these factories were not sufficient. Most importantly, the social distance was poorly maintained in the workplace, let alone outside the work premises. However, the use of masks, sanitiser and temperature controls at the factories have increased after the directives issued by the MoLE and MoH. The hotspots for corona outbreak so far are Dhaka, Narayanganj and Gazipur which are the most crowded cities as well as the major RMG clusters. It is alleged that a considerable number of RMG workers got affected because of living in those congested areas and commuting their factories without adequate safety protection.

Overall, the partnership between employers and workers have once again been damaged due to limited attention paid to maintain social distancing for workers in the workplace and outside the workplace, particularly at the community level.<sup>7</sup>

**Support Measures for Workers:** The initiatives and measures targeting workers and working

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<sup>7</sup> It is to be noted that the partnership between employers and workers in the RMG sector has always been weak and that it is not sufficiently institutionalized and has always been marked by stark power imbalances. Over the decades, workers have been struggling to ensure their entitlements in decent employment in terms of employability, decent wages, occupational safety and health and workers' rights. A number of initiatives have been undertaken addressing the challenges on decent employment during the post-COVID period with a view to improve the partnership between employers and workers.

conditions are limited. Government has announced a credit line support of Tk. 5000 crore for employers to pay workers' wages for three months. This credit has already been disbursed to factories at a zero-interest rate (2 per cent service charge) to pay workers' wages for the months of April, May and June 2020. According to the circular of the Bangladesh Bank (6 April 2020) factories which want to pay wages to its workers under this credit line must open bank accounts/mobile financial service (MFS) accounts for all its workers within 20 April 2020.<sup>8</sup> To open accounts, workers need to show their NID or birth registration documents. According to BGMEA and BKMEA, about 1,920,000 MFS accounts were opened by RMG workers as of 18 April 2020 (9.7 lac accounts in 'Bkash', 5.5 lakh accounts in 'Rocket' and 4.0 lakh accounts in 'Nagad').<sup>9</sup> After initial debate over technical difficulties for opening MFS accounts, the progress made so far in opening accounts is impressive which indicate that opening MFS accounts by workers is not so difficult and factories could submit related information to the banks within the extended deadline for availing credit.<sup>10</sup> It is to be noted that a small section of workers has opened bank accounts during this period although opening a bank account is relatively difficult compared to that of MFS account.

To address COVID related challenges on industrial safety and industrial relations, DIFE has formed a total of 23 crisis management committees on 12 April 2020. The key responsibilities of these committees are ensuring timely payment of wages, undertaking joint inspection/investigation, forming tripartite arbitration, ensuring strict compliance of

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<sup>8</sup> With the request of the employers, the deadline for submission of loan application with information of bank/MBFS accounts of workers had been extended till 5 May, 2020.

<sup>9</sup> As of 2 May, 2020, about 3 million workers have opened their bank accounts/MBFS accounts.

<sup>10</sup> According to newspaper reports, as of 11 May, 2020 a total of 2,132 garment factories have applied for Tk.3,343 crore from the stimulus package. Of those, 1,615 are BGMEA members, which have applied for Tk.2,614 crore, and 517 are BKMEA member which have applied for Tk.729 crore.

Corona hygiene standards, coordinating with local administration and industrial police and creating a database of beneficiary workers. Although the initiatives are undertaken by the government in addressing the crisis in the right direction, the extent of support and effectiveness of the committees are found to be weak in rebuilding the partnership between workers and employers. The activities of the committees were noticed during the early phase of the crisis, but those were largely absent in the following phases.

### 5. CRISIS IN WORKERS' LIVELIHOOD DURING COVID-19: MOST CHALLENGING PART OF PARTNERSHIP IN THE RMG VALUE CHAIN

**Challenges in Workers' Livelihood:** Workers' livelihood crisis have been exposed because of disruptions in the RMG supply chains since the early phase of COVID pandemic in Bangladesh. Delayed/non-payment of wages for March 2020<sup>11</sup> and unwanted movement to Dhaka during the time of restriction of people's movement in early April bearing high expenses, had put the workers in trouble in managing household expenses during April and coming months.<sup>12</sup> The situation got aggravated as spouses of most of the married workers have limited scopes of jobs outside the RMG sector at this moment.<sup>13</sup> It is important to ensure timely payment of workers' wages for the months of March and April and subsequent months as well. Millions of workers are now passing life with uncertainty in view of no/limited work in a considerable number of factories, shutting down factories' operation due to health emergencies, and consequent laying off of and firing of workers. Without minimum income

support, a number of livelihood challenges are getting acute for RMG workers, including a shortage of food, unpaid house rents, utility bills and children's school fees.<sup>14</sup> Despite the lockdowns, many workers are leaving their homes and went to villages due to the fear of a rising food crisis.

The gradual exposition of the livelihood-related crisis made the challenges more complex. Malnutrition is one area of great concern. About 43 per cent of the RMG workers were already suffering from chronic malnutrition in the pre-COVID period. With the spread of Corona, the nutrition problem is likely to increase further and will get acute in the coming months with the fall of earning.

### **Supportive Measures for Maintaining Minimum Livelihood Standards:**

The wage-support for the workers under the stimulus package of Tk. 5000 crore credit-line is a major initiative at the initial phase which will continue till June 2020. Given the prolonged nature of the crisis, such minimum income support for workers needs to be extended. It was expected that workers would also receive the subsidised food support which was supposed to launch under the open market sale (OMS) in all cities and district towns from 5 April 2020. Due to mismanagement<sup>15</sup> and allegations of corruption, it was however annulled on 13 April 2020 but reinstated two days later.<sup>16</sup> Each person is allowed to buy a maximum five kg of rice once in a week showing the national identity card.<sup>17</sup> In case the OMS does not cover industrial clusters, the government needs to introduce ration cards for RMG workers in major industrial clusters. The rise in workers'

<sup>11</sup>The delay or non-payment of workers' wages have been further exposed in case of payment for the months of April and May as well as half or no-payment of eid-bonus during the eid festival (i.e. Eid-ul-Fitr).

<sup>12</sup>According to CPD (2020a) over 60 per cent of workers received 65 per cent of their gross wages during April and 60 per cent during May, 2020. Only 10 per cent of workers received their full wages for the month of April, 2020.

<sup>13</sup>CPD (2020a) identified that about 35 per cent of workers' spouses have no income due to economic lockdown.

<sup>14</sup>According to a CPD (2020,a) telephone survey, about 63 per cent workers could not pay house rent for the month of April, 39 per cent have not yet paid utility charges and 36 per cent have not yet paid school fees of their children.

<sup>15</sup>See details at: <https://www.newagebd.net/article/105648/mismanagement-hampers-rice-oms-in-dhaka>

<sup>16</sup>Under the OMS programme, rice is being sold from 10 am to 3pm on Sunday, Tuesday and Thursday every week.

<sup>17</sup>CPD (2020a) workers' survey found that only a few workers have got support under the OMS programme perhaps the distribution is not taken place so much in RMG clusters.

livelihood crisis indicates that partners in the RMG value chains are most likely unaware of the concerned issues. In this context, workers need initiatives beyond wage-support.

### 6. CHALLENGES IN ENSURING WORKERS' RIGHTS DURING COVID 19: ABSENCE OF PARTNERSHIP

#### ***Challenges in Ensuring Workers' Rights:***

Workers' rights have been severely undermined in the RMG factories during the crisis of COVID-19. Factory management and workers have only seldom discussed labour rights issues internally. This was portrayed through the limited level of reporting about those issues in the national media. In extreme cases, when workers raised their voices outside the factory, industrial police and concerned government officials took initiatives to abstain workers from the procession.<sup>18</sup>

A number of workers' organisations (Sramik Karmachari Oikya Parishad, National Garment Workers Federation, Somnilito Garments Sramik Federation and Socialist Workers Front) claimed that employers are laying off of workers by misusing sections 12 and 16 of the Labour Act<sup>19</sup>. During the public holidays of March-May, workers cannot be laid off. The owners did not show any social responsibility at a time when workers needed support. Workers organisations demanded payment of full wages for workers for the next three months. These organisations raised concerns about inadequate support provided by the government under the stimulus package (Bangladesh Centre for Workers Solidarity – BCWS). The amount of wages provided under the package covered only 65 per cent of workers' gross wages for three months (April, May and June 2020). Moreover, workers working in a factory which is not member factory or working in sub-contracting

factories or factories export less than 80 per cent of their proceeds, did not get the benefit of the stimulus package. Workers had to work with fear as they couldn't avoid going to factories despite knowing the risks of contamination. Moreover, the safety measures undertaken in the workplace were not adequate (IndustriAll Bangladesh Council - IBC). However, the voice raised by the workers' organisations and trade unions at the national level with regard to workers' entitlements and rights on wages and other benefits were not so strong, as was observed earlier. On the other hand, there was very limited effort observed in building a partnership between workers organisations with employers and governments and brand-buyers to address various entitlements and rights issues of workers. Local RMG workers' voices were almost unheard of about making the brands/buyers more responsible for their business practices (RBPs). Similarly, responsibility-sharing by the market players across the value chain was not strongly uttered both at national and global levels. Even if the issues raised, it takes too long to establish this along the value chain.

### 7. CONCLUSION: TOWARDS STRENGTHENING PARTNERSHIP IN THE RMG VALUE CHAIN

The present study reviews how key market players responded to the COVID-19 pandemic crisis across the RMG value chain of Bangladesh from the perspective and spirit of partnership which was developed during the post-Rana Plaza period. It is revealed that the partnership of the market players in the RMG value chain is under threat. There are strong indications of downgraded adjustments and risk-coping strategies at the suppliers' end, particularly in the case of the world of work. Even in some instances, there are indications of further downgraded risks in the world of work which is a concern in the context of future adjustment process for businesses and workers in the RMG sector.

#### ***Addressing the Challenges in Business Operations During COVID 19:*** Majority of

<sup>18</sup>According to Moazzem et al. (2017) majority of workers unrest issues are related with lack of compliance in paying workers' wages and other entitled financial benefits.

<sup>19</sup>These sections of Labour Act discuss provisions for entitled benefits for workers in case they are lay-off or retrenched.



enterprises in the RMG sector have been confronting multiple challenges and risks and exploring multiple ways of adjustments. CPD (2020b) proposed a number of fiscal policy support for the sector for the national budget FY2021. These include increased depreciation of assets for two years: FY2020 and FY2021, special reduced rate of VAT for the domestic purchase of goods and services for six months, relief from penalties and interest for tax-related payments till December 2020, payment of corporate taxes for FY2020 by instalments till March 2021; and introduction of tax credits for amounts paid by businesses to sanitise work premises for FY2021. The fiscal support announced in the National Budget for FY2021 will help factories to rebuild their production base for export.

In the backdrop of allocating the highest amount of monetary, fiscal and sectoral supports for the RMG sector, failure to pay workers as per commitment, laying off of workers from factories and even partial retrenchment of workers, demonstrated a sheer contradiction with the spirit of partnership between government, employers and workers. In the context of the spirit of shared responsibilities, a large section of brands/buyers were found to be in a questionable role during COVID-19 period. The application of 'force majeure' clause needs to be reviewed by the International Chamber of Commerce (ICC). It is expected that ICC local body, ICCB will facilitate that process.

The brands and buyers should demonstrate their partnership through responsible business practices (RBPs). The newly formed European Textile Alliance has agreed to implement key RBPs during the crisis and initial recovery phase. These include- (a) maintaining frequent and transparent dialogue with all supply chain partners on sourcing decisions and looking for collaborative solutions; (b) ensuring payment of completed or in progress orders on time and in full according to the original terms; collaborating with suppliers on orders for upcoming months

to identify alternatives to cancelling orders; (c) prioritising to cover labour costs and material costs that have already incurred within a reasonable amount of time if orders cannot be completed, being flexible about delivery dates, payment terms, and financial liability in anticipating changes or delays in production; (d) not terminating business relationship with the suppliers without first having discussed scenarios and solutions with suppliers, and if exit is unavoidable ensure that workers are protected and paid; (e) making sure safety measures to contain the risk of infection are implemented at the work floor and workers are informed about their right and provided correct information on preventive safety measures; (f) setting a mechanism in place to address questions from workers and involving them in decision making; and (g) ensuring workers access to a trade union or worker representation collectively and ensuring their access to safe transportation to the factory.

Trade bodies such as BGMEA and BKMEA should further enhance their cooperation with other regional trade bodies in building cooperation on ensuring responsible business practices in buyers' purchasing practices. It is expected that governments of major importing countries will make aware their MNEs in taking share a part of this responsibility under the RBPs. Big brands and retailers as part of implementing RBPs may consider redistribution of monthly export orders to different suppliers of different countries putting preference to suppliers of low-income and lower-middle-income countries such as Bangladesh, Cambodia and Myanmar etc.

### ***Addressing the Challenges in Working***

***Condition During COVID 19:*** The crisis management committees formed by DIFE need to be proactive in ensuring payment of workers' wages during the lockdown period (March-June 2020) as well as earlier dues as a section of workers still did not get their wages.

Government's stimulus package for payment of workers' wages should not be used for laying

off and subsequent retrenchment of workers. Similarly, fiscal support to be announced in the upcoming budget should not be allocated for factories announced laying off/retrenched workers. It is expected that brands and buyers should come forward so that workers are not being retrenched. They should come forward with predictability in future work orders as quickly as possible as the business environment is gradually improving in major apparel-importing countries (e.g. Germany, UK and other countries).

The DIFE should regularly make a public announcement about the situation of workers and working conditions in garment factories during the period of COVID-19 by providing information on payment of wages, payment dues to workers, measures taken against factories having workers' dues, factories gone for lay-offs (partial/full) and actions taken against illegal lay-off activities. Necessary safety protocols and measures need to be developed based on the ILO emergency safety protocol. The health emergency guideline announced by the MoH needs to be followed in RMG factories. ILO protocol should be distributed, and related training at the factory level needs to be provided on an urgent basis.

In this context, the MoH should make a regular public announcement regarding updated information on Corona affected workers in the RMG clusters. This information should be made public on a regular basis. Directives of the MoH needs to be given adequate importance with regard to workplace safety.

### ***Addressing the Livelihood-related Challenges:***

Passing days in starvation and chronic malnutrition by workers and their families do not express the spirit of shared responsibilities in the value chains. Workers should receive minimum income support until the business situation improves. The stimulus package announced by the government to ensure workers' wages for three months is the first step towards this direction. Workers need to be

included in the food rationing system; on the other hand, OMS services should be introduced in major industrial clusters. Strong monitoring and oversight in the distribution of food are required to control leakage and corruption. Such monitoring could be done by local-level committees to be formed with representatives for local administration, political parties, NGOs/CSOs and social organisations etc. In the case of distribution of food, it is important to maintain health safety guidelines. Given the extent of difficulties, development partners of the main apparel importing countries are expected to come forward with long term support for workers; brands/buyers should contribute to such initiative. Delay in providing regular support would push a section of workers to engage in low/downgraded activities. Workers' uncertainty in income needs to be lessened through a joint effort of employers, brands, buyers and government. Major apparel importing countries should come forward with supportive measures for workers (e.g. minimum income support at least for six months).

***Addressing Health-related Challenges:*** Given the limited level of awareness about emergency health issues, particularly those of COVID-19, a number of activities at the workers level need to be taken on an urgent basis. These include raising awareness among workers, distributing medical kits and maintaining social distancing etc. The public health alert announced by the MoH should provide more information about the professional affiliation of corona patients and their work experience etc. Such information will help to undertake more targeted measures for different professionals to address the corona spread. The health-related directives (those provided by MoC & MoLE) should be properly coordinated with the MoH. In such cases, the directives of the MoH should get priority in taking decisions.

***Workers' Rights-related Challenges:*** The appearance and functionality of workers' organisations during the time of COVID-19 outbreak and the post-COVID period should

be more visible and effective. The spirit of partnership during the post-Rana Plaza period in ensuring workers' rights is somewhat absent in their ongoing initiatives. Limited effort is given by the organisations which is reported in the media. However, it is also important to note that workers organisations have been confronting challenges in undertaking initiatives such as traditional weaknesses and divisions, less equipped to work and voice digitally and less keenness in the media in giving them sufficient room to raise their issues. Few initiatives were observed in the RMG sector from trade unions and other workers' solidarity organisations when factories had gone for laid off of and retrenched workers. Workers organisations working in affiliation with international trade unions and workers' rights organisations have raised their voices at a limited scale. Those initiatives have given priorities to local level issues such as responsibilities of the stakeholders, including employers and government in meeting workers' demand. These organisations should raise their voices equally for a strong role of other important players in the value chains such as brands and buyers for maintaining RBPs and major apparel importing countries on meeting their social commitment during this period of global crisis.

The social dialogue mechanism such as factory-level discussion between representatives of factory management and workers' organisations including WPCs and trade unions, sectoral level discussion between representatives of BGMEA and BKMEA with representatives of workers' federations should play an effective role in these regards. These dialogue platforms should be applied more effectively during the time of challenges in businesses, working conditions, workers' wages and their livelihood issues. However, the government needs to expedite the process of functioning such social dialogue mechanisms in the RMG sector. It is important to mention that the Global Union Federations have come out strongly, including IndustriAll and ITUC about the role and responsibility to be played by international players in the RMG

value chain. Proper implementation of different promises should be the priority at this stage.

#### ***Progress in Implementation of the Action***

***Plan:*** According to CPD-ILO (2020), major progress in industrial safety in the RMG sector is observed during the post-Rana Plaza period. This initiative needs to be broadened addressing the safety concerns of major industrial units and commercial activities, most importantly in textiles, accessories, plastic, chemical, leather, leather goods, boiler-based activities and high-rise commercial buildings etc. Government should consider developing its future plan of action covering further regulatory reforms, policy formulations, adoption of ILO conventions, and implementation of employment injury scheme and addressing the environmental concerns etc.

The monitoring and remediation related activities in the RCC-monitored factories need to be strengthened. The operation of the RSC should be conducted under the direct authority of the DIFE. The future activities related to industrial safety needs to take into cognisance the necessary activities related to the emergencies of COVID-19. This would require enterprise-level preparation, data collection of workplace hazards, training of management and workers' safety measures etc. Necessary safety protocol and measures need to be developed, taking into account the ILO emergency safety protocol. The guideline of the MoH needs to be followed. DIFE should regularly inform about the situation of workers and working conditions in garment factories during the period of COVID-19 by providing information on payment of wages, payment due to workers, measures taken against factories regarding due payments and factories gone for lay-offs (partial/full). Despite having the authority to enforce wage and payment related provisions of the Labour Act, the DIFE and DoL should work closely with employers and workers beyond regulatory bindings in order to ensure 'minimum employment and income support' for the workers during this crisis period.

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