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National News

Working together for sustainable supply chain management in Bangladesh's readymade garment sector

The successes of Bangladesh's readymade garment sector are phenomenal. Starting in 1980 with just 30 units, the sector now employs nearly four million workers, of which more than three million are women, through more than 4000 units. The sector not only earns more than 75% of the country's foreign exchange, but it's socio-economic impact in terms of empowering rural women, in particular, is a stunning success. While there is no turning back from this ongoing socio-economic transformation, the challenges of ensuring good governance in the sector are plenty. The tragic event at Rana Plaza on April 24, 2013 drew the world's attention to the prevailing conditions in Bangladesh's readymade garment sector. TI-Bangladesh's study in 2013 revealed lack of transparency and irregularities in the sector's structure.

The government, with support from other stakeholders, including coalitions of both European, American and Canadian textile companies, took several initiatives to improve the overall conditions of the sector.

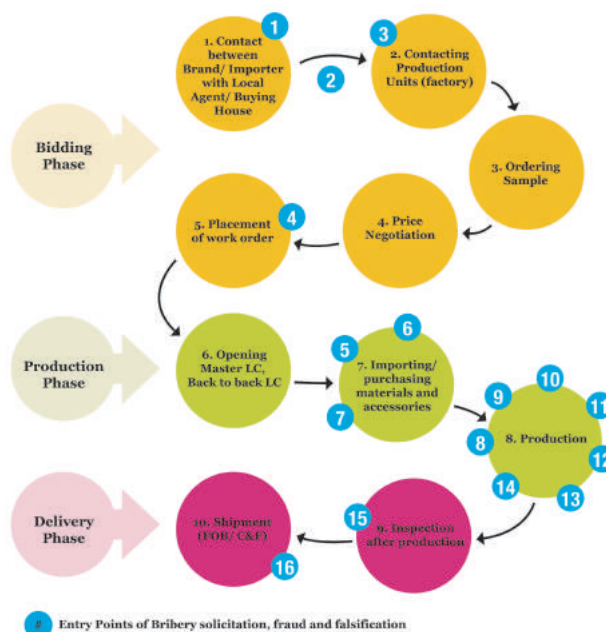
The last two year's positive developments included, among others, the formation of law, streamlining the safety and security standards, providing salaries as per wage board in 95% factories, issuance of identity cards by compliant factories, and Bangladesh Garment Manufacturers and Exporters Association (BGMEA)'s 'Center of Excellence' initiative to enhance workers' awareness on fire safety, and surveys on around 67% factories to ensure fire, electrical and structural safeties by Accord and Alliance. Against this background, a joint TI-Bangladesh and TI-Germany study identified 16 real-life solicitation scenarios ranging from demands of extortion, fraud and falsification in Bangladesh's garment supply chain's three phases: bidding, production and delivery.

Here is a real-life scenario how the compliance auditor is bribed to collect 'compliance certificate' to satisfy the buyer's requirement:

A third party auditor has been appointed to audit a factory, which is under a contract to produce garments for a European buyer. The auditor pays a sudden visit to the factory, and due to unawareness of the visit, it has not been possible for the factory officials to disguise the shortcomings of some of the compliance issues. It is found that the factory is not compliant and many things need to be fixed. When the audit is complete, the owner of the factory requests the auditor to sit in his office room, and he offers the auditor some money for making the report positive and showing that the factory is compliant.

Here is another example how malpractices happen in the production phase when minimum wage, work hour, labor rights by a production unit are violated:

A large North American brand has recently granted a contract to a Bangladeshi garments manufacturer for the delivery of one million pieces of readymade shirts. The company sends an associate/ quality inspector on a surprise visit to the factory where s/he finds that the factory has been using children as young as 12 years for sewing shirt collars. During the visit a worker collapses in front of her. When he regains his sense, s/he makes a companion translate and gets the information that some of the workers like him are made to work 20 hours a day. It is also revealed that the factory does not ensure the workers' minimum wage, nor it pays on time. It has also decreased the basic salary of workers of different grades. However, the factory prepares 2/3 sets of payroll record and hides the actual working hours. Moreover, it presents



fictitious labor accounts including forged working hours and age of the workers. The quality inspector takes notes and before leaving s/he is asked to meet the owner in private for tea in his office. He then asks the quality inspector how much he has to pay to make her “overlook” the violations of labor laws and manipulated data.

Here is another example how buyers' unnecessary demand generates awkward situation creating scopes for malpractices during the production phase: A readymade garment factory situated near the Capital signs a contract with an American buyer to produce 20 thousand denim trousers. The buyer gives the design and requirements of their accessories for the product. The PU then collects all the accessories as per requirement and starts the production. But during the production period the buyer changes the design several times in the name of changing trends in fashion, which creates extra pressure on the PU to finish the production. The buyer does not agree to give extra time which adds pressure on the PU to meet the deadline. The factory is compelled to have the labor work extra hours. Moreover, the buyer asks that if the PU is not able to meet the time limit, it has to ensure air shipment at its own cost and threatens to cancel the work order. Even though according to the business deal between the factory and the buyer, some commercial costs were to be borne by the buyer, it refused to take over any extra cost for air shipment. It is quite sure that after maintaining all these requirements, the supplier will not be able to pay the labor neither in full nor in time. He feels being forced into illegal actions like violating labor laws and bribing the auditor.



And finally, another example during the supply phase when buyer's fake claims during port inspection with an aim to blackmail the PU for giving a discount:

Recently a PU has produced 20,000 sweaters for a German buyer. In the production period it has maintained all requirements of the buyer along with compliance issues. The product has also been checked by a third party auditor selected by buyer. After completion of production, the factory has sent the products to port for shipment at its own cost. But in the port an inspection has been held by a buyer representative though there is no representative from the PU. The buyer representative claims that there are many broken and torn cartons and the packing is not accurate. Then the buyer threatens to cancel the order and send back the entire shipment to the factory's warehouse.

After a while, the buyer calls the factory again and gives an option that if it gives him 20% discount on the products he will accept the entire shipment.

Releasing the report: **UNDRESS CORRUPTION - How to Prevent Corruption in The Readymade Garment Sector: Scenarios from Bangladesh in Dhaka** through a press conference on 14 January, TI-Bangladesh's Executive Director Dr. Iftekharuzzaman said: ""We are habituated to blaming our factory owners, exporters and government employees. But buyers, who are buying and making profits, are no less responsible for irregularities." Some buyers use their business and financial power and sometimes hold local factories hostage by placing orders to non-compliant factories to buy products at low prices, Dr. Zaman observed during the press conference. The study reveals that irregularities along the entire RMG supply chain have become a defacto rule. Violations of existing labor and safety laws are being “overlooked” through bribes which is also used to hide deficiencies of quality and quantity and non-compliance with buyers' Codes of Conduct. In this atmosphere of failing governance and accountability of stakeholders, extortion is an additional “tool” used to maximize profit.

TI-Bangladesh urged the Government of Bangladesh to play a greater role in supervising and monitoring the sector and allocate additional resources. It also urged ensuring proper implementation of laws especially labor laws and rules. TI-Bangladesh also suggested that BGMEA, as the leading business association of the RMG sector, should guide its members to ensure integrity by strengthening its monitoring and supervision in terms of protecting the rights of its members that face challenges from the buyers.

TI-Bangladesh also suggested that a valid audit mechanism should be established by the buyers/ customers including regular internal audit on ethics and fair dealings and effective feedback procedure (factory) on each audit should be carried out by the top management of the buyers/customers.

The entire set of recommendations for all stakeholders can be found.

Bangladesh's CPI 2015 score is same as 2014, slips one position from bottom: TIB calls for challenging impunity and bring the corrupt to justice

Bangladesh scored 25 out of 100 points and ranked 13th position from the bottom and 139th from the top among 168 countries in the Transparency International's (TI) Corruption Perception Index (CPI) 2015. Bangladesh's score remained same at 25 compared to scores of 2014, while the rank went down by a position from the bottom, and moved up six positions from the top.

Releasing TI's CPI 2015 findings through a press conference in its Dhanmondi office this morning, TI-Bangladesh's (TIB) Executive Director Dr. Iftekharuzzaman stressed that strong political will to fight corruption is a must and institutions of accountability and rule of law must be allowed to function independently and effectively free from partisan influence. Conducive environment must be created for people at large, particularly media, civil society, and NGOs to raise and strengthen the demand for accountability.



Observing that ACC is widely perceived to have been subjected to direct or indirect political and government influence, undermining its independence and effectiveness, Dr. Zaman commented that the level of public trust is low on the prospect of bringing to justice in foreseeable future the key actors in such high profile corruption scandals as, Sonali Bank, Basic Bank, Destiny group, Rana Plaza, and the stock market. ACC for its part is not also believed to have demonstrated the professionalism and capacity befitting its mandate and expectation, he further observed.

According to CPI 2015, once again Bangladesh is the second worst performer in South Asia, better than only Afghanistan, which has scored 11, ranked 166th, the second lowest globally. All other South Asian countries – Bhutan, India, Sri Lanka, Pakistan and Nepal have scored more and ranked higher than Bangladesh in that order. At the lowest position in the global list are Somalia and North Korea jointly having scored 8 points.

Observing that the denial syndrome in a section of the political authority has prevented the prospect of accountability feeding into a culture of impunity, Dr. Zaman commented that people with direct or indirect links with power have continued unauthorized capture of land, forest, river and water bodies and the practice of loan-default.

Countries perceived to be least affected by corruption are: Denmark on top for the second successive year having scored 91 followed by Finland (90), New Zealand (89), Netherlands and Norway (87), Switzerland (86), Singapore (85), Canada (83), and Germany, Luxembourg and UK (81). Other than Singapore, only Japan, Hong Kong, Qatar and UAE have scored 70 or more.

Bangladesh's upward movement in ranking could be a source of satisfaction if not for the fact that it has happened mainly because all seven countries that could not be surveyed have always scored higher than Bangladesh. These seven countries are: Barbados, Bahamas, St. Vincent and the Grenadines, Puerto Rico, Dominica, Samoa and Swaziland.

Launched in 1995, CPI provides international comparison of countries by perceived prevalence of corruption. It is a survey of surveys (12 in 2015) conducted by reputed international organizations. Information used in CPI relates to corruption in the public sector, particularly political and administrative; conflict of interest; unauthorized payment in the delivery of government functions, justice, executive, law enforcement and tax collection. The government's capacity to control corruption is also considered.

CPI is generated on the basis of data collected from multiple reputable sources, and this year's data for Bangladesh were collected from seven sources: Economist Intelligence Unit-Country Risk Assessment, Global Insight Country Risk Ratings, International Country Risk Guide, World Bank Country Policy and Institutional Assessment, World Economic Forum Executive Opinion Survey, World Justice Project-Rule of Law Index and Bertelsmann Foundation Transformation Index.

Bangladesh was earlier placed at the bottom of the list for five successive years from 2001-2005. In 2006, 2007, 2008, 2009 and 2010 Bangladesh was ranked at no 3, 7, 10, 13, and 12 respectively while in 2011 and 2012 we were 13th, 16th in 2013, and 14th in 2014.

CPI defines corruption as abuse of public office for private and political gain. No data generated by any of TI local chapter research is considered for analysis and global rating. The rolling data from February 2013 to August 2015 were used for CPI 2015.

The 8th National Cub Camporee 2016

Cub scouts receive concept of social movement against corruption visiting TIB stall

Hundreds of cub scouts got chance to know about social movement against corruption by visiting TIB stall at Global Development Village (GDV) organized by Bangladesh Scouts at National Scouts Training Centre, Mouchak, Gazipur on the occasion of the 8th National Cub Camporee 2016. A good number of local visitors also visited TIB stall set up on the Scouts High School premises. The visitors were inspired by anti-corruption TVC, cartoons, photos and publications showcased at the stall. Almost 8 thousand cub scouts from different regions of Bangladesh scouts participated in the camporee from 23 to 27 of January.



Prime Minister Sheikh Hasina inaugurated the camporee as chief guest on 23rd of January through video conference. Amir Hossain Amu, Minister, Ministry of Industries, Mofazzal Hossain Chowdhury Maya, Minister, Relief and Disaster Management and State Minister for Woman and Children Affairs Ministry Begum Meher Afroz were present at the inaugural programme as special guests. Principal Secretary to the Prime Minister Md. Abul Kalam Azad, also president of Bangladesh Scouts took the chair in the programme.

Some anti-corruption research books, stickers, flyers, wrist bands and pens were also distributed for free among the visitors from TIB stall. More than three thousand visitors including cub scouts visited the stall in the 5-day-camporee. A total of 50 organizations from both public and private sectors including CRP, VERC, NGO Forum for Public Health, Brac Education Programme, Directorate of Disaster Management set up stalls in the camporee.

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