

OVERVIEW

IFC, a member of the World Bank Group, holistically addresses tough challenges in the garment sector—a sector that contributes significantly to the economy of Bangladesh. A lower-middle-income country and the world's second-largest exporter of ready-made garments, Bangladesh has 4.5 million citizens employed in the industry. Apparel exports account for 20 percent of the country's GDP.¹

Strengthening the position of the nation's garment sector in global supply chains, IFC's Bangladesh Textile Competitiveness (BTC) program—and other initiatives summarized below—helps catalyze efforts to improve competitiveness, working conditions and resource efficiency in the apparel sector. IFC also provides factories with access to short- and medium-term financing.²



¹ WorldBank.org. "Bangladesh Apparel Exports Can Create More Jobs" accessed April 25, 2017. <http://www.worldbank.org/en/news/press-release/2016/05/02/bangladesh-apparel-exports-can-create-more-jobs-world-bank>

² IFC.org. "IFC in Bangladesh," accessed February 8, 2017. http://www.ifc.org/wps/wcm/connect/region_ext_content/regions/south/asia/countries/bangladesh_overview

³ *Progress and Potential: How Better Work is improving garment workers' lives and boosting factory competitiveness*; Briefs Tab, accessed January 24, 2017. <http://betterwork.org/blog/portfolio/impact-assessment/#1474552589197-d236do62-907c>.

⁴ As of February 7, 2017, the other six Better Work countries include Cambodia, Haiti, Indonesia, Jordan, Nicaragua and Vietnam.

⁵ BetterWork.org. "Better Work Bangladesh," accessed February 8, 2017. <http://betterwork.org/about-us/where-we-work/bwb-home/bwb-our-programme/>

⁶ IFC.org. "Sustainability," accessed February 8, 2017. http://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/manufacturing/sectors/textiles/manufacturing_textiles_sustainability

⁷ Ibid., accessed March 16, 2017.

⁸ IFC.org, *Remediation Financing in Bangladesh's RMG Sector*, accessed March 22, 2017. https://www.ifc.org/wps/wcm/connect/650e70d9-3744-41ff-875a-a790840b23b8/Report_Remediation+Financing_Bangladesh.pdf?MOD=AJPERES

⁹ IFC.org. "Trade and Supply-Chain Finance," accessed January 24, 2017. http://www.ifc.org/wps/wcm/connect/CORP_EXT_Content/IFC_External_Corporate_Site/Solutions/Products+and+Services/TSCF.

¹⁰ Textilepact.net. Home Page, accessed February 8, 2017. <http://www.textilepact.net/>

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IFC Engagement in the Bangladesh Apparel Sector

How IFC Supports Bangladesh's Position in the Global Apparel Supply Chain



Better Work

Better Work—an IFC-International Labour Organization (ILO) partnership—mobilizes factories, buyers, and brands in the apparel industry to boost competitiveness, productivity and profitability through improved working conditions. In Bangladesh, 136 factories take part, representing 30 international brands and retailers and assisting 320,000 workers by providing labor assessments and training and advisory services.³ The program⁴ also takes an active role in the National Tripartite Plan of Action on Fire Safety and Structural Integrity.⁵

Gender

The IFC Gender Secretariat, the Bangladesh Textile Competitiveness program, the government of Japan, Let's Work (a multi-donor initiative) and Better Work Bangladesh are collaborating on implementation of the Work Progression and Productivity initiative. The partnership helps factories to promote female sewing operators by teaching them the soft skills and technical knowledge necessary to take on supervisory roles. In its first phase, 30 factories are taking part, training 240 female operators and managers.

Fire & Building Safety

IFC works with the Bangladesh government to design and implement business-friendly policies, laws and regulations while strengthening the institutions that implement them.⁶ This improves the country's ability to attract business from international buyers and brands.

Building on this, IFC supports intensive private-sector fire-prevention and safety efforts,⁷ including the following:

- Provided \$40 million in financing for local banks to on-lend to factories so they can upgrade their structural, electrical, and fire-safety standards
- Collaborating with Bangladesh Bank to build capacity in Environment & Social Risk Management (ESRM) for financial institutions lending to companies in the garment sector
- Completed *Remediation Financing in Bangladesh's RMG Sector* (co-funded by the ILO),⁸ a study which analyzed the cost of safety improvements and factories' abilities to finance the upgrades

Global Trade Supplier Finance Program (GTSF)

Launched in 2010, the GTSF program⁹ provides short-term, post-shipment capital to suppliers in emerging markets, immediately after the buyer agrees to pay. GTSF...

- Determines supplier's interest rates based on a combination of the buyer's cost of credit and supplier performance against the buyer's Environmental and Social (E&S) standards
- Offers suppliers monetary incentives to make E&S improvements

In Bangladesh under GTSF, IFC has joined forces with Levi Strauss & Co. to finance their suppliers. To date, IFC has disbursed more than \$300 million to Levi's suppliers.

Partnership for Cleaner Textiles (PaCT)

In 2013, IFC led the establishment of PaCT, a partnership of 15 brands that assists 215 factories in adopting state-of-the-art efficiency practices to reduce water, energy and chemical use in the textile industry. Other partners include global apparel brands, factories, and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Together, partners have saved the following, *per year*:¹⁰

- 18.4 billion liters of water per year
- 275,000 tons of greenhouse-gas emissions per year
- \$12.4 million per year
- 1.8 million megawatt hours of energy per year
- 15.9 billion liters of wastewater per year