

BUILDING A SUSTAINABLE TEXTILE AND APPAREL MARKET IN BANGLADESH

Bangladesh's \$28 billion textile and apparel industries are vital to its economy—generating 20 percent of GDP and over 80 percent of export earnings, while employing 4.5 million people, mostly women. However, to continue doing business with major clothing brands, suppliers must meet international standards for working conditions and environmental impact. IFC's package of advisory and financial services helps Bangladesh reach that goal. By partnering with the government, over 30 multinational brands, supplier factories, and other key stakeholders, IFC helps to raise social and environmental standards, while boosting productivity and competitiveness in these crucial sectors.

THE CHALLENGES

Bangladeshi garment factories and mills that wash, dye, and finish fabrics consume 1,500 billion liters of water annually, which exacerbates falling ground water levels. They also discharge toxic effluent that contaminates waterways and surrounding environments, contributing to frequent shortages for local communities, and harming health, food production, and economic growth. In addition, many apparel companies rely on polluting and expensive generators that emit high levels of greenhouse gases. And despite recent reforms in the wake of the deadly Tazreen fire in 2012 and the Rana Plaza collapse in 2013, working conditions and safety standards also remain a challenge in many factories.

IFC'S ROLE AND IMPACT

IFC's integrated solutions enable Bangladeshi companies to raise their labor, safety and environmental performance, improve productivity and competitiveness—all while growing their businesses.

Reducing water and energy consumption: IFC experts provide in-depth, tailored advice and technical assistance that enable wet mills and garment factories to lower water, energy, and chemical usage, reduce pollution, and cut operational costs. We also help suppliers switch to eco-friendly equipment and renewable energy, such as solar. Already, the IFC-led Partnership for Cleaner Textile (PaCT) has provided more than 200 factories with on-site assessments, and advice on easy, low cost solutions and larger capital investments that helped slash water use by 21 billion liters per year. These investments also reduced greenhouse gas emissions by 460,000 tons annually—equivalent to removing 100,000 cars from the road. We also helped factories cut annual energy use by 2.5 million MWh and wastewater discharge by 18.8 billion liters. IFC has invested \$12.3 million in garment suppliers who implemented cleaner production measures.



WHAT OUR CLIENTS SAY

“IFC’s invaluable support, particularly in understanding the need for resource efficiency upgrades in our plants, and linking us to the right financial institution, helped us to receive finance within a short time, at attractive terms. As a progressive institution, we feel encouraged to invest in more such upgradation projects in the future.”

—Anis Salahuddin Ahmad, Director,
Comfit Composite Knit Ltd.



Improving working conditions: The Better Work program, a joint initiative by IFC and the International Labor Organization (ILO), provides on-the-ground assessments of garment factories, advice, training, advocacy, and research to help the apparel sector meet labor and safety standards. Its partnership with government, employers, unions, buyers, and other industry stakeholders ensures positive change throughout the sector. So far, we have worked with more than 140 factories and have helped improve safety and working conditions for 300,000 workers.

Driving sustainability through financial incentives: IFC's Global Trade Supplier Finance (GTSF) offers suppliers monetary incentives to improve their environmental and social standards. This \$500 million investment and advisory program helps suppliers manage working capital, convert sales receivables to immediate cash, and access lower-cost financing. Meanwhile, PaCT advocacy helped create a \$200 million Green Transformation Fund, through which the Bangladeshi government supports low cost financing for resource efficiency in the textile industry. IFC also collaborated with Bangladesh Bank to build capacity in Environment & Social Risk Management for financial institutions lending to apparel companies.

Strengthening fire and building safety: IFC works with the Bangladesh government to design business-friendly safety policies and regulations, and strengthen the institutions that implement them. IFC also allocated \$40 million in financing for factories to upgrade structural, electrical, and fire safety systems.

Developing state-of-the-art industrial parks: IFC helped the government enact laws allowing private sector participation in the development and operation of economic zones to facilitate greater expansion of the textile and garment industries.

Enhancing career progression opportunities for female sewing operators: IFC's Women Progression & Productivity Toolkit training program equips female operators with the technical and soft skills to move into supervisory positions, and trains factory managers on how to identify, train and retain female talent. Built into the pilot is robust impact evaluation measuring female operators' progression rates, and impact on line productivity.

Creating new opportunities in clean-energy, resource efficiency, and occupational health and safety: IFC advisory built a pool of 20 local Cleaner Production Auditors, and established the Textile Technology Business Centre, which matches vendors of eco-smart products and services with textile companies. To date, partner factories have invested \$39 million in environmentally-friendly equipment and technologies.

IN PARTNERSHIP WITH

The governments of Bangladesh, Australia, and Japan, and the Embassy of the Kingdom of the Netherlands.

We also work closely with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the Alliance for Bangladesh Worker Safety, the Accord on Fire Safety and Building Safety in Bangladesh, and key private sector stakeholders, including global brands such as Nike, PUMA, H&M, VF Corporation, and Levi Strauss & Co.

