



USAID
FROM THE AMERICAN PEOPLE

THE LABOR SECTOR AND U.S. FOREIGN ASSISTANCE GOALS

BANGLADESH LABOR SECTOR ASSESSMENT



SEPTEMBER 2008

This publication was produced for review by the United States Agency for International Development. It was prepared by ARD, Inc.

ACKNOWLEDGEMENTS

Special thanks to the U.S. Embassy and USAID, particularly Todd Sorenson, for their welcome of the labor assessment team prior to arrival and the array of support provided during our stay in Bangladesh. Habiba Aktar at USAID and Farid Uddin of SSI provided invaluable assistance to keep us scheduled and focused during our time in the field.

The team would like to thank everyone in Bangladesh who graciously shared their time with us. A full listing of contacts made by the team is provided in an annex to this report.

This publication was produced for review by the United States Agency for International Development by:

ARD, Inc., under the Analytical Services II Indefinite Quantity Contract Core Task Order (USAID Contract No. DFD-I-00-04-00227-00), and

USAID Technical Advisor:

Kimberly Ludwig, Senior Civil Society and Labor Advisor, Office of Democracy and Governance

Authors:

Kevin Kolben, Labor Lawyer and Professor, Rutgers Business School
Borany Penh, Sr. Political Economist, U.S. Agency for International Development

Prepared for:

U.S. Agency for International Development
*Bureau of Democracy, Conflict, and Humanitarian Affairs and
Bureau of Economic Growth, Agriculture, and Trade*

and

U.S. Department of State
Bureau of Democracy, Human Rights, and Labor

ARD Contacts:

Rhys Payne, Senior Technical Advisor
Alex Forrester, Project Manager
159 Bank Street, Suite 300
P.O. Box 1397
Burlington, VT 05402
Tel: (802) 658-3890 ext. 2407
Email: rpayne@ardinc.com; aforrester@ardinc.com

THE LABOR SECTOR AND U.S. FOREIGN ASSISTANCE GOALS

BANGLADESH LABOR SECTOR ASSESSMENT

SEPTEMBER 2008

DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

TABLE OF CONTENTS

ACRONYMS	iii
EXECUTIVE SUMMARY	v
1.0 INTRODUCTION	1
1.1 Why Labor and the Labor Sector?	1
1.2 Overview of Global Labor Sector Analytic Initiative	3
1.3 Organization of the Bangladesh Labor Sector Assessment	7
2.0 BANGLADESH: SETTING THE CONTEXT	8
2.1 Bangladesh’s Development Context	8
2.2 Political Economy Overview	9
2.2.1 National Identity and Political Contestation	9
2.2.2 Citizens and the Social Contract	10
2.2.3 Labor in the Political Economic Context	11
2.3.4 The Care-Taker Government (CTG)	12
3.0 BANGLADESH’S LABOR SECTOR	14
3.1 Legal Foundation	14
3.1.1 International Legal Framework	14
3.1.2 History of Domestic Labor Laws	15
3.1.3 Labor Laws and Industrial Relations Environment	16
3.2 Government Institutions	18
3.2.1 Ministries	19
3.2.2 Bangladesh Export Processing Zone Authority	20
3.2.3 The Judiciary: Courts and Arbitration Councils	21
3.2.4 Tripartite Structures	21
3.2.5 Strengths and Weaknesses of Government Institutions	22
3.3 Labor-Related Organizations	22
3.3.1 Worker Organizations/Trade Unions	23
3.3.2 Employer Organizations	24
3.3.3 NGOs and Labor Rights	25
3.3.4 Strengths and Weaknesses of Labor-Related Organizations	26
3.4 Labor Markets In Bangladesh	26
3.4.1 Labor Market Structure: Supply, Demand, and Employment	26
3.4.2 The Informal Economy	27
3.4.3 Wages	28
3.4.4 Labor Migration	29
3.4.5 Competitiveness, Workforce Development, and Productivity	29
3.4.6 Strengths and Weaknesses in the Labor Market	31
4.0 The Role Of Labor In Overarching Development Themes	34
4.1 Peace and Security	34
4.2 Governing Justly and Democratically	34
4.2.1 Rule of Law and Human Rights	34
4.2.2 Good Governance	35
4.2.3 Civil Society	35
4.3 Investing in People	36
4.3.1 Education	36

4.3.2	Health.....	36
4.3.3	Social Services and Protection for Vulnerable Populations .	36
4.4	Economic Growth.....	37
4.4.1	Financial Sector.....	37
4.4.2	Infrastructure.....	37
4.4.3	Agriculture.....	37
4.4.4	Private Sector Competitiveness	37
4.4.5	Economic Opportunity	38
4.5	Humanitarian Assistance	38
4.6	Tensions and Synergies Among Themes	39
4.6.1	Industrial Relations and Competitiveness	39
4.6.2	Female Participation and the Labor Supply.....	39
5.0	Strategic Considerations.....	40
5.1	Foreign Assistance Context	40
5.3	Catalyzing Labor Reform	41
5.4	Recommendations	42
	ANNEX A: RESULTS FRAMEWORK.....	47
	ANNEX B: DONOR AND PARTNER PROGRAMS IN LABOR	53
	ANNEX C: CONTACTS MADE	55
	ANNEX D: REFERENCES	59

ACRONYMS

ACILS	American Center for International Labor Solidarity
ADR	Alternative Dispute Resolution
AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
AL	Awami League
ASK	Aino Salish Kendra
BBS	Bangladesh Bureau of Statistics
BCWS	Bangladesh Center for Worker Solidarity
BEPZA	Bangladesh Export Processing Zone Authority
BFFEA	Bangladesh Frozen Foods Exporters Association
BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BIGUF	Bangladesh Independent Garment Workers Federation
BKMEA	Bangladesh Knitwear Manufacturers and Exporters Association
BLA 2006	Bangladesh Labor Act 2006
BLAST	Bangladesh Legal Aid and Services Trust
BJSD	Bangladesh Jaliyatabadi Sramik Dal
BNP	Bangladesh National Party
BSFF	Bangladesh Shrimp and Fish Foundation
CBA	Collective Bargaining Agreement
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CLS	Core Labor Standards
CMC	Compliance Monitoring Cell
CNC	Coalition of National Construction Federations
CPI	Communist Party of India
CTG	Care-Taker Government
DCHA	Democracy, Conflict, and Humanitarian Assistance Bureau of USAID
DRL	U.S. Department of State, Bureau for Democracy, Human Rights, and Labor
EG	Economic Growth
EGAT	Economic Growth, Agriculture, and Trade Bureau of USAID
EPR	Emergency Power Rules
EPTUF	Eastern Pakistan Trade Union Federation
EPZ WAIRA	Export Processing Zone Workers Association and Industrial Relations Act
EPZ	Export Processing Zone
FAF	Foreign Assistance Framework
FFW	Food for Work
FOA	Freedom of Association
GSP	Generalized System of Preferences
GTZ	German Technical Development Agency (Deutsche Gesellschaft für Technische Zusammenarbeit)
ICESCR	International Convention on Economic, Social, and Cultural Rights

ILO	International Labor Organization
KN	Karmajibi Narin
LFPR	Labor Force Participation Rate
LFS	Labor Force Survey
MDG	Millennium Development Goals
MEWOE	Ministry of Expatriates Welfare and Overseas Employment
MFA	Multifibre Arrangement
MNC	Multinational Corporation
MoC	Ministry of Commerce
MoFL	Ministry of Fisheries and Livestock
MoLE	Ministry of Labor and Employment
NGO	Nongovernmental Organization
PIP	Productivity Improvement Program
PRS	Poverty Reduction Strategy
RMG	Ready Made Garment
ROL	Rule of Law
SAFE	Social Activities for Environment
SCF	Social Compliance Forum
SKOP	Sramik Karmachari Oikaya Parishad
SPS	Sanitary and Phytosanitary Standards
TIFA	Trade and Investment Framework Agreement
TVET	Technical and Vocational Education and Training
USAID	United States Agency for International Development
USDOL	United States Department of Labor
USG	United States Government
WAs	Workers Associations
WRWCs	Worker Representation and Welfare Committees
WTO	World Trade Organization

EXECUTIVE SUMMARY

With its trade ties to the U.S., enormous demographic pressures, moderate Muslim views, and presence in the mixed neighborhood of South Asia, Bangladesh's stability and prosperity are important to U.S. foreign policy interests. U.S. foreign assistance is helping Bangladesh build its democratic institutions, reduce poverty through broad-based economic growth, and improve its human capital. Labor plays a prominent role in the country's political and economic direction and is identified as one of the key policy areas in Bangladesh's Poverty Reduction Strategy (PRS). Bangladesh has struggled over the years to comply with a number of international labor rights standards and norms, most notably in the areas of freedom of association and child labor. It has also suffered from a weak industrial relations machinery and poor enforcement of its labor laws. Accordingly, Bangladesh's industrial sectors have been affected over the years by worker unrest and industrial instability. The failure of Bangladesh to achieve a well-functioning labor sector and its inability to secure the labor rights of its citizens has important ramifications, not only for the intrinsic development objective of protecting workers rights and well-being, but also for achieving Bangladesh's overall development objectives more generally.

The purpose of this assessment is to better understand the nexus of labor rights, organizations, markets, and institutions in Bangladesh within the political economy of Bangladesh in order to develop strategic guidelines for actionable programmatic recommendations. The assessment is also designed to frame the recommendations in ways that maximize the potential impact of labor-related programming on other Mission Strategic Objectives (SOs). To this end, the team met with representatives from the USG Mission, labor unions and federations, employers, employer associations, workers, buyers, government ministries, think tanks, civil society organizations, other donors, and international organizations. Interviews were conducted in Dhaka, Khulna, and Chittagong. The fieldwork for this labor assessment was conducted between August 18–28, 2008.

The advancement of labor in Bangladesh has been historically affected by competing interests among elites who, on the one hand, benefit from the support of labor but, on the other hand, seek to preserve the economic interests of industrial elites. Within this context, the labor movement has historically been somewhat successful in advancing some labor interests. Labor's efforts to resist privatization of state-owned industries, for example, have been especially important for creating present day institutions to facilitate collective bargaining (e.g., the National Wage Board), and the enactment of legislation to protect workers' rights (e.g., the 2006 Labor Act). However, the mainstream labor unions' longstanding ties to the major political parties affect perceptions of their credibility and efficacy. Ironically, political fragmentation among unions that reflects the fragmentation of the major parties has helped the state preserve elite interests while making strategic concessions to workers.

With the rise of Bangladesh's export industries and the involvement of new international and domestic advocates, labor has found new and important drivers for change. Bangladesh's highly active and large civil society, and their transnational counterparts, has been able to approach labor from different angles (women's rights, poverty reduction, etc.) in a way that recasts the role of labor in Bangladesh's political and economic life. Markets (i.e., buyers, consumers) and foreign entities (i.e., donors, governments, ILO) are also introducing new incentives and influencing the power dynamics between major domestic actors. By using economic and political imperatives, they are helping to change the rules of the game. At the same time, there are limits to the influence of these actors. Some civil society organizations (CSOs) have been colored by patronage politics and questioned as to their motivations. Additionally, some actors have

reacted to the demands of markets and foreign actors by adopting the rhetoric but operating with little change in reality.

Law, government institutions, civil society, and markets are the key components that constitute a given labor environment, and this report describes each of these sectors in Bangladesh. Bangladesh is bound by a number of international legal instruments governing labor. It is a member of the International Labor Organization (ILO) and has ratified seven of the eight conventions considered to constitute the Core Labor Standards (CLS) as specified in the Fundamental Declaration on Principles and Rights at Work. Its labor laws were recently consolidated into the Bangladesh Labor Act of 2006. In addition to this code, there is a special law governing labor relations in the EPZs. Bangladesh is not party, however, to any bilateral or multilateral international trade agreements in which there are labor provisions. However, Bangladesh is a beneficiary of the United States Generalized System of Preferences (GSP), which played an important role in the growth of Bangladesh's Ready Made Garment (RMG) sector, and has also played an important role in creating pressure for change in Bangladesh's labor laws and enforcement both at the governmental level as well as at the firm level.

While the new labor code made some significant advances, enforcement and government capacity remains weak. As a result, a range of non-state actors have filled in to address the gap in enforcement, and non-labor governmental ministries, particularly the ministry of commerce, have stepped in to fill the breach and create a variety of new labor enforcement institutions that are in response to international demands for improved working conditions and labor law compliance.

Bangladesh's large and rapidly growing labor force challenges the country to focus on greater job creation. The labor force is expected to dramatically increase by 10–20 million over the next decade and significantly more so if female participation rates increase. However, current issues related to illiteracy, low-skills, and high inefficiency within the labor force constrains job creation and, ultimately, poverty reduction efforts. There is no single national minimum wage in the 2006 labor law. Instead, legal minimums have been set for different sectors and skill levels. These new levels are a result of the Tripartite Agreement reached by government, workers/union leaders, and owners/employer associations in 2006 after a wave of dramatic labor strikes. The new levels are revisions of the minimum wage set more than a decade ago. However, due to weak enforcement, minimum wages are not uniformly in place as they should be.

High population density in Bangladesh has translated into a high number of landless or “functional” landless (those with very small land holdings that are not very productive). In 1996, the number of landless was estimated at 60 percent of the population. Labor is the most important productive asset for these households struggling out of poverty. Migration thus becomes a very important strategy for workers who seek to employ their only valuable asset.

Despite the country's history of dramatic political contestation and unrest, Bangladesh's business environment has remained relatively attractive to investors. This paradox is likely explained by the considerable financial and non-financial incentives to lure investment and the government's general *laissez faire* approach to business. This combination allows investors who can operate through complete vertical integration to side-step domestic problems. The Export Processing Zones (EPZs), furthermore, are given distinct incentive packages that include provisions to compensate for critical problems in the rest of the country, such as reliable power sources and stringent policies to ensure security.

Bangladesh also has a relatively flexible labor market compared to other countries in the region (i.e., employers are able to hire and fire with more ease than the norms in the region). Bangladesh is still one of the cheapest and most abundant labor markets in the world. While salaries in the EPZs are generally higher than their counterparts in the rest of Bangladesh, the monthly salary is still significantly below that of other competitors at \$30 versus \$64 in Indonesia, \$80 in Vietnam, and \$100 in China. These factors

help most of Bangladesh's main export industries stay competitive and the EPZs to operate at near capacity.

But total factor productivity's contribution to economic growth has been less than 0.5 percent (World Bank 2006). Firms interviewed in a forthcoming World Bank Investors Survey identified the lack of skilled workers as the #2 constraint to investment in Bangladesh (power being the #1 constraint). By BGMEA's estimates, Bangladesh's productivity is at 32–38 percent vs. 72–78 percent in China and 68–72 percent in Sri Lanka. Despite extensive underemployment, Bangladesh's labor market suffers from a shortage of skilled and semi-skilled workers.

Bangladesh's progress in its social and economic development over the last decade also extends to progress in gender equality. A recent World Bank study, for example, has claimed that a change in societal norms and values concerning women and girls has placed the country in a noteworthy position among the developing countries in advancing gender equality and enhancing the status of women (World Bank, March 2008). Bangladesh's achievement in gender equality is based at least in part on a higher labor force participation rate (LFPR) of women in the formal sector. With this increased LFPR, however, come challenges to ensure that women's work lives in fact lead to greater human flourishing and to the broader goals of development. Some of the issues identified in this report include wage discrimination, health, and lack of trade union representation.

In conclusion, the assessment describes several points of leverage to inform USAID/Bangladesh's labor programming. **First** is the evolution of new forms of labor governance that we call "networked governance." This includes new forms of non-state regulatory mechanisms, such as NGOs, employers associations, MNCs, and Multistakeholder Initiatives, as well as new arrangements of government ministries that fill gaps left by the Ministry of Labor. The international demand for improved labor standards has been a significant driver in improving worker's rights protections and labor conditions. **Second** is the importance of courts and alternative dispute resolution, particularly in the context of a caretaker government that has exercised emergency rule and cut down on trade union freedoms. **Third**, the team has noted potential growth in local-level labor governance mechanisms, particularly in the informal sector. **Fourth**, there is substantial room for improvement in productivity and competitiveness by Bangladesh's industries, and room to explore linkages between productivity and competitiveness and social compliance. **Finally**, there is a need to pay attention to specific population of Bangladesh's workforce, such as women, youth, and migrant worker populations. These points are not meant to exclude other areas of focus, or suggest that these should be pursued at the exclusion of others, but are rather intended to highlight particular dynamics in the labor sector that might be particularly illuminating.

1.0 INTRODUCTION

1.1 WHY LABOR AND THE LABOR SECTOR?

The term “labor” means different things to different observers. It may refer to people who work or the human activity that produces goods and services in an economy. As a grouping of people, the term generally refers to worker organizations that represent workers’ interests collectively and individually and have workers as their members. “Labor” may act to achieve specific short-term goals, such as ending addressing workplace conditions, or large-scale, long-term goals, such as bringing about social and political change. Thus, depending on one’s vantage, the term may refer to specific industrial relationships between employers and unions or it may be interpreted more broadly to refer to all those who strive to earn a living, whether formally or informally employed, self-employed, unemployed, or out of the workforce. At the broadest level, the term can simply mean all workers.

This paper, and the larger project it introduces, deals with all of these definitions and issues through a focus on the “labor sector” and the role it plays in development. The labor sector is the arena in which youth as well as adult men and women prepare for and participate in the world of work. *A focus on the labor sector matters because of its impact on people’s abilities to find decent work, realize sustainable livelihoods, and raise themselves and their families out of poverty.*

The world of work is understood here in its broadest context, encompassing people engaged in agriculture, industry, and service sectors, whether formally employed, and thus protected under the law, or informally engaged in making a living. People work on- and off-farm, in rural and urban areas, in their own countries or abroad. They may toil in legal or illegal activities. They may be working voluntarily or, in the case of trafficked persons, against their will. Given the uneven access to power, economic resources, and political decision-making that frequently characterizes the position of workers and compromises their ability, individually and collectively, to access their rights, free and democratic labor unions can provide workers with a crucial voice in their places of work, in the industries in which they play a role, and in national decision-making as well.

As addressed in this paper, therefore, the “labor sector” is defined as the aggregate of labor rights, regulations, actors, and institutions that shape labor relations¹ and the functioning of labor markets, both formal and informal.

The U.S. government’s (USG) current and primary foreign affairs goal is to “help build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty, and conduct themselves responsibly in the international system” (U.S. Department of State 2007).² This project focuses explicitly on labor and the labor sector because full consideration of diplomacy and development issues in the labor sector can be critical to building well-governed, democratic states able to respond to their citizen’s needs. The 2000 Report of the Advisory Committee on Labor Diplomacy to the

¹ Labor relations may be viewed generally as the relationship between workers and employers or more specifically “as a system for striking a balance between the employment relationship goals of efficiency, equity, and voice, and between the rights of labor and management” (Budd 2008, vii).

² The Obama Administration is finalizing its strategic reviews of foreign policy, including development. The results of the Presidential Study Directive on Global Development and the State Department’s Quadrennial Diplomacy and Development Review are expected to be released in September 2010.

Secretary of State and the President declared that “[p]romoting core worker rights is central to the basic purpose of U.S. foreign policy, which is to create a more secure, prosperous and democratic world...” (State 2000).

The sources of authority related to the goals and roles of the labor sector in U.S. development and foreign policy may be found in U.S. framework legislation, such as the Foreign Assistance Act (as amended), targeted U.S. legislation such as the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II Act), unilateral trade preferences and bi- or multilateral trade agreements with labor provisions, and USG policy as determined by the President’s Administration and long-standing USG principles and objectives.³

Just as a focus on the labor sector can help achieve foreign assistance goals, neglecting to address this sector has implications as well. For example, failure to address labor sector issues and correct asymmetrical access to resources may increase a country’s vulnerability to social and political dislocations that can adversely affect democracy, stability, and/or economic growth. A country that cannot offer the prospect of employment to its labor force may leave itself open to the destabilizing pressures that can arise from unemployed and disaffected adults and youth. A country that cannot assure working conditions compliant with international standards or cannot provide stable labor relations may make itself less attractive to foreign investment. And a country that does not provide appropriate knowledge and skills to its workforce through education and training may risk weak productivity and thus threaten its competitiveness on the global market. These factors in turn can also exacerbate a downward economic spiral. In such a scenario, investment may be discouraged, making it harder for local businesses to connect to international management techniques, modern technologies, and new markets. Formal sector growth can be stymied. People may look outside the legitimate sectors of the economy for new livelihood opportunities. The net result of these factors may be an increased reliance of the citizenry on public social entitlement programs, such as social security and health programs. This in turn places huge burdens on the public treasury, straining the government’s ability to provide for the basic needs of its people. At the same time, the downward spiral may affect prospects for democratic growth as well. Labor force participants whose rights are not protected by the country’s laws and institutions and who do not have an effective voice in advocating for legislative action or influencing government policy may lose faith in their governments, which in turn may lead to political and societal conflict.

A focus on the interests of labor, as represented by trade unions and other labor sector organizations, and business, as represented by employer or business associations, by developing country policymakers and the development organizations that work with them is therefore essential to address people’s rights and their needs to earn a decent living in support of themselves and their families. It is also important to the development of accountable political systems that respond to citizens’ concerns and interests, democratic multi-party systems that are interest-based, rather than based on personalities and patronage, and more vibrant civil societies. As people believe that their rights are respected, their voices are heard, and their access to education and livelihoods is improved, their commitment to their communities and nations is strengthened. Addressing these issues also builds human capacity in crucial areas such as negotiation and leadership accountability, which in turn contributes to the peaceful resolution of differences and disputes in labor and industrial relations and can provide critical incentives for more transparent governance.

The USG supports international labor sector programming in pursuit of development and diplomacy objectives, primarily through the U.S. Agency for International Development (USAID), the U.S.

³ See also, for example, testimony provided by USG officials to Congress (e.g., Posner 2010, Polaski 2010, Reichle 2010).

Department of State's Bureau of Democracy, Human Rights, and Labor (DRL), and the U.S. Department of Labor's (USDOL) International Labor Affairs Bureau (ILAB).⁴ USG programming has aimed at:

- Affirming, and supporting the enforcement of, international labor rights;
- Combating child labor, forced labor, and human trafficking;
- Strengthening the capacity of institutions, governmental and extra-governmental, to administer effective programs in support of the labor sector;
- Promoting freedom of association, including the role of organized labor, building the capacity of free and independent labor unions around the globe to advocate effectively on behalf of their members for their rights and decent conditions of work;
- Engaging with civil society organizations to advocate regarding issues of concern to labor;
- Working with the private sector to protect human rights, including labor rights;
- Creating an international economic system that shares the benefits of increased economic growth and security with all workers; and
- Promoting economic growth with an enabling environment that encourages job formation, strengthens industrial relations between employers and unions, and addresses the needs of the workforce alongside the needs of employers to improve the competitiveness of firms, industries, and sectors, encourage growth, raise productivity, and stimulate wages and employment.

The USG's use of labor diplomacy has helped ensure more coordinated support between development and foreign policy goals. For example, the USTR has negotiated increasingly detailed labor provisions into trade agreements and, at times, the governments of developing countries respond with requests for technical assistance to better meet these obligations. The U.S. Department of State and the Department of Labor both provide technical assistance and act in the realm of labor diplomacy. Discussions on whether and what kinds of assistance the USG may provide to a country may be concurrent with a review of its compliance with labor rights provisions in trade agreements or beneficiary criteria for unilateral trade preference programs. This extension of assistance often has greater foreign policy implications in post-conflict and politically and economically unstable countries. Labor diplomacy may bring together developed and developing countries, as happened in April 2010 when USDOL hosted the first-ever meeting of labor and employment ministers from the world's 20 largest economies.⁵ The Department of State's Special Representative for International Labor Affairs also plays an important role in labor diplomacy.

1.2 OVERVIEW OF GLOBAL LABOR SECTOR ANALYTIC INITIATIVE

In 2007, the U.S. Agency for International Development's Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA), in cooperation with the U.S. Department of State's Bureau of Democracy, Human Rights, and Labor (DRL), were tasked with establishing how programs in the labor sector can best contribute to foreign assistance objectives. The aims of this paper are: 1) to present an innovative conceptual framework that unites democracy and governance and economic perspectives on the labor sector, 2) to explore how addressing issues in the labor sector (as defined above) can help

⁴ Drawn from mission statements found on websites for the State Department's Director of U.S. Foreign Assistance and its Office of International Labor and Corporate Social Responsibility and the Department of Labor's ILAB.

⁵ Described in detail at http://www.dol.gov/ilab/media/events/G20_MinistersMeeting/.

achieve USG strategic goals in international development and foreign policy, and 3) to explore how addressing labor sector goals helps countries to achieve their overarching development objectives.

Viewing the labor sector as an integrated system brings several additional benefits. A systems analysis underscores how a properly functioning labor sector is important to the development of a liberal democracy and favorable to market-driven economic growth, consistent with human rights and labor rights. Moreover, it is suggested that using that lens to identify programming options may actually be a *more effective strategy* for achieving those goals than focusing exclusively on a single, stove-piped component. Working with labor unions and business and employers associations, communicating social and political messages through such labor organizations, and strategizing economic growth by focusing on employment levels and conditions may provide valuable traction to achieve long-term development goals. In addition, working with labor unions may allow closer proximity to the poor, broader coverage, and more comprehensive and equitable program outreach.

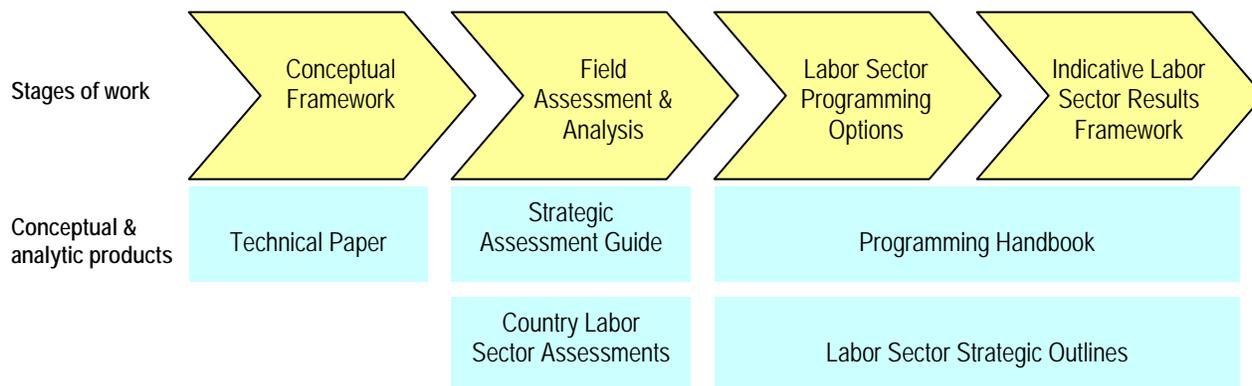
Labor diplomacy and development programs are implemented by USG agencies, international organizations, and implementing partners. Other programs managed by these three sets of actors may also affect the labor sector. To date, USG labor sector programs have generally addressed objectives in four main areas: labor rights, labor markets, and the roles of labor sector government institutions and civil society organizations in promoting foreign assistance goals. The USG has promoted labor rights as a key set of rights on their own and as a means of lending support to the advancement of all human rights.

The Global Labor Sector Analytic Initiative addresses the following questions:

- What is a “labor sector”?
- Who are the key actors in a labor sector, and what are the relationships among them?
- In what various ways are labor sectors structured around the globe and how do they behave?
- What performance standards would one expect to see in a “well-functioning” labor sector?
- How does the labor sector’s performance affect political, economic, and social development?
- How can various kinds of labor sector programs contribute not only to improved labor sector performance, but also broader diplomacy and development goals of the United States government (USG)?
- What results does labor sector programming seek to achieve and what data should we collect to evaluate progress toward such achievement?

The stages of work and corresponding conceptual and analytic products of the Initiative are depicted in the figure below.

FIGURE 1: GLOBAL LABOR SECTOR ANALYTIC INITIATIVE



This **Technical Paper** suggests that:

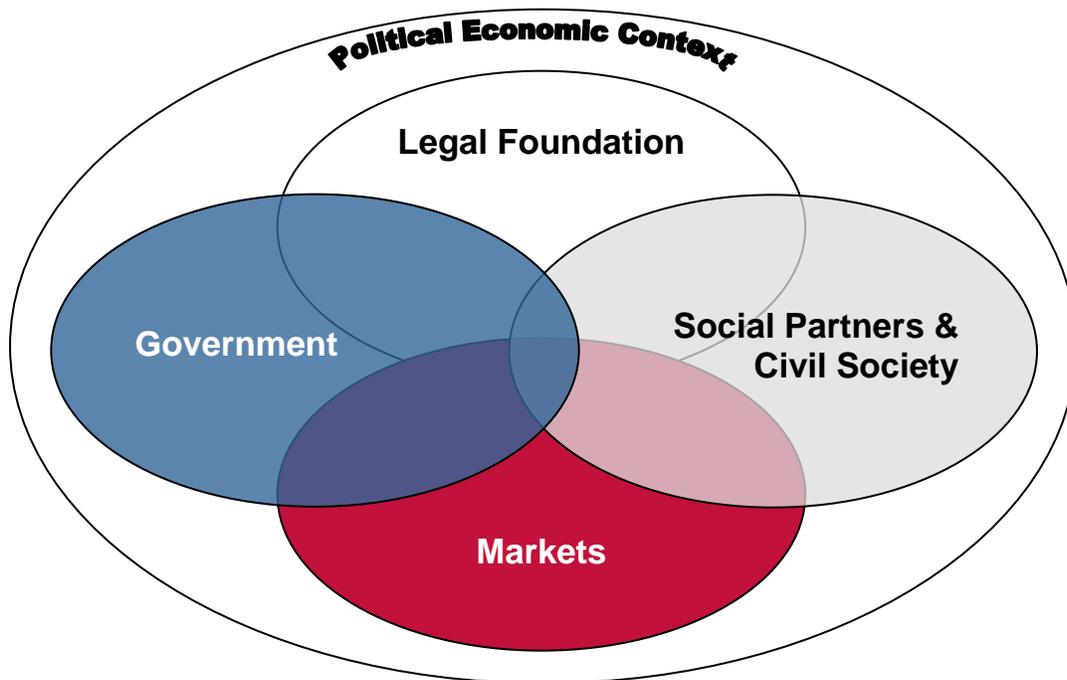
- 1) the labor sector – that is, the legal foundation, government, social partners⁶ and civil society, and labor markets, understood individually, overlapping, and intersecting with each other, as depicted below in Figure 2 – is a *multidimensional system* that requires multiple and integrated interventions to achieve diplomacy and development goals;
- 2) using this systemic approach offers *multiple utility*, as a means both to promote labor rights and trade unions and other labor sector organizations for their own sake and to increase the effectiveness of programs that seek to achieve a diverse set of USG foreign assistance goals;
- 3) labor sector issues are of *integral importance* to achieving progress in major foreign policy objectives, including respect for the rule of law (ROL) and human rights, promotion of democracy, and economic growth and prosperity; and
- 4) broad *political economy considerations* are an essential context for understanding how to address stability, rule of law, participation, livelihood, and social protection concerns.

In addition to this Technical Paper, the suite of labor sector analytic products includes:

- A **strategic assessment guide** detailing how to approach the organization and implementation of continuing labor sector assessments in the field (Salinger and Wheeler 2009b). This how-to manual:
 - provides a checklist of information that the assessment team seeks to collect in the field,
 - outlines how to carry out an integrated labor sector analysis to identify strengths and weaknesses of a country’s current labor sector,
 - ties these considerations to the achievement of broad development goals in the country, and
 - recommends strategic considerations for achieving U.S. foreign assistance objectives for that country.

⁶ The term “social partners” refers to both workers’ organizations and employers’ organizations, both of which cooperate with governments in social dialogues.

FIGURE 2: FOUR COMPONENTS OF A WELL-FUNCTIONING LABOR SECTOR



- A **labor sector programming handbook** with suggestions for labor sector program design or ways to include labor considerations in broader democracy or economic growth programming and a proposed structure for the accompanying results framework used by USAID to monitor programs.
- A pilot **labor sector assessment** testing the conceptual framework, conducted in Cambodia (Lerner, Salinger, and Wheeler 2008).
- **Country labor sector assessments** (CoLSAs), carried out in four of the five regions in which USAID programs are active:
 - Asia and Near East: Bangladesh (Kolben and Penh 2009)
 - Europe and Eurasia: Ukraine (Fick et al. 2009a)
 - Latin America and the Caribbean: Honduras (Cornell et al. 2009)
 - Sub-Saharan Africa: Nigeria (Thomas et al. 2009)
- **Labor sector strategic outlines** (LaSSOs), representing a more rapid and resource-efficient approach to field assessment and preparation of a template for a labor sector Results Framework, have been conducted in the following countries:
 - Georgia (Fick et al. 2009b)
 - Mexico (Bensusan and Burgess 2009)
 - South Africa (Kalula and Sukthankar 2010)

Findings from this body of work have been presented at a series of public Labor Forums for discussion with USG partners, including representatives from the USG's National Endowment for Democracy collaborating institutions, international organizations that support labor sector programs, non-

governmental organizations and research institutions that work in the labor sector, and development consulting firms that implement labor sector programs.

1.3 ORGANIZATION OF THE BANGLADESH LABOR SECTOR ASSESSMENT

The Bangladesh Labor Sector Assessment was the third CoLSA conducted under Phase II of the analytical work done on the labor sector, utilizing the assessment framework elaborated during Phase I. The field work for the Bangladesh Labor Sector Assessment was carried out in August 2008. Its purpose was to better understand the nexus of labor rights, organizations, markets, and institutions that exist and identify strategic approaches and opportunities for labor-related programming that may also help the USAID mission in Bangladesh achieve strategic goals in other objective areas. The assessment team met with representatives of the USG mission, labor unions, workers in the garment and shrimp sectors, Bangladesh and foreign business sectors, the Ministry of Labor, the Ministry of Commerce, the Ministry of Fisheries and Livestock, other government agencies and civil society organizations that address women's employment, labor lawyers, workforce development organizations, private think tanks, and individual experts. Short visits were made to Khulna and Chittagong, in addition to Dhaka.

This report summarizes the Bangladesh Labor Sector Assessment team's findings and analysis. Section 2 presents an overview of the economic, political, and historical contexts in which Bangladesh's labor sector is situated. Section 3 analyses Bangladesh's labor sector in terms of its legal foundation, labor sector institutions and organizations, and labor markets. Section 4 analyzes the role of labor-related issues in the overarching development themes that have provided the foundation for USAID's program in Bangladesh from 2003 to 2008. Section 5 concludes with strategic considerations and program recommendations, highlighting opportunities for labor-related programming identified by the labor assessment team.

2.0 BANGLADESH: SETTING THE CONTEXT

With its trade ties to the U.S., enormous demographic pressures, moderate Muslim views, and presence in the mixed neighborhood of South Asia, Bangladesh's stability and prosperity are important to U.S. foreign policy interests. U.S. foreign assistance is helping Bangladesh build its democratic institutions, reduce poverty through broad-based economic growth, and improve its human capital. Labor plays a prominent role in the country's national dialogue on political and economic reform and is identified as one of the key policy areas in Bangladesh's Poverty Reduction Strategy (PRS). The importance of labor-related issues has become more prominent as Bangladesh becomes more integrated into the global economy and as stability in neighboring countries like Pakistan erodes. This section outlines the historical, political, and economic contexts that have shaped and are being shaped by labor issues in Bangladesh.

2.1 BANGLADESH'S DEVELOPMENT CONTEXT

More than 35 years after its independence, Bangladesh continues to struggle to reach its development potential. One of the most densely populated countries in the world, it is also one of the poorest, with an annual per capita of only \$450. Approximately 50 million of its 155 million people survive on less than \$1/day. Bangladesh also lags behind most countries in terms of social development indicators, ranking 140th out of 177 in the Human Development Index.⁷

The government's weak capacity limits its ability to implement and enforce important economic policies and regulations as evident in its tax revenue collection. The country also suffers from persistently high levels of corruption⁸ and poor governance,⁹ resulting in an estimated 2–5 percent loss in Bangladesh's GDP growth.¹⁰ This institutional weakness not only impedes the country's development but also constrains its ability to overcome economic and social disruption from recurring crises and natural disasters such as the two major floods and a cyclone in 2007.

However, Bangladesh has made notable development progress since its independence in 1971. It has increased its life expectancy rates, reduced infant and child mortality rates, eradicated polio, increased school enrollment rates, and become self-sufficient in rice production. Prudent macroeconomic policies and a focus on exports have helped the country maintain an economic growth rate of more than 6 percent over the last few years (6.2 percent in 2007–2008, 6.5 percent projected for 2008–2009).¹¹ Income from remittances and peacekeeping operations is now equal to 50 percent of exports.

Bangladesh has also made commendable inroads in poverty reduction. During the period 2000–2005, the country reduced its poverty rate from 49 percent to 40 percent, or nearly 1 percent each year. The rate of reduction was significant enough to affect a reduction in the absolute number of poor for the first time.

⁷ UNDP Human Development Report, 2007/2008.

⁸ Transparency International ranks Bangladesh 162 in its 2007 Corruptions Perceptions Index.

⁹ CRS Report for Congress, *Bangladesh: Background and US Relations*, p. 8-9 (2007).

¹⁰ USAID/Bangladesh Strategic Statement FY 2006-10, p. 5 (2005).

¹¹ World Bank, *World Development Indicators*, 2007.

Bangladesh has also progressed in its institutional development. The country is home to a dynamic private sector, a large and dedicated network of NGOs, and capable elements of the public sector that are using their respective resources, talents, and capacities to help Bangladesh realize its economic and social potential.

Nevertheless, significant unresolved and new economic, political, social, and environmental challenges will require Bangladesh to overcome its current institutional and resource constraints if it is to meet the Millennium Development Goals (MDGs) and move towards middle-income country status. The country must act on major issues related to inadequate infrastructure, rapid urbanization, climate change-induced disaster, and an increasingly gridlocked political system. Moreover, the dramatic increases in global food and energy prices in 2007–2008 have put Bangladesh’s previous advances in poverty reduction at risk.¹²

2.2 POLITICAL ECONOMY OVERVIEW

2.2.1 National Identity and Political Contestation

Although Bangladesh shares aspects of its history with its South Asian neighbors, it has its own national and ethnic identity that has helped shape its recent history and politics. The majority ethnic grouping is Bengali, and the official language of Bangladesh is Bangla. While Islam was the basis for creating a unified Pakistan in 1947, ethnic and linguistic nationalism, and resentment of Punjabi ethnic and linguistic domination, helped set in motion a civil war that led to the founding of independent Bangladesh in 1971. The country has since struggled to consolidate its transition to democracy and reconcile different national identities.

Poor governance and corruption has plagued Bangladesh from its beginning and made it vulnerable to political coups and military rule, beginning with the overthrow of the first post-independence government by General Ziaur Rahman. The brief civilian government that followed General Rahman’s was subsequently forced out by another military ruler, General Husain Mohammed Ershad. While the country returned to civilian rule in the 1990s, widespread corruption and institutional decay had already taken root. In recent times, the entrenched system of patron politics and clientelism helped Bangladesh earn the dubious honor of being named the most corrupt country five years in succession from 2002–2006 in the Transparency International Corruption Perceptions Survey.

Bangladesh’s alternating periods of military and civilian rule, however, are also reflective of its struggle to reconcile opposing national identities. Although it was founded as a secular, democratic republic, it has battled tendencies toward religious extremism. Major groups in the country also have strong feelings about preserving its historical and religious ties to Pakistan, which contrast with those more loyal to India, stemming from its help during the civil war. Wrapped within these issues is the national discourse on the country’s founding commitment to social egalitarianism versus its recent orientation towards free markets and globalization.

Resolution of these conflicts has been made difficult by the polarity and adversarial nature of the two major political parties, the Awami League (AL) and the Bangladesh National Party (BNP). The AL is considered the country’s founding party, and is thought to be more pro-Indian, secular, and socialist. The BNP is regarded as more pro-Pakistani, pro-market, and accommodating to Islamic interests. The parties are dynastic, dominated by their respective founding families, and currently led by members of those families: Sheikh Hasina (AL), daughter of the country’s founder, Sheikh Mujibur Rahman; and Khaleda Zia (BNP), widow of General Ziaur Rahman. The parties follow a rigid hierarchy, and loyalty among party members is strictly enforced, sometimes through violent means.

¹² According to the Center for Policy Dialogue, the crisis has increased poverty by 8.5 percent to about 48.5 percent of the population while an informal World Bank estimate puts the number of new poor at 4 million people (WB forthcoming survey).

The parties' dominating influence in the country extends beyond the formal political system and has contributed to the political polarization of almost every aspect and level of Bangladeshi society. Patron politics colors the civil service, higher education system, civil society, and local government. Political violence ("muscle politics") between parties and within parties is common, often involving youth, labor, and other extended arms of the parties. Such violence has escalated since the late 1990s, one of the worst incidents being a multiple grenade attack on an AL rally that killed 24 and injured top leaders in August 2004.

While the parties are not very different in practice, their brinkmanship has helped to keep the country at a low level of social and economic development and opened the door to extremism. Both have failed to forge consensus on important reforms and a coherent development agenda during their administrations. Both parties have also courted the support of Islamist groups, lending these groups greater legitimacy in return for votes. The BNP's coalition with Jamaat, which reportedly has links to radical Islamist groups, was instrumental in its win in the 2001 elections.

As a result of the clashes between the parties, a stalemate emerged in late 2006 which forced the cancellation of national elections planned for January 2007 and the transfer of power from a BNP installed caretaker government to a second care-taker government that was established a day after a State of Emergency was declared on January 11, 2007, and which was backed by the military.

2.2.2 Citizens and the Social Contract

Bangladesh's political immobilism has undermined governmental performance. The social contract between citizens and the state is weak. Political representation, access to justice, and state provision of public goods are typically missing or of poor quality for most Bangladeshis. Political representation suffers from strict partisanship in Parliament (*Jatiya Sangsad*) and other representative forums. The courts are considerably backlogged and also suffer from politicization.

In regards to public goods, British colonial laws¹³ and Bangladesh's socialist beginnings set precedence for the provision of social protection. Government programs are theoretically in place, such as Food for Work (FFW), Vulnerable Group Feeding (VGF), Old Age Pension Scheme, and Widow Allowance. Politically sensitive subsidies are also in place for some foods, fuel, and fertilizers, although these are not properly targeted.¹⁴ But overall, government transfers in reality have not been a significant source of income for most households.

The dramatic rise in food and fuel prices in late 2007/2008 brought the issue of wages and government assistance to the forefront of public debate.¹⁵ The government has not acted on the wage issues and, although gas increased by 34 percent to \$1.3 per liter in July 2008, it cut fuel subsidies that month. However, a forthcoming World Bank review of the government's Open Market Sale (OMS), which offers low-quality rice at a subsidized rate, concludes that the system was responsive. Also, action taken by the state against those guilty of hoarding or price collusion of essential goods was welcomed by the public.

These measures may do little to repair citizen trust in the state given the government's long neglect in the various areas of representation, access to justice, and public goods provision. Citizens have sought alternatives to the state, including assistance from NGOs and, more worrisomely, extreme political and

¹³ The Trade Union Act of 1926, for instance, allowed workers to unionize at the plant level. The Workers' Compensation Act of 1932 provided for payment in the event of injury at work, sickness, or death. The Maternity Benefits Act of 1939 provided for six months of paid post-natal leave.

¹⁴ USAID studies done in the context of environment programs showed increases in disposable income but there is a lack of adequate infrastructure to use this income.

¹⁵ Data collected for a forthcoming World Bank study on the food crisis found the hardest hit to be the urban poor who are net rice consumers. These households coped by reducing non-food expenditures, skipping meals, selling assets, and/or borrowing.

religious groups. Extremist groups have been able to gain greater footholds in other countries where the government lacks effectiveness and legitimacy.¹⁶

2.2.3 Labor in the Political Economic Context

As shocks to the cost of basic goods put strains on wages and the provision of public goods, labor-related issues have increasingly moved to the forefront of needed reform. Labor is a highly sensitive issue in Bangladesh partly due to the country's deeply politicized environment, the diversity of stakeholders involved, and the significant economic and political implications for the country. The “rules of the game” in the larger political arena influence labor issues. Thus, labor issues in Bangladesh are not necessarily solely about decent work and core labor standards, but also about complex power struggles between groups.

The advancement of labor issues in Bangladesh has been historically affected by the competing interests among elites who benefit from the support of labor while also seeking to preserve their economic interests. Bangladesh's first government, led by the socialist AL, introduced dramatic leftist reforms: nationalizing industries, establishing a wage commission to develop uniform wage structure for public employees, and declaring an end to the “exploitation of workers” in the 1972 constitution. At the same time, the AL government banned strikes and lockouts at nationalized industries under Presidential Order No. 55 (May 1972).

The labor movement has been somewhat successful in advancing labor interests. Labor's efforts to resist privatization of state-owned industries have especially been important for creating present day institutions to facilitate collective bargaining (e.g., the National Wage Board), and enactment of legislation to protect workers' rights (e.g., the 2006 Labor Act). However, labor unions' long-standing ties to the major political parties affect perceptions of their credibility and efficacy.¹⁷ Ironically, political fragmentation among unions that reflects the fragmentation of the major parties has helped the state preserve elite interests while making strategic concessions to workers. During the pro-market reform efforts begun in the 1980s, government diminished the influence of one of the most powerful anti-privatization unions, *Sramik Karmachari Oikaya Parishad* (SKOP), by offering compensation that did just enough to pacify more militant workers (e.g., Voluntary Departure Scheme and Jute Retraining Scheme).

The state's dualistic approach to labor endures in the current institutional arrangements. The persistent dysfunction of Bangladesh's Parliament (*Jatiya Sangsad*) has de facto shifted the responsibility for policy-making to the executive branch with little attendant oversight. But the ministries, which represent the main executive actors, are largely unable to effectively implement or enforce the country's labor policies and regulations, rendering the system vulnerable to rent-seeking. Labor's main interlocutor, the Ministry of Labor and Employment, is regarded by labor leaders as one of the weakest ministries in the government.

Conflicting elite interests have also limited the autonomy of business. Successive governments have pursued pro-market reforms since the 1980s and provided businesses with incentives to invest and create jobs in Bangladesh. Businesses also benefit from weak enforcement of some regulations (e.g., the minimum wage) and strict enforcement of others (e.g., the ban of trade unions in the EPZs). At the same time, the state has largely failed to deliver critical public goods for investment like infrastructure (power, transport links, etc.), basic services (schools, health clinics, etc.), and leadership in the development of a skilled labor force and compliance monitoring. Business has also had to operate in a persistently corrupt

¹⁶ USAID Fragile States Strategy.

¹⁷ Union federation leaders interviewed by the assessment team assert that there is no political affiliation between unions and the political parties although union members are free to exercise their democratic right to belong to any party they wish. As if to set an example, one of these leaders is both a coordinator of SKOP, which can call for general strikes, and a ranking member of the BNP party.

environment that taxes economic growth. Costs associated with the private provision of otherwise public goods/services and the servicing of corruption likely means that businesses are incentivized to be either well-connected to elites or well endowed in order to operate.

Relations between workers and business are still evolving, partly because there has not been a long tradition of Bengali entrepreneurship and industrial relations. Bangladesh's elite first ventured into entrepreneurship in the 1980s when the textiles industry began to develop. Industrial relations practices remained in a state of development in the 1990s, and trade unions were not professionalized. A context of conflict and mistrust prevailed. Business began interacting more with unions in 2000, although employers observed that the majority of trade union leaders were not from the sectors that they represented, suggesting that trade union leaders did not necessarily represent the interests of the union members. Export industries, however, are now more accepting of their tied destiny with labor.

With the rise of Bangladesh's export industries and the involvement of new international and domestic advocates, labor has found new and important drivers for change. Bangladesh's highly active and large civil society and their transnational counterparts have been able to approach labor from different angles (women's rights, poverty reduction, etc.) in a way that recasts the role of labor in Bangladesh's political and economic life. Markets (buyers, consumers) and foreign entities (donors, governments, ILO, etc.) are also introducing new incentives and influencing the power dynamics between major domestic actors. By using economic and political imperatives, they are helping to change the rules of the game. At the same time, there are limits to the influence of these actors. Some CSOs have been colored by patron politics and questioned as to their motivations. Additionally, some actors have adapted to the demands of markets and foreign actors by adopting the rhetoric but operating with little change in reality. Another noteworthy development has been a push by the Solidarity Center to raise the prominence of independent labor unions not formally affiliated with the political parties.

2.3.4 The Care-Taker Government (CTG)

An overview of Bangladesh's political economy would be incomplete without consideration of the CTG, a unique Bangladeshi institution brought in to minimize conflict between the two feuding political parties pending national elections. Under the country's constitution, the CTG is tasked to set the conditions for "free and fair" elections and administer the government in the interim. Also, "Its [CTG] purpose is to ensure no one party has access to state resources, physical and human, in such a way as to influence the outcome of the election." (NDI Pre-election Delegation Report 2006).

Publicly, the CTG's three main stated priorities are to tackle corruption, reform electoral machinery, and depoliticize state institutions. Indeed, under the military-backed CTG, leaders of both the BNP and AL have been put under arrest as part of a massive anti-corruption sweep. Democratic elections were set for the end of 2008/beginning of 2009. Trade union activities have been banned, including strikes or "*hartals*."

Most Bangladeshis welcomed the CTG for the economic and political normalcy it initially appeared to bring. In 2007, *hartals* cost the economy \$65–\$70 million/day by some estimates and shut down the Chittagong port which handles 80 percent of Bangladesh's international trade. "Nearly a year of Awami League-led *hartals* had prevented millions from going to work or sending their children to school" (ICG, April 28 2008). A national perceptions survey (2007) found that most respondents thought business was doing as well or better under the CTG as bribes were less of an issue. The survey also found increased citizen confidence in delivery of goods through local government under the CTG, and that citizens, civil society, and local government thought local businesses were doing the same or better under the CTG—partly because there were no more *hartals*, which were thought to be motivated by political leaders.

As the CTG's time in power continues, however, the costs of its approach to ending Bangladesh's political immobilism have become more apparent. Many fear a weakening of judicial independence, rule

of law, and human rights. CTG's Emergency Power Ordinance gave itself authority to pass further directives to "restrict all activities subversive to the state." Emergency Power Rules (EPR) provided legal cover for its policy reforms and "forbids any kind of association, procession, demonstration or rally without authorization from the government and imposes severe restrictions on press freedom by prohibiting any criticism of government deemed 'provocative'" (ICG, April 28 2008, 11). It also introduced a new proposal to give itself civil court authority to try offenses against electoral law and punish contempt of court, something only the Supreme Court is able to do now.

Some fear that the CTG's weakening of the political parties may pave the way for military rule. For instance, the effort to weaken trade unions may be related to the objective of leveling the influence of the political parties, and proposed election laws are attempting to further disassociate labor from political parties. Moreover, the State of Emergency ban on all trade union activities is rejected by some labor leaders as unjustified as there were no union demonstrations of a scale or nature that would have prompted this declaration.

It is within this context that this assessment examines Bangladesh's labor sector. Bangladesh has struggled over the years to comply with a number of international labor rights standards and norms, most notably in the areas of freedom of association and child labor.¹⁸ It has also suffered from a weak industrial relations machinery and poor enforcement of its labor laws. Accordingly, Bangladesh's industrial sectors have been affected over the years by worker unrest and industrial instability. The failure of Bangladesh to achieve a well-functioning labor sector and its inability to secure the labor rights of its citizens has important ramifications, not only for the intrinsic development objective of protecting workers rights and well-being, but also for achieving Bangladesh's overall development objectives more generally.¹⁹

¹⁸ U.S. State Department's Country Report, 2007.

¹⁹ See Amartya Sen, *Development as Freedom* (1999); Amartya Sen, *Work and Rights*, *International Labor Review*, Vol. 139, no.2, pp. 119-128 (2000).

3.0 BANGLADESH'S LABOR SECTOR

Using the conceptual framework summarized in Section 1.0 above, this section examines the key systemic components—the legal foundation, government institutions, organizations, and markets—that underpin Bangladesh's labor sector.

3.1 LEGAL FOUNDATION

This section begins with an analysis of Bangladesh's legal foundation for labor relations and rights.

3.1.1 International Legal Framework

Bangladesh is bound by a number of international legal instruments governing labor. It is a member of the International Labor Organization (ILO) and has ratified seven of the eight conventions considered to constitute the Core Labor Standards (CLS) as specified in the Fundamental Declaration on Principles and Rights at Work. These include the Forced Labor Convention (C. 29), and Conventions on Freedom of Association and Protection of the Right to Organize (C. 87), the Right to Organize and Collective Bargaining (C. 98), Equal Remuneration (C. 100), the Abolition of Forced Labor (C. 105), Discrimination (C. 111), and the Worst Forms of Child Labor Convention (C. 182). Notably, it has *not* ratified the Convention on Minimum Age (Child Labor) (C. 138). Nevertheless, the Fundamental Declaration provides that all members of the ILO are, regardless of the status of their ratifications, bound to promote the fundamental conventions. Therefore, Bangladesh is bound to promote and implement the requirements of the Minimum Age Convention, and is subject to the ILO's supervisory and reporting mechanisms with respect to that convention, as well as the other Core Labor Standards.

In addition to the CLS, Bangladesh has ratified a number of other ILO labor conventions. These include, notably, the Labor Inspection Convention (No. 81) which provides, *inter alia*, that the signatory shall maintain a well functioning and adequately staffed labor inspectorate in industrial workplaces.²⁰

Bangladesh has also ratified the Weekly Rest (Industry) Convention (No. 14), and the Tripartite Consultation (International Labor Standards) Convention (C. 144). In total, Bangladesh has ratified 33 ILO conventions.

In addition to the ILO conventions described above, Bangladesh has ratified a number of international human rights treaties. Some of the most relevant of these include the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW); the International Convention on the Protection

²⁰ Specifically, the convention provides that: "The number of labor inspectors shall be sufficient to secure the effective discharge of the duties of the inspectorate and shall be determined with due regard for:

- (a) the importance of the duties which inspectors have to perform, in particular--
 - (i) the number, nature, size and situation of the workplaces liable to inspection;
 - (ii) the number and classes of workers employed in such workplaces; and
 - (iii) the number and complexity of the legal provisions to be enforced;
- (b) the material means placed at the disposal of the inspectors; and
- (c) the practical conditions under which visits of inspection must be carried out in order to be effective.

of the Rights of All Migrant Workers and Members of their Families (1990); and the International Covenant on Social Economic and Cultural Rights (ICESCR). The ICESCR provides for a right to work, which includes a responsibility of the state to provide a range of training and other services to achieve “full and productive employment.”²¹ It also includes rights to just and favorable conditions at work, which ensure fair wages and equal pay for equal work; a right to a decent living; rights to safe and healthy working conditions; equal opportunity for employment; and rest and reasonable limitation of working hours.²² Finally, it provides for the right to organize and form trade unions, as well as the right to strike.²³ In addition, Bangladesh has signed the Convention on the Rights of the Child (1989), which provides certain protections similar to that of ILO Convention 138, which Bangladesh has not ratified.

Bangladesh is not party to any bilateral or multilateral international trade agreements in which there are labor provisions. However, Bangladesh is a beneficiary of the United States Generalized System of Preferences (GSP). As a condition of receiving GSP benefits, Bangladesh is subject to the GSP regime’s labor conditionality provision. This provision specifies that the president, in determining the beneficiary eligibility of a country, shall take into account “whether or not such country has taken or is taking steps to afford to workers in that country (including any designated zone in that country) internationally recognized worker rights.”²⁴

3.1.2 History of Domestic Labor Laws

The history of Bangladesh’s labor law and industrial relations system is rooted in the development of labor law and industrial relations generally in Colonial British India. The basis of the labor system is grounded in the evolution of the first labor law instituted by the British, the Factories Act of 1881, which was initially implemented a) to help protect British textile interests that feared competition by lower cost producers in British India; and b) in response to campaigners for social reform who were horrified at the conditions of workers, particularly women and children, in Indian factories. Part of the motivation underlying the passage of the original labor law legislation was hence British protectionism. Textile manufacturers, primarily based in Manchester, sought to protect their own industries from what they perceived to be unfair competition from Indian manufacturing, primarily based in Bombay. It has been argued that this historical context of protectionism informs both contemporary Indian and Bangladeshi attitudes towards international attempts at reforming domestic labor law and practices.

Another key piece of legislation in the evolution of Bangladeshi labor law was the Trade Union Act of 1926, which provided for trade union registration and for the presence of multiple unions in the workplace. In 1965, the Pakistan government passed a revision of the Factories Act, 1934, creating the Factories Act, 1965. Then in 1969, it promulgated the Industrial Relations Ordinance, 1969, which consolidated several laws. Despite this consolidation Bangladeshi labor law has, until recently, been constituted by a large number of disparate laws and regulations regulating different aspects of labor law and industries. It was not until the passage of the current labor law, the Bangladesh Labor Act 2006 (BLA 2006), that many of these laws were consolidated. This represents a consolidation of approximately 26 Acts, 14 Ordinances, and 35 Rules (Dhar).

²¹ ICESCR, art. 6.

²² *Id.* art. 7.

²³ *Id.* art. 8.

²⁴ 19 USC 2462(C). These rights are defined as:

- (a) the right of association;
- (b) the right to organize and bargain collectively;
- (c) a prohibition on the use of any form of forced or compulsory labor;
- (d) a minimum age for the employment of children, and a prohibition on the worst forms of child labor, as defined in paragraph (6); and
- (e) acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.²⁴

3.1.3 Labor Laws and Industrial Relations Environment

Labor Law during the State of Emergency

During the state of emergency, the CTG suspended all trade union and collective bargaining activity, which means that trade union freedoms have been largely curtailed, and all explicit organizing activities have stopped.²⁵ On September 4, 2008, however, the government issued a Gazette Notification relaxing some of the restrictions on the election of collective bargaining agents.

During emergency rule, efforts to further reform and improve the labor law have by and large also halted. However, the government passed a rule meant to be in effect even after emergency rule that further restricts trade union rights by forbidding the presence of trade union offices within 200 meters of a work establishment, a rule that has since been rescinded.²⁶ Furthermore, there is discussion of the passage of a law that forbids “wings” of political parties from being formed, which might effectively curtail the ability of unions from directly affiliating and working closely with their aligned political parties. This would very likely violate international norms of freedom of association, although in practice it could be a beneficial development for the progress of Bangladeshi industrial relations and civil society given the political immobilism in which the parties were mired. During the state of emergency, there was a marked spike in violence, imprisonment, and criminal cases brought against trade unionists, labor NGOs, and workers engaged in labor activism. The RMG sector and the BGMEA in particular saw a crushing of worker leaders and trade union leadership.

The Bangladesh Labor Act (BLA) of 2006 and Constitutional Labor Rights

The BLA 2006 is the latest and most comprehensive law in place regarding labor, and was enacted in September 2006, about a month before the last BNP government finished its term and the establishment of the first CTG. It is an extensive and broad law, regulating a number of areas of workplace issues that, in the U.S. context, are divided into several different bodies of law. These include labor law (the regulation of trade unions and collective bargaining), employment law (regulation of individual employees and discrimination), and the regulation of health and safety. The BLA is applicable in the garment sector outside of the EPZs, and in the shrimp processing factories.

The 2006 BLA represents both an achievement and a failure of labor law reform. By and large it is in compliance with many of the fundamental requirements of international labor law and, if enforced, could provide for a robust industrial relations system. At the same time, however, it also has some serious weaknesses that need to be addressed.

Aino Salish Kendra (ASK), a prominent human rights law NGO, has identified several positive developments ushered in by the BLA 2006. These include, but are not limited to:

- The provision of a general minimum working age of 14 years of age (Sec. 34).
- The provision for appointment letters, identity cards, and for maintenance of a service book and labor register (Secs. 5-9).
- Limitations on working hours to eight hours a day (Sec. 100), and 48 hours a week (Sec. 102).
- An increase in maternity benefits from three months to four months for women who have worked for at least six months (Sec. 46).
- Limitations on the hiring of children and adolescents without certification of a registered practitioner with regards to his or her capability to engage in the work. Children under 12 are not

²⁵ This does not mean, however, that other forms of union and non-union worker activity have stopped, as described in the body of this report.

²⁶ Ordinance 14, May 4, 2008 (Sec. 179A).

allowed to work at all, children between 12-14 are allowed to engage in light forms of work, while adolescents (defined as between 14-18) are limited in the kinds of work they may undertake, and must be trained on any machinery that they might be using (Sec. 39).

- Labor courts now have the power to hear and impose criminal penalties (Sec. 313).
- The introduction of a provision requiring equal pay for equal work (Sec. 345).

However, the labor law also has some notable weaknesses. Local labor lawyers reported in interviews that one of the main problems with the law is the quality of its drafting. A number of contradictions and inconsistencies in the law need to be rectified. To cite one example highlighted by an interviewee, Section 30 requires an employer to pay an employee whose employment has ceased within 30 days, while Section 123 requires the payment to be made within seven days.

More significantly, the ILO's Committee of Experts and its Committee on Freedom of Association have found that the Bangladesh labor law falls short of international requirements in several important ways. These include, *inter alia*, the exclusion of protected groups of workers from the right to organize; overly stringent exclusion of workers from holding trade union office; an overly stringent requirement for the percentage of workers required to form a union registration; and excessive restrictions on the right to strike.²⁷ Moreover, the law does not comply with international labor standards regarding children and hazardous work. ILO Convention 138 forbids the employment of children under 18 years of age in hazardous employment, or 16 if he or she has adequate training. BLA 2006 permits "adolescents" between the ages of 14-18 to work in hazardous work if they are given adequate training.²⁸ The weaknesses of BLA 2006 have been detailed by ASK, and the ILO has reported to the assessment team that it is in negotiations with the government on how to make amendments to the law.

In addition to labor legislation, the Bangladesh Constitution also guarantees specific labor-related rights, and delineates certain Fundamental Principles of State Policy that are related to labor and social policy. The fundamental rights include the rights to freedom of association; freedom from discrimination on the basis of religion, race, and sex; equality of opportunity in public employment; prohibition against forced labor; and freedom to choose an occupation.²⁹ It also stipulates as a fundamental principle that "it shall be a fundamental responsibility of the state to emancipate the toiling masses, the peasants and workers and backward section of the people from all forms of exploitation."³⁰ The constitution also states as fundamental principles that it shall be a fundamental responsibility of the state to provide citizens guaranteed employment at a reasonable wage, with reasonable rest, recreation and leisure, and social security.³¹

The Export Processing Zone Workers Association and Industrial Relations Act 2004

The second key piece of labor legislation is the EPZ Workers Association and Industrial Relations Act 2004 (EPZ WAIRA). This act was promulgated under intense international pressure, particularly from the USG, in order to permit forms of freedom of association and worker organization into the EPZs. The Bangladesh government has worked hard to segregate the highly politicized (and what are perceived as highly disruptive) trade unions that operate outside of the zones from conducting activity within the zones.

²⁷ See ILO Committee of Experts, *Individual Observation Concerning Freedom of Association and Protection of the Right to Organize Convention, 1948 (No.87) Bangladesh* (2008).

²⁸ BLA 2006, Sec. 39-40.

²⁹ See *The Constitution Of The People's Republic Of Bangladesh*, Part III (as modified up to May 17, 2004).

³⁰ *Id.* Part II, art. 14.

³¹ *Id.* Art. 15.

The current legislation does permit forms of worker representation, although it falls short of international labor standards. EPZ WAIRA initially required that all employers operating within the zone establish Worker Representation and Welfare Committees (WRWCs). These committees have the right to negotiate with the employer on working conditions, remuneration or payment for productivity enhancements, and worker education programs. Starting in 2006, EPZ WAIRA provides for the institution of Workers Associations (WAs), along with a much broader set of rules and procedures governing industrial relations. In particular, a number of unfair labor practices are specified that protect the right of workers to organize WAs.³² WAs were designated as the official collective bargaining agents for the industrial unit with the right to negotiate over wages, hours, and other terms and conditions of employment as well as represent workers in any proceedings.³³

However, there are several ways in which the law falls short of international labor law standards, and the law has been specifically criticized by the ILO's supervisory bodies.³⁴ These include restrictions on the ability of workers associations to organize and bargain collectively, delays in the excessive and complicated minimum membership referendum requirements on worker association formation, excessive power with the chair of the BEPZA, severe restrictions on the right to strike, and restrictions on union affiliation with other EPZs and outside EPZs.³⁵

3.1.4 Strengths and Weaknesses of Labor Legal Framework

Bangladesh's laissez-faire regulatory environment combined with its cheap and abundant labor pool have made Bangladesh attractive to foreign investors, especially in export industries, such as garments and shrimp. However, this has also meant that the state has traditionally lacked the political will to build up a robust legal framework for labor. Developing the political will for stronger labor rights has also been hampered by the political immobilism that has characterized the formal political scene. The 2006 BLA, though, does provide greater opportunity than before to build on the reforms that were enshrined in that law. In addition, the successes achieved through international pressures regarding Bangladesh's export production may help mitigate the lack of political will.

3.2 GOVERNMENT INSTITUTIONS

The law as written, however, is only one aspect of effective labor governance. Strong and effective government institutions are also necessary to enforce the law. Overall, Bangladeshi government institutions suffer from significant weaknesses. These include high levels of corruption³⁶ and poor governance.³⁷ USAID has described corruption in Bangladesh as endemic, and it causes Bangladesh to lose 2–5 percent of GDP growth by World Bank estimates.³⁸ Government institutions also suffer from serious under-capacity, particularly the Ministry of Labor (MoL), which is woefully understaffed and lacks the resources to adequately inspect and carry out its mission.

On the other hand, Bangladesh's government has, in response to the needs of the international market, created interesting adaptive coordinating mechanisms between governmental and non-governmental entities to compensate for this under-capacity. In response to international calls for stronger enforcement

³² EPZ WAIRA, Sec. 13.

³³ Sec. 45.

³⁴ See ILO Committee of Experts, *supra* note 27.

³⁵ *Id.*

³⁶ Transparency International ranks Bangladesh 162 in its 2007 Corruptions Perceptions Index.

³⁷ CRS Report for Congress, *Bangladesh: Background and US Relations*, p. 8-9 (2007).

³⁸ USAID/Bangladesh Strategic Statement FY 2006-10, p. 5 (2005).

of labor rights, the Ministry of Commerce (MoC) has been tasked by the government as the primary node around which adaptive forms of labor governance have been created. This occurs, for example, through the Social Compliance Forum (SCF), which is headed by the MoC; through the lead role, the MoC is playing in the response to the GSP petition. While the MoL remains the primary ministry in charge of labor questions, in instances where there is international pressure to improve standards, the MoC has taken a lead role in the creation of ad hoc institutions and governance structures to address the demands of international buyers and foreign governments. Perhaps an important underlying reason for the MoC's assumption of a lead role in labor governance lies in the fact that a major source demand for labor rights compliance in Bangladesh comes from external stakeholders with which the MoC interfaces. It remains unclear, however, how effective the MoC will be in this role.

The labor courts are considered a strength within government institutions, albeit a measured one. Although the courts lack capacity, they appear, unlike other governmental bodies, to have the respect of various stakeholders. Because, in part, of the emergency and the prohibition against other forms of labor activities, the labor courts have also become one of the sole avenues to obtain redress, and various organizations have been using litigation strategies to address individual labor disputes.

3.2.1 Ministries

Ministry of Labor and Employment

The Ministry of Labor and Employment (MoLE) maintains primary legal responsibility for the administration of the labor law and the industrial relations institutions contained therein. MoLE suffers from several deeply rooted problems. The first major problem is the lack of manpower. According to interviews with MoLE officials, there are only 200 inspectors country-wide, and only 27 inspectors working in the RMG sector for approximately 5,000 factories. There are 15 teams made up of three to four members per team which, according to interviews, conduct random inspections.³⁹ Although 37 inspectors were reported hired on the day of the interview, the number of inspectors is clearly much lower than the number required by the admission of the Ministry of Labor. Moreover, it is also clear that the number of penalties imposed is also inadequate to sufficiently create an adequate incentive to comply with the law. According to MoLE, in the last year and a half there were only 87 recorded violations of the law—a low number given external reports on labor conditions in the country.

Ministry of Commerce

The Ministry of Commerce (MoC) is also extensively involved in labor governance in the export sector. While the primary function of the MoC is to deal with trade and commerce, both externally and internally, compliance issues have also become an important part of the MoC's portfolio due to its potential impact on exports. According to interviews with MoC officials, labor issues became particularly relevant subsequent to the Spectrum Factory incident, in which a large number of workers died following a factory collapse in 2005. Strikes and worker unrest ensued, and the government charged the MoC with the primary responsibility of convening the Social Compliance Forum (SCF).

The SCF is a multi-stakeholder institution comprised of several ministries, employers' representatives, worker representatives, representatives from international organizations, and civil society. In addition to this forum, which meets quarterly in order to discuss pertinent social compliance issues, the government has also created three related groups: a taskforce on labor welfare, a taskforce on occupational safety and health, and a Compliance Monitoring Cell (CMC) which is run out of the Export Promotion Bureau.⁴⁰ CMC's primary activities are related to dissemination of information for the purpose of sharing it with

³⁹ Interview with Ministry of Labor and Employment Officials, August 26, 2008.

⁴⁰ See Export Promotion Bureau, Compliance Monitoring Cell, <http://www.epb.gov.bd/cmc.html>.

international buyers and stakeholders. It also acts as a contact point with other monitoring initiatives, particularly that of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).⁴¹

The MoC is an important node of communication and vehicle of pressure as it—not the MoLE—serves as the chair of the compliance forum, indicating the key role of international actors in the nodes of pressure that create incentives for social compliance by employers in Bangladesh. The MoC has also been the lead industry in other multi-stakeholder initiatives. For example, the German development organization, GTZ, with MoC as its main partner, has launched a program to increase awareness of the labor law among workers.

Other Ministries

In addition to the MoC, the Ministry of Fisheries & Livestock (MoFL) has also been compelled to take up labor monitoring and governance responsibilities due to a) the lack of capacity in the MoLE, and b) political pressure exerted on the shrimp industry—in large part due to the recent report by the Solidarity Center and the GSP petition filed by the AFL-CIO. MoFL now cooperates and, according to interviews with Syed Aatur Rahman, Secretary of MoFL, labor criteria have been incorporated into their general compliance checklist. Thus, labor law standards have been added to health and safety, and sanitary and phytosanitary standards (SPS), and the ministry works closely with the MoLE.⁴² MoFL's involvement in labor questions is primarily due to the GSP petition and the ACILS report. The ministry claims that the European Union has thus far not raised any labor issues, focusing rather on health and sanitary questions. The main focus of the MoFL is on child labor issues. The ministry claims that 70 of 78 factories have achieved the benchmarks; the eight factories that did not, did not have their export license renewed.

The Ministry of Expatriates Welfare and Overseas Employment (MEWOE) is the final ministry that has a major labor portfolio. MEWOE oversees issues related to Bangladeshis who are working as guest workers in foreign countries, as well as trafficking issues. Approximately 900,000 workers go abroad each year in Bangladesh, and remittances are a significant contributor to GDP. The MEWOE has labor officers posted in 12 embassies abroad whose responsibility it is to oversee the welfare of Bangladeshis working abroad.

3.2.2 Bangladesh Export Processing Zone Authority

The Bangladesh Export Processing Zone Authority (BEPZA) is another government entity that has taken on significant labor governance responsibilities, albeit solely in the EPZs.⁴³ The primary reason for this is due to the essentially parallel labor governance structure that has been set up in the EPZs. As is the case with many aspects of the EPZs, such as quality of infrastructure, the quality of inspections and of industrial relations institutions in the zones is far more developed than outside of the zones.

The industrial relations mechanisms in EPZs are built around a system of councilors who are currently funded by the World Bank. These councilors are primarily oriented towards “social dialogue” and mediating and preventing disputes. The major issues that companies struggle with are wages, the provision of maternity leave, and working hour violations. However, the councilors also claim that they have witnessed a major evolution in attitudes and mindsets of managers since the implementation of the councilor system. Now, they claim, managers are better able to communicate with their employees and no longer try to hide the problems.

Other institutions of a healthy industrial relations system have been slower to develop. The councilors report that an arbitration system as provided for in the EPZ WAIRA has been established but, to date, has

⁴¹ Interview with Ministry of Commerce officials, August 26, 2008.

⁴² Interview with officials of Ministry of Fisheries and Livestock, August 21, 2008.

⁴³ The Executive Chairman of BEPZA also sits on the SCF board.

not been used. At the time of this writing, there are no collective bargaining agreements within the EPZs, although some are reportedly under development. When questioned about this, the conciliators suggested that the EPZs were in a preliminary learning stage, and that not all institutions had developed yet. There also appears to be little encouragement of, wage bargaining. When asked if there were any instances where workers demanded higher salaries, the councilors responded that wage levels were “highly regulated.” Another notable phenomenon is that the councilors estimate that about 60–70 percent of the industries within the EPZs receive compliance visits from buyers. They claim that these factories are doing better comparatively than the ones without buyer visits.

3.2.3 The Judiciary: Courts and Arbitration Councils

The Labor Courts, as provided for in the BLA 2006, serve as the primary legal adjudication mechanism. These courts are separate from the general judiciary system, although the judges, known as “Chairmen,” are to be appointed from sitting District or Additional District judges.⁴⁴ A Chairman is to be advised by two “members,” each representing workers and employers, respectively.⁴⁵ There is one appellate court, known as the “Labor Appellate Tribunal,” which is headed by a Chairperson with the rank and status of a Justice of the High Court Division of the Supreme Court. The Labor Appellate Tribunal hears labor appeal cases in Dhaka. The government has discretion to appoint as many courts as necessary. Currently, there are seven Labor Courts—three in Dhaka, and four in four of the divisional headquarters.

The most significant reported challenge for the courts is the time required to settle a claim. Anywhere from six months to one year appears to be the minimum, and the actual time for resolution can be much longer, particularly if brought to appeal. At least one worker introduced to the assessment team has had a case pending for 12 years. While statistics are not easily attainable, according to the legal aid organization, Bangladesh Legal Aid and Services Trust (BLAST), between October 2006–May 2008, 3,838 cases were filed in the labor court. Others in casual conversation have stated that the skill levels of the judges are adequate, although sometimes appointments are made as a means of moving less skilled judges out of other judicial appointments. According to BLAST, the primary issues raised in these individual cases are questions of wage and hour violations, including back pay, and leave.

In addition to the labor courts, other industrial relations machinery is available to resolve industrial and collective disputes. This includes systems of voluntary conciliation and arbitration. Although these are voluntary, the law appears to require a certificate of failed conciliation issued by the government in order for strikes and lockouts to be legal.⁴⁶ Because of the state of emergency, however, these institutions of collective dispute resolution are not in use. Parties are also able to file cases before the labor courts should negotiations fail, and the labor courts are to be referred by the government on any dispute that resulted in a strike or lockout that the government decided to prohibit.⁴⁷ Given the state of emergency, NGOs and legal organizations have been relying heavily on legal action as a means to press worker concerns. But due to the limitations in court capacity, mediation and settlement could very well be a positive development.

3.2.4 Tripartite Structures

Another important element of a well-functioning industrial relations system and legal regime are the presence of tripartite structures that can engage in what the ILO describes as “social dialogue.” The Bangladesh government has several institutions of tripartism. First, the Wage Board (within MoLE) has tripartite representation, although the government makes the final wage-level determination. Second, the

⁴⁴ BLA 2006, Sec. 214(4).

⁴⁵ *Id.* at Sec. 214 (6).

⁴⁶ BLA 2006, Sect 211(1).

⁴⁷ *Id.* at Sec. 211 (5).

labor courts have tripartite characteristics, as each court and Chairman has advisors representing workers and employers. Third, other non-legally mandated institutions have emerged in response to needs and exigencies. The SCF is one such instance, and a tripartite agreement was signed in 2006 in response to widespread industrial unrest.

In addition, tripartite negotiations also exist in practice at the local level, where few if any central governmental governance institutions exist. For example, local fish workers and a local NGO, IDEAL, in Satkhira, a rural area in Khulna district, described a process of negotiation that involved the local head of the *Upazila*,⁴⁸ as well as the *gher* (farm) owners and workers. According to the workers interviewed, these negotiations were highly successful, resulting in improved sanitation facilities and the provision of safe drinking water. Moreover, negotiations led to reducing work time to a maximum five-hour day with a half-hour break, and a reduction in the level of abuse by the owners.

3.2.5 Strengths and Weaknesses of Government Institutions

One of the key weaknesses of government institutions in Bangladesh in terms of the labor sector is the lack of ability of the state to enforce existing labor law, weak though the legal framework may be. This has led to new openings as alternative forms of labor governance have emerged, most notably through both tripartite arrangements and through the use of local government mechanisms.

While there are severe developmental and administrative challenges confronting government institutions and systems of labor governance, judicial institutions are, and have remained, relatively strong institutions in South Asian countries, which could provide strategic leverage. The recent separation in Bangladesh of the judiciary from the executive should help strengthen the independence and credibility of the Bangladeshi judiciary. Accordingly, judicial approaches to workers' rights issues might be a fruitful area of focus, and are an important element of a well-functioning system of labor law and labor governance. Given the government's discretionary capacity to increase the capacity of courts, first the capacity of the labor courts could be increased to hear cases through the expansion of labor courts as well as through development of means to streamline the hearing process. Second, the capacity of organizations engaging in legal strategies to bring cases could be increased, as well as their capacity to work with employers on advocating Alternative Dispute Resolution or encouraging the benefits and processes of negotiated settlements in labor cases. Informal mediation is a fact of life writ large in Bangladesh, offering potential for continued progress in this area.

On the one hand, tripartism suffers because of lingering mistrust between employers and the mainstream trade unions. As the chair of BGMEA expressed, there is some skepticism of the Tripartite Agreement because, reflecting distrust of unions, he believes that it is not "reciprocal."⁴⁹ On the other hand, BGMEA reportedly works with unions in an arbitration structure that it established in 1998 to resolve disputes. According to BGMEA, it is headed by a retired judge and made up of trade union leaders as well as BGMEA members. BGMEA reports that 23,250 cases have been brought before it, with 20,651 of them having been resolved.

3.3 LABOR-RELATED ORGANIZATIONS

A well functioning labor sector requires not just government to perform certain regulatory and enabling functions, but it also needs non-governmental and private associations to represent the range of interests in the sector and to advocate for these interests in relevant policy dialogues.

⁴⁸ An *Upazila* is a local governance structure at the sub-district level.

⁴⁹ Interview with officials of BGMEA, August 21, 2008.

3.3.1 Worker Organizations/Trade Unions

Trade unions traditionally play an important role in well-developed and sustainable industrial relations systems, and the right to freedom of association is identified in international law as a core human right. The history of the labor movement in Bangladesh, however, is a tumultuous one. Trade unions first developed in British Colonial India in the late 1800s. Following partition in 1947, the first trade union center in East Pakistan (now Bangladesh), the Eastern Pakistan Trade Union Federation (EPTUF) was formed. The EPTUF evolved out of AITUC, the first Indian union federation, which was and remains connected with the Communist Party of India (CPI). Trade union federations in India and South Asia have historically been led by philanthropists and non-rank-and-file leaders. Over the decades, the number of trade union federations grew, and they were actively involved with the independence struggle in the late 1960s, developing links with other activists groups such as the student movement. During this time, the trade union centers also became more explicitly aligned with specific political parties, resulting in more trade union fragmentation and greater politicization of trade unions—a dynamic which remains germane to this day.

Trade unions and political parties are closely affiliated both financially and through networks. Leaders of the main trade union centers are also often actively engaged in the affiliated political parties. Indeed, with a change of political power, there often is also a shift in union alliances between federations. Thus, the ruling party's trade confederation usually has the most affiliated unions. While not all unions explicitly claim to be affiliated with a political party, there are examples of trade union federations that are explicitly (and generally accepted to be) largely independent. These include the Bangladesh Independent Garment Workers Federation (BIGUF), a trade union federation of approximately 50,000 members that was established with the aid of the Solidarity Center; the United Garment Workers Federation, led by Nazma Akter; and the National Garment Workers Federation.

Bangladesh both enjoys and suffers from an abundance of trade unions and trade union federations. The primary critique of the mainstream trade unions is that rather than providing a politically independent voice for worker representation to employers, as well as a politically independent voice to government, in practice the unions are more beholden to their affiliated political parties than they are to their members.⁵⁰ In practice, the trade union federations often act in accordance with the interests of the political parties to which they are affiliated, rather than in the independent economic interest of their members, limiting their ability to function as effective voices of civil society in their own right.

According to records of the Register of Trade Unions, there are 32 national union federations, 108 industrial federations, 28 garment federations, and 6,268 plant-level unions. The largest of these is reportedly the

Trade Unions in Bangladesh

Despite the international interest in labor issues in Bangladesh, only 3% of the labor force belongs to unions. (ILO 2003 in World Bank 2008) In the late '90s the number of trade federations numbered around 700. In 2008 it is 31 (MOLE). In contrast, membership in employer association membership has grown. The history and trend can be seen in Table 1.

TABLE 1: HISTORY AND TREND OF BANGLADESH UNIONS, 1997, 2000–2005

	1997	2000	2002	2005
Unions	5,451	6,224	6,433	6,777
Members – Total	1,793,074	1,925,451	2,045,163	2,131,800

Sources: http://www.mole.gov.bd/trade_union.php and http://www.mole.gov.bd/list_of_national_federations.php

⁵⁰ See Mohammed Nuruzzaman, Labor Resistance to Pro-market Economic Reforms in Bangladesh, 41 *Journal of Asian and African Studies* 347-8 (2006).

Garment Sector Worker Interviews

Despite the various programs committed to social compliance, the degree of actual compliance clearly remains in question. Interviews with workers at the Solidarity Center and the AWAJ Foundation, as well as consistent reports in the media, suggest that extensive problems remain in the garment sector. A number of workers claimed that there were difficulties in getting overtime, and that salaries are withheld for a month. This practice was confirmed in other interviews as apparently one reason factory owners will hold back wages from skilled workers to decrease incentives to leave. Non-issuance of appointment letters also reportedly remains a problem, according to the workers interviewed.¹ When asked about the impact of inspections, workers reported that they never see inspectors from the MoLE and that, more frequently, they see BGMEA monitors. Yet according to at least one interviewee, the BGMEA inspectors did not speak to the workers, and workers were informed that they should get ready for the inspector visits. Workers also reported that after monitoring visits, including by those of buyers, conditions improved at least temporarily, although factory owners tried to prevent monitors from speaking to the workers directly; sometimes, monitors have interviewed workers off premises (Awaj Foundation).

¹ Interview with garment workers at Awaj Foundation, August 22, 2008.

Bangladesh Jatiyatabadi Sramik Dal (BJS), with 247,454 claimed members. It is led by Nazrul Islam Khan, who is also a leader of the BNC party. There are a reported 2,190,473 union members nationwide according to figures of the MoLE, which constitutes about 3 percent of the national workforce.

3.3.2 Employer Organizations

Bangladesh civil society enjoys an active group of employer associations, some of which have taken an active role in addressing the labor challenges that face Bangladesh's economy. The employer associations are clearly sensitive to international pressure and to the demands of buyers in the area of labor compliance.⁵¹ Since the proposed Harkin Bill of the mid-1990s, the BGMEA, BKMEA, and, most recently, the BFFEA (Bangladesh Frozen Foods Exporters Association) have begun to institute a variety of programs designed to improve working conditions and burnish their reputation in the international marketplace.

The two main garment and textile manufacturers associations, BGMEA and BKMEA, have both undertaken a range of initiatives to address the gap in governmental capacity to create non-state labor governance mechanisms. The significance of these two organizations is underscored by the fact that in order to receive an export license in these industries, a manufacturer must be a member of either one of these organizations.

BGMEA first became seriously involved in labor governance questions when, according to interviews with BGMEA officials, it took a lead role in responding to the Harkin Bill in 1995. The Harkin Bill, which proposed the ban of any imports made with child labor, was specifically aimed at reports of widespread child labor in Bangladesh's apparel industry.⁵² BGMEA began to work closely with the ILO to move children out of work in the garment factories, signing a MOU with ILO and UNICEF that paved the way to establishing special schools run by BRAC and GSS.⁵³ From 2002–2005, it also participated in a joint BGMEA–ILO project entitled, “A Partnership Approach to Improving Labor Relations and Working Conditions in the Bangladesh Garments Industry,” which was funded primarily by the U.S. government, and partially by BGMEA itself.⁵⁴ BGMEA currently operates a compliance cell, with 39 compliance officers, which is intended to continue the work of the ILO partnership project. The compliance cell visits factories and monitors a set of issues as agreed to according to the Tripartite

⁵¹ Of BGMEA members, 200+ have Walmart as a buyer, 80 have Sears, and 50 have GAP. Buyers can be associate members of BGMEA which lets them have almost all the same privileges but they cannot vote.

⁵² Interview with BGMEA officials.

⁵³ BGMEA, *The BGMEA 7 RMG Sector of Bangladesh: 3 Decades of Endless Effort Twoars Social Sector Development* (2008).

⁵⁴ For an analysis of this program, see Lawyers Committee for Human Rights, *International Standards and Voluntary Monitoring: The International Labor Organization's (ILO's) Garment Sector Project in Bangladesh* (2003).

Agreement of June 12, 2006. These issues are listed as minimum wage, overtime, appointment letters, ID cards, maternity benefits, the existence of emergency alternative stairways, and firefighting systems. BKMEA is also engaged in social compliance monitoring and has developed a compliance checklist by which factories are given scores. Both BGMEA and BKMEA leadership made it very clear that social compliance is a key element of their business strategies. According to BGMEA, it was the experience with the Harkin amendment that made them realize this.

BFFEA is the newest employer association that has had to face international pressure regarding the labor conditions in its members' factories. In response to the Solidarity Center's report on conditions in shrimp processing factories, and to the AFL-CIO's GSP petition in 2007, the BFFEA has taken an active role in developing compliance mechanisms in its factories. The primary responsibilities for inspections and monitoring have been given to the MoF, and secondarily to the MoLE. The MoF has the power to grant licenses; factories must receive a score of 70 percent on labor compliance to receive that license.

Advocacy for the Informal Sector

Karmajibi Narin (KN) is the leading NGO advocating for the legal protection of women working in agriculture and RMG. It is now spear-heading a campaign for legal coverage of informal sector workers, including the provision of recommendations (23 points) to government. The NGO is working with all political parties (every party has an agricultural secretary) to build consensus for new legislation.

The BFFEA has taken steps to eliminate child labor from the premises of all exporting factories, introduced three shifts in a day, given ID cards to permanent workers, and installed complaint boxes at visible locations of all plants and regional offices. The assessment team made several visits to shrimp factories in Khulna that were arranged by the BFFEA, and were highly structured and controlled by the employers. In interviews with managers at Fresh Foods, management was forthcoming about the recent efforts made to improve working conditions in light of the international pressure. This includes renewed commitments to enforcing eight-hour work days, maintaining files, issuing ID cards, and ensuring wages and other aspects of operations were consistent with the BLA 2006.⁵⁵ Complaint boxes have also been installed at shrimp factories, but according to Fresh Foods, there has been only one complaint in six months.

3.3.3 NGOs and Labor Rights

The NGOs clearly play a significant role in Bangladesh's labor sector—in some ways, more significant than do the mainstream unions. This is perhaps more so under the State of Emergency, as NGOs have an advantage over labor unions in that they are still able to advocate on labor issues. One reason for the impact of NGOs is because it is primarily through them that transnational advocacy networks function. Some, like the Bangladesh Center for Worker Solidarity (BCWS), have worked directly with Western activist networks to raise issues publicly about working conditions, and this has created mistrust among the employer associations, which often noted the NGOs as “problems.”

Bangladesh's civil society is rich with organizations working on labor issues and labor rights. Some of the notable ones include the Bangladesh Center for Worker Solidarity, which was established in 2000 to provide leadership training and advocacy for women in the garment sector. The AWAJ Foundation, which is led by Nazma Akhter who has sat on the Wage Board, is another prominent NGO that works closely with Western NGOs and development organizations. AWAJ engages in rights training for RMG workers, teaches them to raise and negotiate over workplace problems, and assists workers in bringing suits to the labor courts. *Nari Uddug Kendra* (NUK) is another organization, but with seemingly less traction and support. The assessment team also visited with three organizations that work with shrimp workers within the shrimp sector. Social

⁵⁵ Interview with Managers of Fresh Foods.

Activities for Environment (SAFE) is a Khulna-based organization that conducts training sessions for groups of shrimp processing factory workers on their rights and how to negotiate with employers over workplace issues. Originally established to address environmental issues in the workplace, they now work primarily on labor issues.

3.3.4 Strengths and Weaknesses of Labor-Related Organizations

Overall, the labor union movement in Bangladesh is relatively weak. One reason for its weakness has been the closure of state-owned enterprises over recent years and it is still actively campaigning against privatization. The other reason is the capture of the union movement by the political parties.

Another key constraint that stands out in regards to the labor sector is the extremely weak systems of social protections in the informal labor sector. The vast informal sector has encompassed a pool of unskilled labor that helps keep the costs of labor down, but which perpetuates the low level of workforce development. Tackling the deficits and lack of social protections facing the vast informal labor sector in Bangladesh will become even more pressing should the global financial crisis continue and deepen.

3.4 LABOR MARKETS IN BANGLADESH

Bangladesh's large and rapidly growing labor force challenges the country to focus on greater job creation. The labor force is expected to dramatically increase by 10–20 million over the next decade and significantly more so if female participation rates increase. However, current issues related to illiteracy, low-skills, and high inefficiency within the labor force constrains job creation and, ultimately, poverty reduction efforts.

3.4.1 Labor Market Structure: Supply, Demand, and Employment

According to the 2005/2006 preliminary Bangladesh Labor Force Survey, of the population of nearly 150 million, approximately 49.5 million make up Bangladesh's labor force. The labor force is growing at a rapid pace of 2.5–2.8 percent annually due to greater female and youth entry. But women's participation rate is still relatively low at only 29.2 percent. Unemployment is estimated at 4.3 percent, in line with previous years' rate. Unemployment is twice as high for female participants (7 percent) than male (3.4 percent). However, the relatively low unemployment rates mask the underemployment rate which is estimated at 24.5 percent.⁵⁶ Significantly, the female underemployment rate is put at 68 percent while the male underemployment rate is approximately 10.9 percent.

Agriculture's share of GDP growth is declining, but even at 20 percent of the country's GDP growth, it employs around 48.1 percent of the workforce. While manufacturing is important for exports, the services sector is the fastest growing sector (see Table 3). These trends are common among modernizing economies.

⁵⁶ Underemployment is considered to be a more significant indicator of employment in developing countries than the unemployment rate as most participants cannot afford to not work, and their opportunity cost for engaging in even the lowest compensating work is low.

TABLE 3: LABOR MARKET STRUCTURE (% GDP)

Sector	2000				2006			
	Bangladesh	India	Pakistan	Sri Lanka	Bangladesh	India	Pakistan	Sri Lanka
Agriculture	26	23	26	20	20	18	19	16
Industry	25.3	26.2	23.3	27.3	27.9	27.9	27.2	27.1
Services	49.2	50.5	50.7	52.8	52.5	54.6	53.4	56.5

Source: World Bank, World Development Indicators

Increased female and youth participation, greater urban migration, and a shift to rural non-farm activities are changing the structure of the labor market. Women’s share of agricultural employment has been increasing thanks to microfinance schemes and improved agricultural inputs and techniques in the sector. Their overwhelming concentration in agriculture, however, may also be an indication of their limited mobility (Rahman). The number of youth entering the workforce is increasing but unemployment for 15-24 year olds is estimated at 8 percent, or double the national unemployment rate (ibid). This rate was found to be higher for those with secondary education (*World Bank Strategy for Sustained Growth*). The rural non-farm sector employs an estimated 40 percent of all rural workers and is growing fast.

Export-Driven Employment

RMG and the shrimp industries constitute the two major export industries for Bangladesh, of which the U.S. market makes up 40 percent of exports. RMG employs about 2 million people in about 3,500 factories. Although women constitute the majority of RMG workers, projections have been made of a trend towards more male workers given the growth of the knit and sweater sub-sectors and their labor-intensive nature (RMG book). On the other hand, interviews with some RMG employers indicated their continued preference for female workers as they generally have smaller hands to handle the intricate work. It is also plausible that female workers will still be preferred due to their historically lower wages relative to men.

The shrimp sector employs an estimated 600,000 workers and is the second highest foreign exchange earner. There are 135 licensees and 75 exporters (all Bangladeshi). Within the processing factories, there is little shortage of workers and a dominant casualness to work given the frequent gaps in input supply of shrimp. The sector is also characterized by seasonal unemployment, requiring workers to find other forms of livelihoods for income.

3.4.2 The Informal Economy

Up to 80 percent of Bangladesh’s workforce is located in the informal economy. It is important to understand that the informal economy in Bangladesh, as in most developing countries, is multifaceted—spanning the rural and urban, casual and self-employed workers, and different sectors and occupations. Businesses in the informal economy can also be differentiated between those that are dynamic and contribute to economic growth and those that are merely survivalist (ILO, March 2001).

The size of the informal economy indicates that the formal economy is not able to meet the employment needs of the labor force and that the informal economy is playing a key role in reducing labor supply pressures on the formal economy. Yet, the informal economy’s low unemployment also masks the high underemployment, particularly among women. Any future upward shifts in the unemployment rate will be an indication that the informal economy is approaching saturation and may no longer be able to relieve demand for jobs.

The ILO has identified seven “decent work deficits” in informal economies that are observable in Bangladesh.⁵⁷ These deficits include:

- poor quality.
- unproductive labor.
- poorly remunerated work.
- absence of rights or lack of legal protection.
- inadequate social protection. and
- lack of representation and voice, especially among women and youth.

Jobs in the informal sector can be hazardous and more vulnerable to abuses such as child labor given the lack of legal protection and oversight. Additionally, while informal economic activities are important for the survival of the poor, their activities can at times clash with rules and laws governing the formal sector. A controversial case in point was the forced eviction by government of landless petty traders and micro-entrepreneurs from public areas in 2007. The ILO has advocated against a dual system and supports the application of core labor standards and other related standards (e.g., health) for informal economies.

3.4.3 Wages

There is no single national minimum wage in the 2006 labor law. Instead, legal minimums have been set for different sectors and skill levels, specifically in regards to the garment industry. These new levels are a result of the Tripartite Agreement reached by government, workers/union leaders, and owners/employer associations in 2006 after a wave of dramatic labor strikes. The new levels are revisions of the minimum wage set more than a decade ago. However, due to weak enforcement, minimum wages are not as uniformly in place as they should be.

Significantly, female wages are lower than male wages in every sector, either at one-half or one-third of male wages. Cultural and social attitudes about women as secondary earners and the appropriate role for women in society are thought to influence these differences in wages as well as what positions are open to women. Other reasons relate to the impaired negotiating power of women and their societal obligations. In interviews with female garment workers in Dhaka, several related how their salary helps to support their husband’s families (as opposed to their own) or to serve as dowry.

Major correlates of higher wages appear to be education, skills, and productivity. Wages are higher in those sectors competing for semi-skilled and skilled workers (e.g., knitwear and sweaters). Real wages have been on the rise with growth higher in manufacturing than in agriculture. There are also reported fluctuations in real wages, particularly affecting agriculture, due to exogenous shocks like floods, droughts, and sudden price increases as experienced in 2007–2008. The latter shock has been the source of much social controversy among workers who believe their wages are far below the cost of living. Some sectors have an understood wage review every two to three years, such as the leather industry, but this is absent in other sectors. Wages are higher in EPZ factories compared to their domestic counterparts, but they also generally employ better skilled workers and attain higher productivity levels. The 2006 minimum wage levels are not applicable to the informal economy as the country’s labor laws

Coping with the Crisis in Food/Fuel Prices

To cope with the dramatic increase in basic goods, RMG workers said they were reducing remittances to family in their villages, delaying schooling of their children, purchasing food on credit, and borrowing money.

Some business associations have responded by assisting in the provision of subsidized goods. BKMEA also launched a campaign to raise the wages of RMG workers to account for price hikes.

⁵⁷ ILO International Labor Conference 2002.

have not been applicable to the informal sector, although organizations like *Karmajibi Narin* are now campaigning to change this.

3.4.4 Labor Migration

High population density in Bangladesh has translated into a high number of landless or “functional” landless (those with very small land holdings that are not very productive). In 1996, the number of landless was estimated at 60 percent of the population. Labor is the most important productive asset for these households struggling out of poverty. Migration thus becomes a very important strategy for workers who seek to employ their only valuable asset.

Internal Migration

Bangladesh’s highly flexible internal migration has facilitated vast movement of rural workers to the urban centers. Annual migration from rural to urban areas is at 6 percent, or three times the population growth rate. The majority of rural workers migrate to the major urban areas of Dhaka, Khulna, and Chittagong. Migration is motivated by urban jobs at higher wages and more available hours.

Rural-urban migration impacts both the rural and urban economies. The high internal migration rate creates intense competition for housing, services, and jobs in the urban areas. Nevertheless, many are willing to endure slum conditions and lack of services in the hopes of securing more income for their households. A number of factory workers interviewed related how they remit parts of their salary to relatives in their villages. When they are not paid, paid late, or their wages are unable to keep up with the cost of living, this adversely affects these extended households.

Overseas Migration

External or overseas migration is another common livelihood strategy. Nearly 3 million Bangladeshis or 6 percent of the labor force are living abroad and remit money (Rahman). In 2007/2008, international remittances totaled nearly \$7.9 billion (EIU Country Report, August 2008) and were the largest net source of foreign exchange for the country. Opportunities for overseas migration are still in high demand although some host countries threatened to restrict future migration to their countries due to controversy over migrant workers’ labor conditions, payment, and similar problems in these countries.

Overseas migration plays a critical role in Bangladesh’s overall economic and political stability. External migration relieves stress on the economy by reducing the number of workers looking for domestic employment and providing an income source for families of migrants. The government has for decades encouraged external migration through facilitation services, such as visas and “matching” of migrant candidates with private recruiters. However, the main government institution responsible for external migrants, the Ministry of Expatriates’ Welfare and Overseas Employment, and its 12 labor missions overseas is seriously under-resourced and lacks the needed diplomatic leverage to fully address the major labor issues its migrants are experiencing in some of their host countries.

3.4.5 Competitiveness, Workforce Development, and Productivity

Competitiveness

A range of factors—including several labor-related considerations—figures into a country’s competitiveness profile in general, and, more specifically, individual enterprises’ profiles. Labor costs, other costs in the value chain (energy, transport, import duties), labor productivity, the record of labor standards compliance, workplace stability, reliability of telecommunications and trade infrastructure, value-chain integration, business regulations, and trade policy (both with regard to imported inputs and in terms of access into key foreign markets such as the U.S. and Europe) all affect foreign investors’ and buyers’ assessments of a country’s attractiveness. Competitiveness is also affected by institutional issues such as pervasive corruption and patronage, which raise costs through the assessment of “unofficial”

taxes and fees. Delays and risks caused by corruption can hamper the creation of new businesses, the procurement of authorizations, timely inspections (related to labor, product quality, origin, safety, etc.), transport and shipping, etc.—all of which serve to increase the costs of doing business and thus reduce competitiveness.⁵⁸

Despite the country's history of dramatic political contestation and unrest, Bangladesh's business environment has remained relatively attractive to investors. This paradox is likely explained by the considerable financial and non-financial incentives to lure investment and the government's general *laissez faire* approach to business. This combination allows investors who can operate through complete vertical integration to side-step domestic problems. The EPZs, furthermore, are given distinct incentive packages that include provisions to compensate for critical problems in the rest of the country, such as reliable power sources and stringent policies to ensure security. An additional insight into the current situation is that although martial law does not normally solicit investor confidence, one major investor commented that the current State of Emergency was helpful in that it brought predictability. It was the uncertainty of the "rules of the game" after impending elections that was the larger concern.

Bangladesh also has a relatively flexible labor market compared to other countries in the region, i.e., employers are able to hire and fire with more ease than the norms in the region (see Table 6, Competitiveness Indicators). Additionally, Bangladesh is still one of the cheapest and most abundant labor markets in the world. While salaries in the EPZs are generally higher than their counterparts in the rest of Bangladesh, the monthly salary is still significantly below that of other competitors at \$30 versus \$64 in Indonesia, \$80 in Vietnam, and \$100 in China (BEPZA figures). These factors help most of Bangladesh's main export industries stay competitive and the EPZs to operate at near capacity.

However, there is greater scope in Bangladesh's major industries to improve its competitiveness and productivity. Some firms are beginning to move to new production techniques, workforce development, and new technologies. For exporting industries, social compliance is just as critical to their competitiveness as other factors. Compliance with core labor standards is increasingly considered by international companies that source from developing countries, sensitive to the potential for damaging consumer repercussions if labor rights abuses by supplying factories are publicized.

Workforce Development

Despite extensive underemployment, Bangladesh's labor market suffers from a shortage of skilled and semi-skilled workers. The shortage in skilled labor is largely reflective of the widespread illiteracy (nearly 50 percent) that burdens Bangladesh. This percentage is even higher among female and rural workers. Yet, the available public and private technical and vocational training institutes are few and often ineffective in terms of delivering the number and kinds of skilled workers employers need.

Additionally, while Bangladesh has attained greater primary school enrollment, this will not necessarily result in a better quality labor force as the quality of education is generally still lacking. The education curriculum has been criticized for not being market-relevant or teaching critical thinking, practical skills, or language. Gaps in the provision of public education have also given rise to the proliferation of a variant of *madrassas* that fail to ready students for the labor market. This issue is of particular concern in a highly polarized political system where the state is largely failing to respond to citizens' needs. The dearth of appropriate public education and vocational training has prompted the private sector to develop its own programs or forge public-private partnerships. For instance, with GTZ funding, BGMEA is setting up a fashion institute, training managers, and developing a course curriculum that will include compliance issues.

⁵⁸ See the World Bank's Doing Business (www.doingbusiness.org) and Worldwide Governance Indicators (<http://info.worldbank.org/governance/wgi2007/>) websites for more information.

The discussion of workforce development should not overlook the informal economy. Skills training could help informal workers better prepare to enter the formal market. Moreover, skills training such as in business development and bookkeeping could also benefit the self-employed working in the informal economy.

Productivity

Many RMG and EPZ employers interviewed are taking the initiative to improve productivity in their factories because they see a connection between greater competitiveness and investment in human capital. Some have instituted wage and benefit adjustments proactively and found that workers are responding by being more motivated and productive. The shrimp industry also stands to improve its efficiency all along the value chain and is currently operating at one-quarter of its estimated capacity. Poor efficiency is mainly related to bottlenecks in inputs and overcapacity at the processor level. Shrimp exporters have discussed working on branding Bangladesh's natural method of producing shrimp and focusing on new end markets such as China but these measures do not address the diversity of issues before them.

Efficiency and productivity are also important issues to deal with when addressing the informal economy. Informal businesses do not have the same access to markets, inputs, and property rights as their formal counterparts do to expand and improve their businesses. On the other hand, informal businesses do not shoulder the same tax and legal responsibilities, shifting this burden to formal businesses.

3.4.6 Strengths and Weaknesses in the Labor Market

Bangladesh enjoys a large and cheap labor force within a relatively flexible labor market and competitive business environment. The country's large and growing labor force is both an asset and a challenge. As the PRS outlines, employment is critical to help poor Bangladeshis exit poverty. High population density and landlessness make labor the one productive asset poor Bangladeshi households can offer the economy. Thus far overseas migration and the informal economy have helped significantly to relieve pressure on the economy to generate jobs. The massive rate of underemployment and general low level of wages, however, underscore how these safety valves cannot entirely substitute for the generation of meaningful jobs in the formal domestic economy.

Of the three categories of laborers, those who are salaried and have regular employment are less likely to be poor than casual/day laborers. Thus, growth in those sectors that offer regular employment, such as manufacturing and services, is preferable for **poverty reduction** than growth in the agriculture, trade, transport, and construction sectors where daily labor is more likely (Rahman, 48).

Improvements in **productivity** and wage growth were central to helping poverty reduction in the period 2000–2005 (*Making Work Pay*, 44). The importance of productivity and a better skilled labor force to higher wages and job creation was also frequently echoed in the team's interviews with employers and labor experts across different sectors. However, overall Bangladesh's labor quality remains relatively poor. Without improvements in Bangladesh's human capital, it is not realistic to claim that the country can follow the East Asian growth model that many believe it potentially resembles.

Gender equity⁵⁹ in access to employment is another key issue. Women's potential contribution to the economy is curtailed by significant wage discrimination, exclusion from certain jobs, and social pressures that force them to work for very low wages (e.g., dowry). Empowerment of female workers will necessitate remedies for these issues as well as attending to women's specialized requirements such as

⁵⁹ Due to limited time and scope, two populations deserving closer attention – youth and tribal minorities – were not significantly covered in the assessment. The large number of youth entering the workforce and not finding meaningful employment is a classic precursor to “youth bulge” issues related to conflict and social instability. Also, tribal minorities are often thought to be discriminated against in employment. Interestingly, in one factory, where many of these minorities were employed, the managers commented on their work ethic and productivity.

work environments free from sexual harassment and reasonable assistance related to child care—the latter being a magnified need in parts of the country at risk of child trafficking.

Additionally, end market demand for **labor compliance** affects Bangladesh’s major export sectors. External pressure and leadership in these sectors has created a change momentum that should be seized upon, but the absence of similar drivers and its less understood composition has left **the informal economy** without any pressures to conform. However, the enormous size of the informal economy, the unprotected status of informal workers, and the inefficiency drags on the overall economy warrant efforts to better understand the composition and needs in this area.

Finally, there is a need to acknowledge the importance of **political stability** to the advancement of Bangladesh’s labor issues. Bangladesh’s ambition to modernize its economy also rests on an evolution of its political system. Foreign investors have said they prefer stability even if via a State of Emergency and express some fears regarding the uncertainty of policy directions a new government might take. Commitment to problem-solving and consensus-building are needed to address the complex labor issues that encumber Bangladesh’s economic development.

GENDER ISSUES IN THE BANGLADESH LABOR SECTOR

Bangladesh’s progress in its social and economic development over the last decade also extends to progress in gender equality. A recent World Bank study, for example, has claimed that a change in social norms and values concerning women and girls has placed the country in a noteworthy position among the developing countries in advancing gender equality and enhancing the status of women (World Bank, Ma 2008). Bangladesh’s achievement in gender equality is based at least in part on a higher labor force participation rate (LFPR) of women in the formal sector. With this increased LFPR, however, come challenges to ensure that women’s work lives in fact lead to greater human flourishing and to the broader goals of development.

Globalization, Export-Oriented Industries, and Women

Two major trends seen in globalization have been *feminization* and *informalization* of work (UNIFEM 2008). Globalization has led to an unprecedented demand for women workers in certain key sectors. For instance, women now make up 60 to 90 percent of the fresh produce and clothing labor force at the labor-intensive stages of the supply chain in developing countries; they are also a major presence in the new tertiary outsourced service sectors, e.g., call centers and financial services (Kabeer 2007). As one economist has observed, “Women have emerged as the flexible labor force *par excellence* for the highly competitive labor intensive sectors of the global economy” (ibid).

There are at least three reasons why women are attractive to employers (Elson and Pearson 1981, cited in UNIFEM 2008):

1. They are often free of the ‘fixed costs’ of an organized labor force—namely, employer-provided benefits and social security contributions.
2. The assumption that men are the breadwinners and women just earn ‘extra income’ is commonly used to justify lower pay to women as ‘secondary earners.’
3. Gender discrimination forces women to accept jobs in low-paying work such as subsistence agriculture, or gender-specific industries usually involving caretaking or services.

As export-oriented sectors, the shrimp and garment industries have some similarities in the gender composition of their workforces. In both sectors, women constitute the major portion of low-paid jobs. Both sectors also utilize casual and informal labor, especially in the shrimp sector.

Bangladeshi workers in both the garment and shrimp sectors experience wage differentials along gender lines. According to the ILO, women on average in Bangladesh make approximately 21.1 percent of male counterparts, due to especially pronounced discrimination in the informal economy (Kapsos 2008). In contrast, national data disaggregated for gender shows that, in the formal sectors, women earn 71 percent of male labor wages (BBS 2007). In the shrimp sector, wage differentials are particularly pronounced.

Garment and shrimp work has direct implications for women's health. One issue is reproductive health. Participation in the workforce enables women to delay marriage or childbearing even when they are married. Nonetheless, the overarching reproductive health implication of working is that it allows women to delay marriage and, even after marriage, to delay childbirth, because of the high opportunity costs to women of leaving the workforce (Amin *et al.* 1998).

Unions are weakest in the areas where female work is most prevalent, including the garment sector, the shrimp sector, and the informal sector. Female workers are unable to exercise and are often unaware of their collective rights, although a number of civil society organizations, such as the Solidarity Center, BCWS, and AWAJ, have emphasized the right to freedom of association and collective bargaining rights in their activities and worker trainings. This gap is particularly acute in the shrimp sector, where there are no unions and few civil society organizations organizing women (ILO 2005). The lack of unions and lack of organizing is due in part to the following factors:

- 1) Very few of the female workers are aware of the procedures regarding the formation of trade unions.
- 2) Even if they know the procedures, they are worried about possible harassment from the management.
- 3) The abundant supply of women labor for the shrimp plants means that women who participate in such activities can be easily replaced by other women, particularly in the subcontracted factories.

There is also a question of representation of the mainstream trade unions. In the garment sector, where unions and civil society are more active, women lead few if any of the major union federations. On the other hand, women lead many of the labor rights NGOs and independent unions.

4.0 THE ROLE OF LABOR IN OVERARCHING DEVELOPMENT THEMES

Given the array of USG diplomacy and development goals in Bangladesh (Section 2) and the complex labor sector observed there (Section 3), this section lays out how engaging in labor issues cross-sectorally (i.e., by integrating legal, political, and economic dimensions) can improve the efficacy of strategic approaches to USG programming. While the previous section identified labor sector deficits and *constraints* that can be targeted by USAID programming, this section looks at *opportunities* for labor programming to synergistically contribute to broader USG objectives as per the FAF Framework.

4.1 PEACE AND SECURITY

States burdened with both poor effectiveness and weak legitimacy may risk creating an environment whereby extremists can operate and recruit.⁶⁰ Extremist groups that are able to step in where government has been unaccountably absent or oppressive in the daily lives of citizens, such as by providing education via non-mainstream *madrassas*, are able to create competing social orders and legitimacy. If demonstration of government commitment to citizens is critical to reviving the state's legitimacy, action in the labor sector may provide entry points for reasserting this legitimacy; for example, enforcement of labor policies that protect workers against abuses, the provision of social safety nets for workers, and assistance in training.

Bangladesh's recent economic performance and moderate religious orientation contrasts with its polarized political system, major demographic pressures, and vulnerability to disasters to make it susceptible to conflict, particularly as the country approaches national elections. Given the perceived association of *hartals* with political unrest and violence, social unrest around wages and compliance issues, etc., labor may be an important area to include for conflict mitigation. Additionally, labor may serve as a useful entry point to help the country learn how to turn to conflict mitigation mechanisms instead of violence or disruptive demonstrations—for example, resolving disputes between workers and employers before they escalate or become politicized.

4.2 GOVERNING JUSTLY AND DEMOCRATICALLY

4.2.1 Rule of Law and Human Rights

Labor issues and actors are highly relevant to the Rule of Law (ROL) in Bangladesh in the following four areas: 1) promoting good governance in labor relations; 2) supporting the role of worker organizations to promote good governance and fight corruption; 3) promoting constructive roles for civil society actors in labor to promote democratic reform and peaceful political and interest-group competition; and 4)

⁶⁰ USAID Fragile States Strategy.

promoting ROL practices in the private sector. USAID/Bangladesh already recognizes the importance of addressing human rights, of which labor rights is an integral component.

There is also potentially room to expand these activities to look at ROL in the labor courts, as they appear to be potentially positive sources of access to justice for workers to redress conflicts with employers. Improved access to justice can lead to fewer instances of industrial strife and greater productivity, creating synergies with the Economic Growth programming objective.

4.2.2 Good Governance

Parliament's de-facto absence in policy-making renders constituents without representation and the executive branch without an equal institution for checks and balances. The far-reaching effects of labor issues could serve as a subject whereby the legislature could begin to reassert itself in the country's policy-making process. Karamjibi Narin's campaign to bring the informal sector under the labor laws is beginning to draw in political leaders, and further assistance could help re-establish the practice of substantive discussion and constituency representation in Parliament.

Another aspect of good governance is reducing corruption. The pervasiveness and persistence of corruption in Bangladesh requires that the promotion of good governance be a responsibility of all sectors. The "labor lens" offers a cross-sectoral yet coherent framework by which to pursue this. First, a wide range of relevant stakeholders are engaged in labor issues. These stakeholders could easily take up embedded good governance/anti-corruption efforts as part of their labor advocacy and work. These stakeholders include government ministries, local government, the private sector, workers, NGOs, and international buyers and organizations. For example, through their work to encourage greater social compliance, employer associations have shown that they can encourage better governance practices among their members. A consolidated position against corruption and its tax on investment could make the associations an effective constituency on anti-corruption issues.

Secondly, Bangladesh's labor sector is creatively devising new institutions to promote greater transparency and accountability in the face of limited government capacity and concerns over objectivity that may be a model for other sectors. For example, there are various tripartite mechanisms to resolve disputes and advise on policy. Transparency is the foundation of a number of monitoring and private regulatory initiatives, and an ethos of transparency can potentially percolate up from employers into the broader political culture.

Finally, local government has become a growing locus for the resolution of labor issues in rural areas. *Upazilas* and district councils are listening and responding to the demands of workers for improved social compliance on shrimp farms in Khulna. According to a 2007 national perceptions survey, citizens interviewed thought local government was more active and less apt to take bribes after the CTG was in place. Increasing the activity of decentralized and local political fora is another potential lever to improve governance practices where centralized government is dysfunctional. The assessment found local government units like *Upazilas* can play a very useful role in improving labor compliance and relations in their local areas. Support to local government units in this manner could assist with the decentralization agenda.

4.2.3 Civil Society

Bangladesh is renowned for its active and vocal civil society, as illustrated by the extensive number of large and capable NGOs operating in the country. Civil society organizations have made a tremendous difference in "leveling the playing field" between workers and employers in the sense of educating workers about their rights, advocating against injustices, providing goods and services to poor workers, and facilitating constructive dialogues between parties. In the Bangladesh context, support to CSOs should require more than just helping them continue with their work. Given that politicization has also

afflicted many CSOs in the country, efforts should also be made to help CSOs learn how to objectively engage in labor issues so that they garner trust across the range of actors involved and thus more effectively promote labor concerns.

Media has also played an important role in exposing labor issues via their coverage of controversial labor matters, such as the plight of overseas migrant workers. It would be worthwhile to explore how media could also serve a constructive role in promoting constructive dialogue between workers and employers and dispelling false rumors that sometimes kindle social unrest.

Finally, a key component of a vibrant and effective civil society is the presence of representative labor organizations that can advocate for their members' economic interests. Bangladesh's labor sector is currently dominated by politically affiliated unions. When their party comes into power, the labor sector is beholden to party politics and the state more so than to the interests of their members. Developing independent trade unionism is potentially a positive step in making a more representative civil society.

4.3 INVESTING IN PEOPLE

4.3.1 Education

The labor force in Bangladesh suffers from high illiteracy and deficiencies in critical competencies that have direct effect on their employability and, ultimately, ability to escape poverty. The country's success in increasing educational attainment and enrollment should be matched with improvements in the quality of education. While other donors are actively supporting the education sector, USAID/Bangladesh's experience in labor and economic issues may be very valuable in a review and redesign of the country's educational curriculum for a more skilled workforce. The development of life skills and vocational training would directly enhance the labor pool. Promotion of critical thinking skills, math and science, and languages could also result in a higher-quality labor force. Reorientation of the country's educational curriculum should also extend to the various schooling alternatives in Bangladesh, including the *madrasas*.

4.3.2 Health

USAID/Bangladesh works extensively in the health sector with a significant focus on reproductive health, access to clean water, and HIV/AIDS. Among the common complaints heard from the workers interviewed was the lack of proper sanitation facilities in work places, treatment for work-related ailments, and difficulty in receiving maternity leave. The priority on health may make it relevant to empower health and labor advocates to advocate for improved health-related provisions when it comes to social compliance.

4.3.3 Social Services and Protection for Vulnerable Populations

Perennial disasters, the recent food and energy price crises, and persistent poverty mean that a considerable percentage of Bangladeshis are almost always in need of social services and protection. Limited government capacity has meant that very few of these vulnerable actually benefit from government provisions. Access to the labor market thus becomes more essential to the means by which ordinary people must cope with the inability of the state to subsidize basic livelihoods. The "labor lens" can provide a window into the livelihoods of the poor and their vulnerability to shocks. Interviews with RMG and shrimp workers gave the assessment team a picture of their income streams, their consumption needs, and their coping strategies with higher food and fuel prices. Another facet revealed from a labor perspective is the response of employers. Political protests against low wages and the dramatic rise in prices in 2007–2008, prompted RMG employer associations to provide subsidized sources for goods and services to workers and even suggest a higher minimum wage.

4.4 ECONOMIC GROWTH

4.4.1 Financial Sector

Bangladesh's central bank continues to maintain low interest rates to encourage investment and economic growth, despite IMF inflation concerns. Whether or not this policy is really stimulating investment in labor-intensive industries that create employment opportunities is worth a closer look. A similar examination of the labor-related effects of microfinance may also be worthwhile given the large number of microfinance programs operating in the country. Another relevant issue is the short-term financing gaps some Bangladeshi firms seem to face and whether there are adequate financial products to assist with the problem. RMG workers interviewed complained of delayed wage payments, sometimes of one month or longer. One explanation given by employer associations is that some RMG firms cannot pay their employees until they receive payment from their buyers. Regardless of the reason, this issue has contributed to unnecessary and debilitating strikes and demonstrations. A further labor angle to consider is the development of the domestic financial industry and whether it could absorb more professionals that could be trained from the educated cadre of youths entering the labor force. Finally, the country's receipt of large remittance amounts from overseas migrant workers may make it worthwhile to explore if they are being transferred efficiently or if there are ways to help recipients invest the funds in productive activities.

4.4.2 Infrastructure

Reliable access to power is often identified as the largest constraint to investment in Bangladesh. Development of the country's power supply is not purely a technical issue. Instead, the political economy of elite interests competing for ownership rights to energy resources requires a governance response. A strong counter-constituency could be created were there common understanding among unions, employers, employer associations, and CSOs engaged in labor issues on the vital linkages between reliable power supply, investment, and jobs.

4.4.3 Agriculture

With so many of Bangladesh's poor, especially women, working in the agricultural sector, looking at the sector from a "labor lens" could yield unique and important information for shaping effective poverty reduction interventions. Different sets of questions are in need of further exploration given agriculture's diverse issues and its overlap with the informal economy. For example, micro-finance and a shift to higher yielding crops are said to have helped increase the participation of women in agriculture. On the other hand, another explanation for their increased participation is their limited mobility given the Muslim tradition of women staying close to home. Other illustrative questions include the productivity of Bangladesh's many small farmers, adequate access to productive inputs like fertilizer, opportunities for rice farmers given the increase in rice prices, and the future trajectory of off-farm job opportunities.

4.4.4 Private Sector Competitiveness

In order for Bangladesh to absorb the large number of new entrants coming online and reduce its massive underemployment, the country's major sectors need to improve their competitiveness beyond the current comparative advantage of cheap labor. Key labor-related priorities to be considered with respect to competitiveness include:

- Building stable labor relations and a sound labor-enabling environment;
- Improving labor productivity;
- Increasing labor's capacity to understand the effect of corruption on productivity and competitiveness issues, and then the role of productivity and competitiveness as they relate to employment security;
- Providing pre-employment training for the formally employed;

- Developing a systematic approach to workforce development that involves the private sector, labor, and government;
- Promoting diversification of Bangladesh’s economy; and
- Developing Bangladesh’s reputation as a “fair labor” producer.

Workforce development is critical. In addition to changes to the quality of the education system (discussed earlier), dramatic reform of the vocational education system is needed to modernize the curriculum and make it accessible and valuable to Bangladeshis looking for employment domestically and overseas. RMG employers and some donors are already forming partnerships in this regard, but Bangladesh’s needs far outstrip this specialized source.

Compliance with core labor standards is also critical, especially for industries exporting to the U.S. and EU. As discussed earlier, compliance with core labor standards is of heightened concern to international companies that source from developing countries that are sensitive to the potential for damaging consumer repercussions if labor rights abuses by supplying factories are publicized. Bangladesh must overcome deficiencies in this area by finding creative and viable solutions that work.

4.4.5 Economic Opportunity

Women’s low rate of labor participation in Bangladesh likely means that many of them are not able to benefit from economic growth and thus will struggle to move out of poverty. Bangladesh’s landless poor require opportunity to use the one productive asset they have which is their labor. The large number of youth entering Bangladesh’s workforce who do not find meaningful employment may be susceptible to social unrest and recruitment by extremists.

The “labor lens” offers a useful means to examine how these marginal groups could participate and benefit from growth. The labor perspective can help identify opportunities in different value chains (like USAID/Bangladesh’s PRICE project is doing), unmet demand for young workers in specific export industries, household’s migration strategies, and the attractiveness of alternative livelihoods (even those that may be illegal, such as gangs, production of illicit crops and drugs processed from them, trafficking, sex-based commerce, and exploitative child labor).

Given that there is little observable difference in the preference between wage labor and self-employment, increasing access to microfinance and support for inclusive economic laws and property rights may be especially relevant in Bangladesh. These forms of assistance could help marginal groups develop a source of income while facilitating potential mobility issues, such as with women in rural areas who are expected to stay at home.

4.5 HUMANITARIAN ASSISTANCE

Cyclone Sidr affected 8.9 million Bangladeshis and caused a significant loss of livelihoods and assets. Bangladesh’s proneness to natural disaster and the expected effects of climate change make it likely that the country will experience many more similar disasters. Understanding the dynamics of the informal economy, the livelihood options people may have pre- and post-disaster, and how to get micro and small businesses back in operation could be useful for designing effective humanitarian interventions that facilitate transition to development. Moreover, not only is it important to know what livelihoods and assets are in danger of loss from disaster but also what livelihoods make the poor more vulnerable to the impact of natural disasters, such as draining marshes for farm land.

4.6 TENSIONS AND SYNERGIES AMONG THEMES

Sometimes the “stove-piped” nature of development and diplomacy objectives inadvertently places them at cross-purposes with each other. Additionally, designing a development program in the face of limited resources can necessitate choices between priorities: should we focus on labor rights “or” economic growth? It is important then to recognize when labor-related objectives may be in conflict, when it is actually a case of false dichotomy, and when they may be synergistic. Noted below are two particular areas where tensions and synergies may appear in Bangladesh—the nexus between industrial relations and competitiveness and the focus on female participation and empowerment versus the needs of the broader workforce.

4.6.1 Industrial Relations and Competitiveness

Compliance with core labor standards, skills training, and other facets of improved industrial relations may often be viewed by employers as too costly or difficult to implement. In Bangladesh, where the industrial class is largely still first or second generation and the broader political culture is adversarial, efforts to improve industrial relations may be seen to be in tension with the drive to produce at low cost. Whether these are conflicting interests or not may depend on the sector, firm, and current market conditions. For firms operating with thin margins, this may initially appear to be a costly effort. However, for exporters with key markets in the EU and U.S. and consumer interest in labor standards, it would be myopic to not factor in improved industrial relations for improved competitiveness, growth, productivity, and employment. Indeed, recent research has suggested that, at the macro level, countries that enforce core and even non-core labor standards do not lose the comparative advantage that they have in the global marketplace (Freeman & Elliott 2003), and countries that have high rates of child labor, for example, in fact might even have trouble attracting Foreign Direct Investment (DK Brown 2000). Good industrial relations practices and the protection of core labor standards can also potentially improve productivity at the firm level (Egorov 1997).

This type of model lends itself to the RMG and shrimp sectors, where consumers in developed countries can react negatively to brands that have been tied to child labor, sweatshop conditions, and workplace violations. Therefore, as in Cambodia, it could be advantageous for factories to comply with core labor standards and market their products as such. Efforts are underway in the RMG to find common ground among workers and employers. Examples of this include tripartite mechanisms and, to make labor compliance common practice, more needs to be done to standardize it among smaller firms that rely on outsourced labor. In the case of the shrimp sector, concerns about costs to the bottom line still largely predominate.

4.6.2 Female Participation and the Labor Supply

An unstated concern about the increased entry of women into Bangladeshi’s workforce is the potential impact it might have on employment opportunities for men. This may be a particularly sensitive issue in a culture where women are frequently regarded as secondary income earners and domestic duties are their first priority. Although it may be generally true that a larger labor supply creates more competition for jobs, it does not necessarily follow that the greater participation and empowerment of women in the labor sector will necessarily result in fewer jobs for men. The assessment team’s interviews and collected data indicate, for one, that there is either unmet or growing demand for labor in specific sectors such as RMG. Secondly, if productivity fosters economic growth and women were properly trained and compensated to work more productively, their contribution could actually increase investment in Bangladesh and create more jobs. More study is needed to understand the different aspects of this issue, but it would be imprudent to assume a correlation between greater female participation and greater unemployment among males.

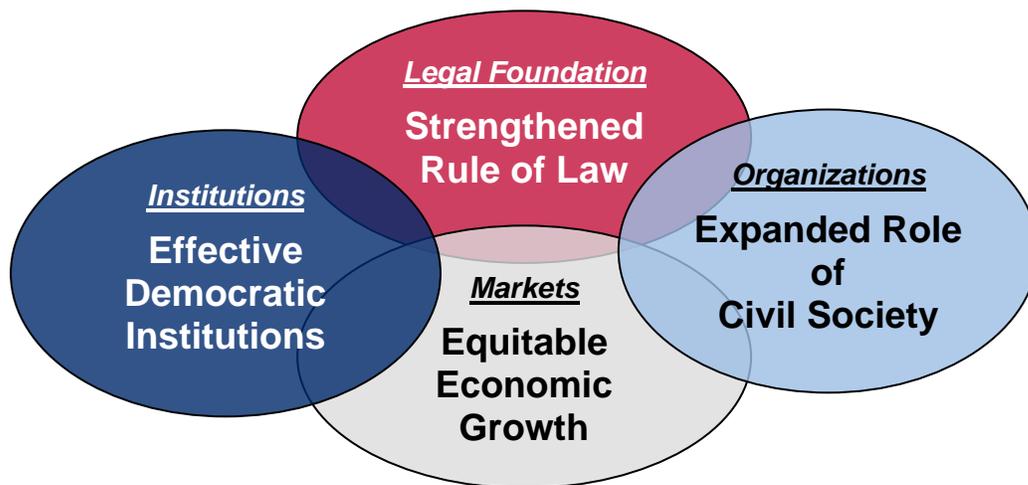
5.0 STRATEGIC CONSIDERATIONS

5.1 FOREIGN ASSISTANCE CONTEXT

Strategic considerations for future programming in Bangladesh require an overview of the USG program (FY2006–2010). Given Bangladesh’s development challenges, USAID/Bangladesh is pursuing several strategic areas of focus: democracy and human rights, economic prosperity, and investing in human capital. To advance these goals, USAID/Bangladesh has identified four strategic objectives (SOs): 1) more effective and responsive democratic institutions and practices; 2) expanded economic opportunities through equitable economic growth; 3) a better educated, healthier, and more productive population; and 4) improved food security and disaster mitigation, preparedness, and relief.⁶¹

SOs 1 and 2, with their many different program components, are directly related to the labor conceptual framework with SOs 3 and 4 implicitly related to labor (Figure 3). These relations are more generally described in *The Role of Labor-Related Issues in the Foreign Assistance Framework*.

FIGURE 3. LABOR ENABLING ENVIRONMENT & USAID/BANGLADESH PROGRAM PRIORITIES



⁶¹ The new Foreign Assistance Framework (FAF) has reframed these goals. According to the FAF, these are now defined as: 1) Peace and Security; 2) Governing Justly and Democratically; 3) Investing in People; 4) Economic Growth; and 5) Humanitarian Assistance.

USAID/Bangladesh's governance SO (\$9–\$12 million/year) has seven components which are all highly relevant to labor: 1) Promote and Support Anti-Corruption Reforms; 2) Support Free and Fair Elections; 3) Reduce Trafficking in Persons; 4) Protect Human Rights and Equal Access to Justice; 5) Strengthen Democratic Political Parties; 6) Support Democratic Local Government and Decentralization; and 7) Improve Sustainable Management of Natural Resources. USAID programs under this SO are tackling the root causes of corruption by improving the quality of governance by elected leaders, developing fair and open election processes, improving the functioning of political parties, and increasing parliamentary and citizen oversight of the national budget. USAID also works with NGOs, locally elected governments, and municipal associations to improve accountability and the delivery of social services. A significant increase in funding was requested for the Governance SO to capitalize on reforms initiated by Bangladesh's care-taker government.

In the Economic Growth portfolio (\$1–\$3 million/year), there are four program components that all lend themselves to labor issues: 1) Increase Private Sector Growth; 2) Improve Quality of Workforce; 3) Expand and Improve Access to Economic and Social Infrastructure; and 4) Improve Economic Policy and Governance. The program works to develop and expand private sector business, improve access to electricity in rural areas, and enhance environmental management. All three areas are targeted to the most vulnerable populations of Bangladesh.

The Investing in Human Capital portfolio (\$29–\$35 million/year) is composed of six program components and includes programs to promote health and education reform, improve maternal/child health and family planning services, and control the spread of AIDS and other infectious diseases. SO 4, Improved Food Security and Disaster Mitigation (\$35–50 million/year) projects work with local government officials, community leaders, and volunteers to develop emergency response plans, increase public awareness, and take the actions required to increase their communities' ability to respond to emergency events. To promote synergy across the SOs and maximize impact on these issues, USAID/Bangladesh instituted several cross-cutting themes, including anti-corruption, youth, gender, and outreach to Muslim leaders.

TABLE 8. USG/BANGLADESH PROGRAM BUDGET			
Program Area	FY 2007 (actual)	FY 2008 (estimated)	FY 2009 (requested)
	(\$, thousands)		
Peace and Security	5462	8855	7300
Governing Justly and Democratically	84232	105009	106835
Economic Growth	7397	15980	15429
Investing in People	55332	63964	56475
Humanitarian Assistance	10038	7210	7100
Program Support	859	-	-
Total	84232	105009	106835

Source: <http://www.usaid.gov/policy/budget/cbj2009/101468.pdf>

5.3 CATALYZING LABOR REFORM

The current environment offers both promise and apprehension for labor issues in Bangladesh. Under the care-taker government, major efforts are underway to remove corruption and introduce other broad reforms that create a better enabling environment for labor. In the private sector, several leaders are learning about the relationship between social compliance, productivity, and competitiveness and taking bold steps to actualize this virtuous circle. Donors, buyers, domestic and international NGOs, think tanks,

and a number of other actors are also actively engaged in creating greater awareness of labor issues and finding ways to promote more constructive industrial relations.

At the same time, numerous obstacles remain. While the forthcoming Poverty Reduction Strategy II outlines many excellent policy steps for labor, this is likely to be just a wish list given the government's current capacity constraints and problems with corruption. Important parts of Bangladesh's private sector have not embraced the necessity of social compliance. During the care-taker government, the rights to freedom of association and collective bargaining have been deeply curtailed in an environment that is already very hostile to trade unions and worker voice. Finally, labor stakeholders in Bangladesh continue to struggle to find solutions that all parties can fully accept and trust.

USG's long presence in Bangladesh, its trade ties to the country, and its ability to act both on diplomatic and development fronts put it in a unique position to catalyze action on labor issues. Near-term engagement that can instill mutual trust among stakeholders could lead to significant breakthroughs and enhance the current momentum for change. Long-term engagement that builds reliable institutions and country capacity could help Bangladesh properly use its labor asset to ascend to middle-income country status.

5.4 RECOMMENDATIONS

This assessment has identified a number of key constraints and opportunities in each of the four key components of Bangladesh's labor sector. The following recommendations are based around these findings and filtered through what is feasible and most likely to resonate in the local context. Numerous opportunities exist to integrate labor-related concerns to help achieve USG Mission objectives in Bangladesh in priority areas. The following "points of leverage" are offered either to be addressed directly or to be approached indirectly, and strengthened during the course of USAID/USG work in other areas.

1) Networked Labor Governance

One of the major challenges facing the labor sector is a severe deficiency in the capacity, and in some cases perhaps willingness, of the Bangladeshi government to adequately enforce Bangladeshi labor law and to ensure that workers' rights are sufficiently respected. The MoLE is currently in no way capable of meeting its responsibilities, or the demands of workers as well as industry and the international buying community. In response to the government's regulatory under-capacity, a phenomenon has developed by which alternative forms of labor governance have emerged and may be worthwhile to support: a) networked labor governance by the Bangladeshi government; b) self-regulatory initiatives undertaken by Bangladeshi employers' organizations; and c) self-regulatory mechanisms undertaken by international buyers. Most of these have involved, or should involve, the active participation of NGOs and genuine trade unions that have an interest in ensuring that workers' interests and core labor rights are being represented.

Networked Government Regulation: One means by which this has occurred is through the ad hoc networking and creation of alternative governance institutions. First, as described in the body of this report, the Bangladeshi government has created a number of ad hoc governance institutions to make up for the lack of MoLE's capacity. These institutions network together various ministries, as well as private actors in civil society, to address regulatory gaps. What have emerged are alternative forms of both public and private forms of labor governance within the labor sector that complement the traditional work done by the MoLE.⁶² This has taken, for example, the form of the SCF, the CMC, and the MoFL's labor monitoring role.

⁶² See Supra _ for a description of some of these institutions.

Self-Regulation: A second form of regulatory governance that has developed is private or self-regulation by various employer organizations.⁶³ As described above, the key export associations have all undertaken extensive initiatives to address labor problems in their members' factories. While the BGMEA has been the most proactive in reaching out to trade unions and other stakeholders, others have taken more "go it alone" strategies.

CSR and Buyer Monitoring: Many international buyers are also actively engaged in monitoring, either directly in-house, or through the employment of external monitors, of their suppliers. These include such names as Carrefour,⁶⁴ Tesco,⁶⁵ Wal-Mart, Nike, Gap, and more. A number of these companies have joined the MFA Forum to discuss issues facing workers and businesses in the post-MFA environment. One notable example of such a commitment is the company Multiline. In interviews, Multiline described its decision to prioritize working conditions and labor law compliance in its Bangladesh operations. Currently, it sources from 25 factories in Bangladesh, which undergo in-house audits as well as monitoring from two external monitors. Social compliance is part of its business model and, in an interview, it estimated that it pays a 3 percent premium to suppliers to be socially compliant, and that there is approximately a 5 percent total price increase per item because of its social compliance program. Multiline, however, has decided to invest \$200 million in order to create its own self-sufficient production facility, eliminating the need for suppliers as well as external and in-house monitoring. Multiline claims that ensuring social compliance has concrete returns, such as increased productivity and improved relationships with workers.⁶⁶

Transnational Labor Networking and Transnational Labor Activist Networks (TLANs): This ad hoc regulatory response has largely been in response to an important driver of networked labor governance, which is the growth of transnational labor activist networks (TLANs) that have emerged to put pressure on the Bangladeshi government, as well as MNCs, and domestic producers to improve labor governance and respect workers' rights.⁶⁷ Although a longer-term study would be necessary to make any solid empirical findings, it seems evident that, while the Bangladesh government only partially responds to domestic pressures for adequate labor governance, it very seriously responds to the demands of the international economic market and international political community. Few countries' labor sectors have received as much international attention as Bangladesh's. While this has caused great consternation for government and employers' associations in Bangladesh, this attention has been an important factor in compelling the Bangladesh government to bring laws such as the EPZ WAIRA into compliance with international standards, and to address gaps in regulatory capacity. The success of the various GSP petitions brought by the AFL-CIO in pressuring the Bangladesh government, as well as Bangladeshi employers, to make progress in improving aspects of its labor laws and labor governance, particularly in the area of the right to freedom of association, is an example of this. A second target of these TLANs has been to compel MNCs and international buyers to ensure that their supply chains are compliant with consumer demands and international labor standards. In many cases, as described above, these MNCs have responded in order to mitigate the risk of being further criticized for having poor working conditions in their supply chains.

⁶³ See *Supra* __.

⁶⁴ See *id.* for a critique and evaluation of Carrefour's social monitoring of its supply chain.

⁶⁵ Tesco currently uses Ethical Trading Initiative.

⁶⁶ Others are less convinced of this connection. One interviewee from a major buyer thought productivity increases might have more to do with quality of machinery, but did concede that if workers worked in cooler environments, they would be less likely to sweat on the products and thus ruin them.

⁶⁷ For more on Transnational Activist Networks, see Margaret E. Keck & Katherine Sikkink, *Activists Beyond Borders: Advocacy Networks in International Politics* (1998); Gay Seidman, *Beyond the Boycott* (2007).

It is not clear to what degree these forms of ad hoc regulatory responses are making a difference in terms of improving working conditions. However, they are clearly at work and, according to some commentators, have made serious improvements in working conditions.⁶⁸ This international attention in fact provides a number of opportunities for the Bangladesh government civil society, as well as for USAID, to develop interesting and innovative labor programming to address Bangladesh's regulatory and governance deficit, and to help achieve and contribute to the three SOs noted above.

The Cambodia Model: One way in which these goals might be pursued is to build on the lessons learned from Cambodia's well-known experiment with using the ILO to monitor factories and make the information public. This model is extensively described in the Cambodia Labor Assessment Report, and elsewhere.⁶⁹ At its base, the Cambodia Model, which was originally linked to incentives built into a bilateral trade agreement between the U.S. and Cambodia, created a set of incentives for the Cambodian government if the garment sector was found to be in substantial compliance with Cambodian labor law. An ILO monitoring project was established, and regular reports were made that made public the level of compliance in individual factories. This information was used, in part, by buyers to determine the level of compliance of their contractors. The ILO currently has tried to expand and scale up this program in a joint World Bank/ILO program called Better Work. Better Work seeks to replicate the Cambodia model, starting with pilot projects in Jordan and Vietnam, albeit without the original trade mechanism.

Bangladesh's stakeholders clearly recognize that developing a reputation for socially compliant products is key, albeit not sufficient, for its future success. Creating a successful program under one roof that could consolidate some of the disparate monitoring programs, and place an emphasis on transparency, could contribute to the goals of improving the quality of governance and the quality of working conditions, and increase economic opportunities for the Bangladeshi export sectors by attracting more investment from buyers that are sensitive to consumer demand for socially compliant products. This approach could be particularly suitable for Bangladesh given the active presence of transnational solidarity networks and the mechanisms of pre-existing pressure on individual employers and industries.

One of the challenges in developing such a system would be first, to develop an adequate mechanism for ensuring freedom of association and the development of an active set of trade unions that, even if not completely independent in the North American model, would be responsive to the demands of the workers, rather than serving as agents of political parties to mobilize workers for political ends. Second, the monitoring system would need to also directly address the problem of capacity deficits within the government ministries. There would need to be a strong element of government involvement in the project, and mechanisms by which it explicitly seeks to develop governmental capacity. In Bangladesh, this might entail an agreement of greater investment by the government in the labor ministry, or alternative forms of labor governance taking advantage of the ad hoc systems of ministry networking that already exists.

2) Labor Court Development and ADR

Another strategic approach could be to harness the pre-existing strengths of the labor courts. As described above, the labor courts appear to be reasonably well-functioning, albeit highly under-resourced and backlogged. A number of NGOs have been actively using the courts to achieve individual restitution for labor law violations. If the labor courts and the legal practice already have earned some degree of respect from stakeholders, it could make sense to leverage this and further develop the capacity of the labor court institutions. Moreover, as BLAST reports, an increasing number of employers and plaintiffs are agreeing

⁶⁸ See, e.g., International Federation for Human Rights, *Bangladesh, Labor Rights in the Supply Chain and Corporate Social Responsibility* (2008), p. 10.

⁶⁹ See, e.g., Kevin Kolben, Trade, Labor and the ILO: Working to Improve Conditions in Cambodia's Garment Factories, *Yale Human Rights and Development Law Journal*, Don Wells.

to negotiate out of court settlements. Further development and training in out of court settlement, as well as mediation, conciliation, and arbitration, could be a beneficial use of resources.

3) Local-Level Labor Governance

Formal dispute settlement and industrial relations mechanisms are not as relevant in the informal sector and in rural areas where work relationships are far more embedded in communities. Interviews with workers in the informal shrimp farm sector revealed that negotiated improvements in their working conditions occurred completely outside of formal industrial arrangements framework, and largely outside of the background of the law, since by and large the law is not relevant to this sector. Instead, local governance systems through the *Upazilas* were used in which *gher* owners and organized groups of workers, who often lived in the communities and same villages, came together to negotiate over issues with the *Upazila* leaders as mediators. This appeared to be a highly effective means of achieving beneficial outcomes. Local-level systems of governance in the informal sector might potentially be leveraged to help develop local-level governance mechanisms that operate largely outside of the central government.

4) Productivity and Competitiveness

Bangladesh's current competitiveness rests on its abundant and cheap labor and *laissez faire* regulatory environment. However, these advantages have not lifted the country from its very low productivity level which is important for future growth and development. Assistance that helps Bangladesh in this respect might include:

- Measures to enable employers to comply with core labor standards, including demonstration of the linkages between social compliance and productivity. The export industries are subject to international scrutiny that has usefully compelled them to better comply. Some employers interviewed by the team initiated improvements in this area on their own and are already seeing productivity enhancements. However, other sectors where outside drivers for change are absent or do not value social compliance require engagement. Sectors in the informal economy or sub-sectors not currently receiving attention, such as accessories in the RMG sector, fit this profile.
- Improvement in the quality of the labor force through skills development and market-oriented training and curriculum through the country's vocational system. RMG and shrimp employers indicated an unmet demand for skilled and trainable workers. In general, however, a better trained workforce is able to be more productive on the job and, also important in the Bangladesh context, more adaptive to different employment opportunities.
- Productivity enhancement using state-of-the-art technology, review, and redesign of production lines and other methods of modern production. It is important to remember here that many of Bangladesh's firms are Bangladeshi-owned, and this industrial class has a short history of entrepreneurial experience. As such, they benefit from partnerships with donors or more experienced foreign firms in these efforts. Some firms who instituted these measures with donor support reported better productivity without huge investment costs.

5) Attention to Specific Populations

Some specific populations within Bangladesh's labor force require interventions that will help them better benefit from economic growth and thus poverty reduction. Among these groups are women, youth, the disabled, informal economy workers, and overseas migrant workers who by and large constitute Bangladesh's poor. The issues faced by each group are slightly different, so interventions should be cognizant of those differences—however, all would benefit from public goods. Electricity and social protection measures reduce their vulnerability and increase their well-being, particularly in the face of shocks such as the crisis in food and energy prices.

Women are increasingly entering the workforce and constitute a majority of RMG and shrimp workers, but their participation rate is still lower than other countries in the region. Established discourse in women's empowerment and employment in Bangladesh has largely focused on anti-poverty and social welfare programs without taking into account issues of wage parity, worker health, sexual harassment, and access to formal labor markets, which are also important development goals. Priority should be given to the following issues:

- **Promoting Wage Equity:** The Bangladesh Constitution has mandated the government to enforce equal payment across gender lines and this provides an opportunity for NGO advocacy work.
- **Technical and Vocational Education for Women:** Although Bangladesh has achieved gender parity up to secondary-level enrollment, serious disparity remains in the case of technical and vocational education. To create more access to formal employment with better payment as well as to transform the large number of unemployed youths into skilled manpower, technical and vocational education should be the main focus. Already the upcoming PRS has adopted policy agendas to increase the enrollment of girls in this regard.
- **Incentives and Support Systems to Encourage Married Women to Enter or Stay in the Labor Force:** The high odds of married women staying out of the labor force also have to do with reproductive responsibilities. Facilitating such mechanisms as mobile crèches and access to information about jobs will help attract them into the labor force (The World Bank, March 2008).
- **Development of Female Trade Union Leadership.** Unions would become more representative if they were encouraged to include women in leadership positions.

A large number of youth are also entering the labor force, many of them more educated than their predecessor. They potentially can be a “demographic dividend” if they are able to fill unmet demand for semi-skilled and skilled labor, though it is not likely that all of them can be absorbed by the formal economy. Youth frustrations in the labor sector coupled with Bangladesh's penchant for social and political demonstration could be a destabilizing force in the country as with most countries facing a “youth bulge.”

There is currently little understanding of the informal economy's composition and dynamics. Furthermore, there are fewer drivers of change that compel this part of the economy than there are in sectors such as RMG and shrimp. But given that it employs almost 80 percent of the labor force and current labor laws do not cover the informal economy, significantly more attention is needed here to help workers better benefit from economic growth opportunities.

A final population deserving attention is overseas migrant workers. Similar to the informal economy, overseas migration relieves employment pressure on the formal economy. Furthermore, the huge levels of remittances from overseas workers are a critical income source for Bangladeshi households. Interventions related to remittances support may be in the purview of development assistance. There is also a likely role for diplomatic support on core labor standards for these workers in their host countries.

6) Capacity, Constructive Dialogue, and Learning

Bangladesh's labor sector suffers from the politicization that afflicts almost every aspect of Bangladesh society. Yet, mutual trust is necessary among stakeholders given the highly relational dimension of the labor sector. USG unique ability to serve as a trusted broker could help stakeholders find means for building the capacity of parties for constructive dialogue, conflict resolution, and learning. In a country where political gridlock is increasingly the norm, this potential area of intervention should not be discounted.

ANNEX A: RESULTS FRAMEWORK

ELABORATION OF A RESULTS FRAMEWORK FOR A BANGLADESH LABOR SECTOR PROGRAM: SPECIAL OBJECTIVE FOR WORKER'S ORGANIZATION

Purpose

The purpose of this document is to provide assistance to USAID, D&G Office and the Bangladesh Mission in the development of a Results Framework based on the COLSA submitted in April, 2009.

Results Framework – Overall Considerations

During the course of the Task Order a generalized Development Hypothesis and Results Framework were developed as part of the Programming Handbook, presented in June, 2009. This handbook subsumed lessons learned following a series of country-level labor assessments (called COLSAs) conducted by USAID personnel, contractor specialists and leading academics in the field. Following the Labor Forum in June, 2009, and subsequent analysis by USAID, this RF was modified (see Figure 1). The RF is based on the four components of a “well-functioning labor sector”: legal framework, institutions, organizations and markets. This model serves as the conceptual framework for the suite of technical products developed under this Task Order.

Process for Development of the USAID/Ukraine Results Framework

The process of developing a Bangladesh-specific Labor Results Framework followed a step-wise approach starting with an analysis of the COLSA. Using the Labor Sector Strategic Objective and Intermediate Results (from the Programming Handbook, in blue), customized Sub-Intermediate Results were developed based on the identified constraints, overall conclusions and recommendations of the COLSA. This is provided as **Figure 1**. It also indicates where this broad cross-cutting Bangladesh Labor Sector Results Framework complements the existing Mission strategy (in green).

From that Results Framework combining global objectives (SO and IR) with localized context (at the sub-IR level, in other words the lower level results necessary to achieve the IRs), analysis of the COLSA indicated a Results Framework that would be based on a specific Special Objective (Mission level), Special Intermediate Results and Sub-Intermediate Results that focuses on Labor Sector Organizations (in red). The transition from a cross-cutting Labor Sector RF for Ukraine (hence the Strategic Objective) to one concentrating on labor Sector Organizations (hence a Special Objective) is provided in **Figure 2**, citing specific issues arising from the COLSA.

Figure 3 provides a Results Framework for a Worker Organization focused program in Bangladesh under the Special Objective, with customized IRs and sub-IRs. Included in this figure are illustrative custom performance indicators relevant to both the Bangladesh and global RF. FACTS indicators, not included, would be based on the FAF Assistance Objective elements and/or the Missions SO Results Framework.

Note: Labor Sector Organizations refer to the wider organizational matrix of unions, human rights and labor policy CSOs, and employer associations (and in some cases may include political entities). Worker Organizations refer to democratic membership union organizations and their federations.

FIGURE 1. OVERALL RESULTS FRAMEWORK FOR THE LABOR SECTOR IN BANGLADESH

STRATEGIC OBJECTIVE: A functioning and balanced labor sector that protects workers’ rights, promotes participation, transparency and accountability as well as broad-based economic growth, incomes and increased opportunities, is in place and sustainable over time.

Illustrative Indicators: For this we suggest the CIRI Empowerment (new version) Index that measure *inter alia* worker rights and protections, freedom of domestic and foreign movement, freedoms of assembly and association.

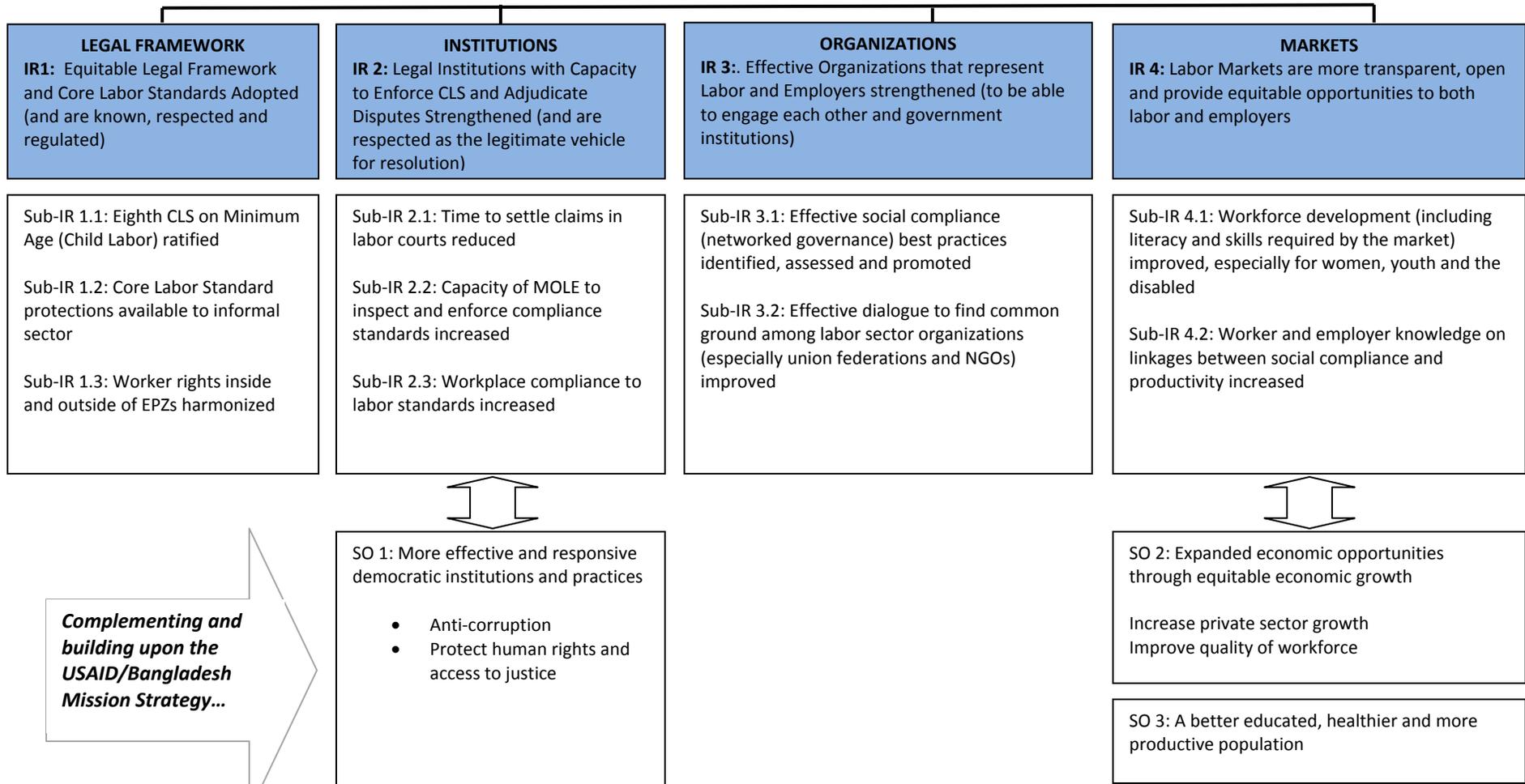


FIGURE 2. TRANSITIONING FROM THE GLOBAL RESULTS FRAMEWORK TO A BANGLADESH LABOR SECTOR RESULTS FRAMEWORK

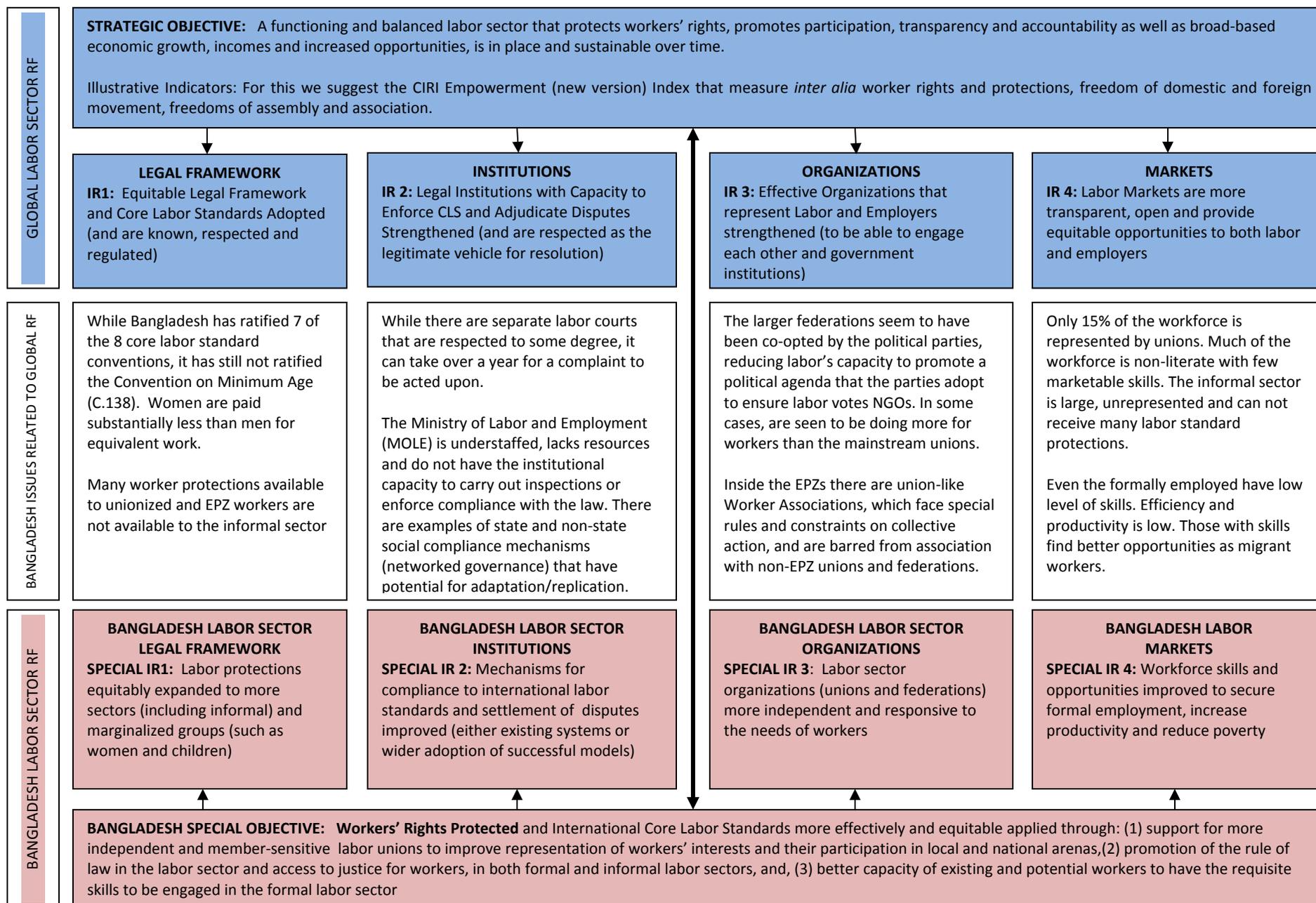


FIGURE 3. PROPOSED RESULTS FRAMEWORK FOR STRENGTHENING THE BANGLADESH LABOR SECTOR (THROUGH WORKER ORGANIZATIONS)

<p>BANGLADESH SPECIAL OBJECTIVE: Workers' Rights Protected and International Core Labor Standards more effectively and equitably applied through: (1) support for more independent and representative labor unions to improve representation of workers' interests and their participation in local and national arenas,(2) promotion of the rule of law in the labor sector and access to justice for workers, in both formal and informal labor sectors, and, (3) better capacity of existing and potential workers to have the requisite skills to be engaged in the formal labor sector</p>			
<p>BANGLADESH LABOR SECTOR LEGAL FRAMEWORK</p> <p>SPECIAL IR1: Labor protections equitably expanded to more sectors (including informal) and marginalized groups (such as women and children)</p>	<p>BANGLADESH LABOR SECTOR INSTITUTIONS</p> <p>SPECIAL IR 2: Mechanisms for compliance with international labor standards and settlement of disputes improved (either existing systems or wider adoption of successful models)</p>	<p>BANGLADESH LABOR SECTOR ORGANIZATIONS</p> <p>SPECIAL IR 3: Labor sector organizations (unions and federations) more independent and responsive to the needs of workers</p>	<p>BANGLADESH LABOR MARKETS</p> <p>SPECIAL IR 4: Workforce skills and opportunities improved to secure formal employment, increase productivity and reduce poverty</p>
<p>Special Sub-IR 1.1: Labor sector organizations develop legal reform advocacy positions independent of political party affiliation</p> <p>Special Sub-IR 1.2: Labor sector organizations and export-oriented (international) employers find common ground on legal reform (with better social compliance to complement investment attractiveness)</p>	<p>Special Sub-IR 2.1: Monitoring and publication of ministry inspections and enforcement and court proceedings efficiency by unions, federations and NGOs increased</p> <p>Special Sub-IR 2.2: Successful best practices in social compliance and enforcement (networked governance) identified and assessed</p> <p>Special Sub-IR 2.3: New models of social compliance strategies designed and implemented</p>	<p>Special Sub-IR 3.1: Number of women in union and federation leadership positions increased</p> <p>Special Sub-IR 3.2: Unions and federations elect officials on democratic principles</p> <p>Special Sub-IR 3.3: Contact of federation leadership with plant-level unions and workers increased</p> <p>Special Sub-IR 3.4: Dialogue among unions and EPZ-based Work Associations increased</p>	<p>Special Sub-IR 4.1: Labor sector organization (union or CSO) basic literacy and skills training programs expanded</p> <p>Special Sub-IR 4.2: Labor sector organizations, local government, business and workers find common ground on issues of productivity, quality and competitiveness</p>
<p>Illustrative Indicators:</p> <p>Number of independently developed position papers produced by federations presented to Government</p> <p>Number of forums between labor (unions, federations) and export-oriented businesses to develop common ground agendas on legal reform</p> <p>Number of supported meetings between unions and WAs from EPZs to find common issues for harmonization of registration and protections</p>	<p>Illustrative Indicators:</p> <p>Number of publications of monitoring of complaints, inspections and enforcement published by labor sector organizations</p> <p>Number of best practices identified and assessed</p> <p>Number of new models of networked governance piloted</p>	<p>Illustrative Indicators:</p> <p>Number of women in union and federation leadership posts (elected or appointed)</p> <p>Number of supported formal meetings of union and/or federation-level leadership with plant-level unions or workers</p> <p>Number of new independent unions established</p> <p>Percentage of union leadership that do not concurrently hold official positions in political parties</p>	<p>Illustrative Indicators:</p> <p>Number of people (M/F) trained in (1) basic literacy and numeracy, (2) basic employment skills, (3) specific skill areas</p> <p>Percentage of trained people who secure formal employment</p> <p>Number of publications, presentations or media articles on joint meetings and their findings</p>

ANNEX B: DONOR AND PARTNER PROGRAMS IN LABOR

The following list refers to a number of donor-supported programs that were brought to the attention of the assessment team during the in-country assessment. The list is not comprehensive and may refer to past efforts.

Skills Development

- The World Bank, Asian Development Bank, GTZ, ILO, and the European Union are all reportedly working on skills development.
- The ILO is supporting BIDS research on several skill-intensive sectors (Information Communication Technology, textiles, pharmaceuticals, food manufacturing, ceramics, furniture, transport, ship building, leather and leather goods) looking at the labor segment and the missing skills in demand.
- The Food and Agricultural Organization is partnering with the private sector and the government on a labor skills program in the shrimp sector.
- USAID's PRICE program will provide skills training on a pilot basis.

Social Compliance

- The ILO has long had an active role in Bangladesh's labor sector. Currently, the ILO is actively engaged in child labor through IPEC, which has been its major program historically in Bangladesh, programming that addresses the problems of violence against women, and vocational training reform. It also is looking into programming on the issues of migration management, the shrimp sector, and the ship-breaking sector. It should be noted that in 2002–2005, with U.S. ILAB funding, it ran a project of questionable success in cooperation with BGMEA to try and improve working conditions through a combination of factory monitoring and remediation. However, according to an evaluation by the ILO, the program was severely hampered by lack of cooperation by BGMEA. Now however, according to interviews with ILO officials, the BGMEA is “begging” for ILO help in relation to a possible Cambodia-like program.
- GTZ assistance was given to BKMEA to develop a comprehensive factory social compliance monitoring system that the association claims is cheaper (\$5,000) and better than Cambodia's Better Factory Program.
- GTZ provided assistance to BKMEA to produce training manuals, including a manual for mid-level supervisors, on occupational health and safety and environmental regulation. BKMEA began workers' training at factories on rights in June 2008 and reported significant demand from its members for training, e.g., mid-level manager training.
- The EU and USAID (PRICE program) are supporting training for shrimp processors on the new labor law.

Other

- The BILS research center is developing a code of conduct for employers on women workers.
- Oxfam/Bangladesh is developing a livelihoods strategy for the informal sector.

ANNEX C: CONTACTS MADE

Family names are capitalized below.

LABOR UNIONS AND LABOR NGOS

Dhaka

- Mr. Nazrul Islam Khan, Secretary General, Bangladesh Institute of Labor Studies (BILS) and member of the BNP Secretary General
- Mr. Roy Ramesh Chandra, General Secretary, Bangladesh National Council (BNC), International Textile Garments and Leather Workers Federation (ITGLWF), also leader of Awami League
- Dr. Wazwd Ali Khan, Chairman SCOP
- Mr. Syed Sultan Uddin Ahmmed, Assistant Executive Director BILS
- Ms. Masuda KHatum Shefali, Executive Director, Nari Uddug Kendra
- Ms. Nazma Akhter, General Secretary, Awaj Foundation
- Worker Interviews at Solidarity Center
- Ms. Shirin Akhter, Karmojibi Narin (KN)
- Ms. Kolpona Akhtar, Bangladesh Center for Workers Solidarity
- Mr. Mujibur Rahman Bhuiyan,

Khulna

- Social Activities for the Environment, SAFE
 - Worker interviews organized by SAFE
- Solidarity Center
 - Worker Interviews organized by Solidarity Center
- BLAST, Khulna Office
- IDEAL
 - Worker Interviews organized by IDEAL

Chittagong

- Worker Interviews at Solidarity Center Chittagong
- Worker Interviews organized by MAMATA

EMPLOYERS

- Md. Mosharaf Hossain and Md. Abul Kalam Bhuiyan, NASA Group (employer in CEPZ)
- Muntashir Maman and Jeff Mohler, Executive Directors, Multiline GMBH
- Anonymous Interview, UK Based MNC
- Fresh Foods, Sea Fresh, Ltd.
- Mr. Steve Kim, Haewae Co. Ltd, Chittagong

NGOS

- Dr. Abdul Hay Mondal, Bangladesh Institute of Development Studies
- Dr. Mahmudul Karim, Executive Director, Bangladesh Shrimp and Fish Foundation
- Mr. Syed Mahmudul Huq, Chairman, Bangladesh Shrimp and Fish Foundation
- Ms. Shaheen Anan, Executive Director, Manusher Jonno
- Ms. Farida Yasmin, Deputy Director (Legal Affairs), Bangladesh Legal Aid and Services Trust
- Mr. Ziaul Haque Mukta, Coordinator, Oxfam
- Ms. Famida Khatun, Center for Policy Dialogue

GOVERNMENT OF BANGLADESH

- Brig General Jail Ahmed Khan, Executive Chairman, Bangladesh Export Processing Zones Authority (BEPZA)
- Mr. Syed Aatur Rahman, Ministry of Fisheries and Livestock
- Mr. Parikshit Datta Chowdhury, Joint Secretary, Ministry of Fisheries and Livestock
- Mr. Ataul Haque, General Manager, Chittagong, EPZ; Industrial Councilors, Chittagong EPZ
- Mr. Mahfugal Haque, Ministry of Labor
- Mr. Feroz Ahmed, Ministry of Commerce
- Md. Mansur Reza Choudhury, Joint-Secretary, Ministry of Expatriates' Welfare and Overseas Employment

INDEPENDENT EXPERTS

- Dr. Selim Ralhan, Dhaka University
- Mr. Nirmalendu Dhar, Advocate, Former Member of Labor Court

U.S. GOVERNMENT

- Anne Williams, USAID/Dhaka, Economic Growth Office
- Ambassador James F. Moriarty, US Ambassador to Bangladesh
- Mr. Todd Sorenson, USAID Bangladesh

USAID PARTNERS

- Mr. Jeff Vanness, IRI
- Ms. Jacqueline Corcoran, NDI
- Mr. David Welsh, Solidarity Center
- Robert Webster, COP and Zakir Hossain, Director of Business Development, USAID PRICE project

EMPLOYERS AND EMPLOYERS ASSOCIATIONS

- Mr. Anwar-ul-Alam Chowdhury, President, BGMEA
- Mr. Annisul Huq, President, Federation Of Bangladesh Chambers Of Commerce And Industry (FBCCI) (ICCB)
- Md. Mosharaf Hossain and Md. Abul Kalam Bhuiyan, NASA Group (employer in CEPZ)
- Mr. Fazlul Hoque, Bangladesh Knitwear Manufacturers Association, BKMEA
- Rupha Fish Exporters, Khulna
- Bangladesh Frozen Food Exporters Association, Khulna

DONORS & INTERNATIONAL ORGANIZATIONS

- Dr. Dietrich Stotz, Program Coordinator, PROGRESS and Kristina Kurths, GTZ
- Dr. Zahid Hossain, World Bank/Dhaka
- International Finance Corporation, World Bank
- Ms. Panudda Boonpala, ILO

ANNEX D: REFERENCES

- “Making Work Pay in Bangladesh: Employment, Growth, and Poverty Reduction” Paci, Pierella and Sasin, Marcin. World Bank. 2008.
- “Labor Market in Bangladesh: Changes, Inequities, and Challenges.” Research Monograph 21. Rahman, Rushidan Islam. Bangladesh Institute of Development Studies. August 2007.
- “The Impact of Trade Liberalization on Poverty, Summary of Proceedings” Winter 2006. Woodrow Wilson International Center for Scholars and U.S. Agency for International Development.
http://www.povertyfrontiers.org/ev_en.php?ID=1538_201&ID2=DO_TOPIC
- “Bangladesh Apparel Sector in Post MFA Era: A Study on the Ongoing Restructuring Process.” Rahman, Mustafizur, et al. Centre for Policy Dialogue. February 2008.
- “Labor Resistance to Pro-Market Economic Reforms in Bangladesh.” Nuruzzaman, Mohammed. Journal of Asian and African Studies. Volume 41(4): 341-357. 2006.
- BBS LFS 2005/06
- National Public Perception Study Report. Election Working Group. February 2007.
- Report of the National Democratic Institute (NDI): Pre-election Delegation to Bangladesh’s 2006/2007 Parliamentary Elections. Dhaka, September 11, 2006
- “Rural Labor Markets and Migration in South Asia: Evidence from India and Bangladesh”, Priya Deshingkar and John Farrington. November 2006. Background Paper for the World Development Report 2008.
- “Whispers to Voices: Gender and Social Transformation”, March 2008, World Bank.
- “Decent Work and the Informal Economy”, ILO Conference 90th Session, Report VI, 2002
- “Report of the Technical Workshop on Old and New Facets of Informality”, ILO, Geneva, March 2, 2001
- USAID Fragile States Strategy
- “The Political Economy of the State and Market in Bangladesh” Rehman Sobhan, Center for Policy Dialogue, September 2002. http://www.cpd-bangladesh.org/publications/rs/BEA_percent20conf..PDF
- “Bangladesh at the Crossroads,” Karim, Tariq A. and Fair, C. Christine, U.S. Institute of Peace Special Report 181, January 2007.
- “The Rise of Islamist Militancy in Bangladesh,” Ganguly, Sumit, U.S. Institute of Peace Special Report 171, August 2006.
- “Restoring Democracy in Bangladesh”, Asia Report No. 151, International Crisis Group, April 28, 2008.
- “Bangladesh: Selected Issues”, IMF Country Report No. 08/335. IMF, October 15, 2008.
- Alexandre Egorov, *Productivity Improvement and International Labor Standards: Interaction for Development*, in Workers: Stakeholders in productivity in a changing global economic environment (ILO 1997)

Drusilla K. Brown, *International Trade and Core Labor Standards, A Survey of the Recent Literature*, OECD 2000.

Bangladesh Ministry of Labor, *Key Findings of Labor Force Survey, 2005-6*.

Claire Salmon, *Child Labor in Bangladesh: Are Children the Last Economic Resource of the Household?*, *Journal of Developing Societies*, 2005, No. 21, p. 33-54.

Congressional Research Service, *Report for Congress, Bangladesh: Background and US Relations, 2007*.

Human Rights Watch, *Bangladesh: End Wave of Killings by Elite Forces* (Aug. 11, 2008).

ILO (IPEC), *Bangladesh Child Labor Data Country Brief (2007)*

ILO Committee of Experts: *Individual Observation Concerning Freedom of Association and Protection of the Right to Organize Convention, 1948 (No.87) Bangladesh (2008)*.

International Trade Union Confederation, *Annual Survey of Trade Union Rights, Bangladesh (2007)*.

International Federation for Human Rights, *Bangladesh, Labor Rights in the Supply Chain and Corporate Social Responsibility (2008)*.

The Solidarity Center, *The True Cost of Shrimp: How Shrimp Industry Workers in Bangladesh and Thailand pay the Price for Affordable Shrimp (2008)*.

United States Embassy, Bangladesh, *2007 Trafficking in Persons Report*.

USAID, *The Role of Labor-Related Issues in the Foreign Assistance Framework: Cambodia Labor Assessment (2008)*.

USAID/Bangladesh, *Country Strategic Statement FY 2006-10. (2005)*.

USAID/Bangladesh, *USAID/Bangladesh Operational Plan FY 2006. (2006)*

USAID, *Performance Report on Fiscal Year 2007 for Bangladesh*.

USAID, *A Pro-Poor Analysis of the Shrimp Sector in Bangladesh (2006)*.

U.S. State Department, *Country Reports on Human Rights Practices, Bangladesh 2007*.

World Bank, *Bangladesh, Data and Statistics, Development Indicators (2008)*.

Kevin Kolben, *Trade, Labor and the ILO: Working to Improve Conditions in Cambodia's Garment Factories*, *Yale Human Rights and Development Law Journal*, Vol. 7 pg. (2004).

Bangladesh Labor Act 2006

Constitution of the People's Republic of Bangladesh

Export Processing Zone Workers Association and Industrial Relations Act (2004)

Lawyers Committee for Human Rights, *International Standards and Voluntary Monitoring: The International Labor Organization's Garment Sector Project in Bangladesh (2003)*.

Bangladesh Fish and Shrimp Foundation, *Study on Labor Rules Relevant to Child, Adolescent & Women Labor in the Shrimp Processing Factories (2008)*

The New Nation, *BGMEA Leaders Call on Law Adviser: Punishment for NGOs Tarnishing Bangladesh's Image Urged*, Apr. 12, 2007.

Jeffrey Wheeler & Lynn Sallinger, *The Role of Labor-Related Issues in the Foreign Assistance Framework*, (2007).

Margaret E. Keck & Katherine Sikkink, *Activists Beyond Borders: Advocacy Networks in International Politics* (1998).

Kimberly Ann Elliott, Richard B. Freeman, *Can Labor Standards Improve Under Globalization?* (2003)

Polaski, Sandra. 2010. "Statement of Sandra Polaski, Deputy Undersecretary for International Affairs, U.S. Department of Labor, before the Subcommittee on Terrorism, Nonproliferation and Trade Subcommittee on International Organizations, Human Rights and Oversight Committee on Foreign Affairs, U.S. House of Representatives." Washington, DC, March 10.

Posner, Michael. 2010. "Statement of Michael Posner, Assistant Secretary, Bureau of Democracy, Human Rights, and Labor, U.S. Department of State, before the Subcommittees on Terrorism, Nonproliferation and Trade and International Organizations, Human Rights and Oversight Committee on Foreign Affairs, U. S. House of Representatives," Washington, DC, March 10.

Reichle, Susan. 2010. "International Worker Rights, U.S. Foreign Policy and the International Economy." Statement for the Record by Acting Assistant Administrator, USAID Bureau for Democracy, Conflict, and Humanitarian Assistance before a joint hearing of the Subcommittee on Terrorism, Nonproliferation and Trade and the Subcommittee on International Organizations, Human Rights and Oversight Committee on Foreign Affairs, U.S. House of Representatives. Washington, DC, March 10.

Gender Section References

BIBLIOGRAPHY

Ahmed,F; In Defence of land and Livelihood,CUSO,1997.

Amin,Sajeda, Ian Diamond, Ruchira T. Naved, and Margaret Newby; Transition to Adulthood of Female Garment-factory Workers in Bangladesh. *Studies in Family Planning*. Volume 29 Number 2 June 1998.

Andersson, Camilla, Erik Holmgren, James MacGregor, Jesper Stage; *Giving credit to the microlenders: Formal microlending, credit constraints and adverse selection—a case study of shrimp farmers in Bangladesh*. Environmental Economics Discussion Paper 08-02, IIED, 2008, London.

Asche, F. and Fahmida Khatun; Aquaculture: Issues and Opportunities for Sustainable Production and Trade, ICTSD Natural Resources, *International Trade and Sustainable Development Series Issue Paper No. 5*, International Centre for Trade and Sustainable Development, Geneva, Switzerland, 2006.

Bay of Bengal Programme- Small-Scale Fisherfolk Communities. Shrimp Seed Collectors of Bangladesh, October 1990. Food and Agriculture Organization of the United Nations. India.

Begum A. and Alam S.M.N; Bangladesh: Case Study-1; Social Aspects of Coastal Shrimp Aqua-culture in Bangladesh. Caritas- Bangladesh (Sponsored by World Bank, NACA and FAO), Dhaka, Bangladesh. 2000.

BGMEA Statistical Report April 2008, Issue 2, Volume 2.

- Brooks, Ethel Carolyn; *Unraveling the Garment Industry: Transnational Organizing and Women's Work. Social Movements, Protest, and Contention*, Volume 27, 2007. University of Minnesota Press, Minneapolis.
- Gammage, Sarah, Kenneth Swanberg, Mubina Khandkar, Md. Zahidul Hassan, Md. Zobair, and Abureza M. Muzareba; *A Pro-Poor Analysis of the Shrimp Sector in Bangladesh*, USAID, Bangladesh. February 2006, USAID Bangladesh. Downloaded from <http://www.usaid.gov>.
- Government of the People's Republic of Bangladesh; *National Shrimp Policy 2008 (Draft)*.
www.mofl.gov.bd
- Government of the People's Republic of Bangladesh; *National Child Labor Elimination Policy 2008 (Draft)*.
- Hale, Angela and Jane Wills et. al; *Threads of Labor : garment Industry Supply Chains From The Workers' Perspective. Women Working Worldwide*, 2005. Blackwell Publishing Ltd.
- Halim, Sadeka; *Marginalization or Empowerment? Women's Involvement in Shrimp Cultivation and Shrimp Processing Plants in Bangladesh. Women, Gender and Discrimination*. Edited by Kazi Tobarak Hossain, Muhammad Hassan Imam and Shah Ehsan Habib. Rajshahi: University of Rajshahi. 2004. Pages 95-112.
- Halim, Sadeka, Dwijen Mallick, Olena Reza, Syeda Rizwana Hasan, Sugra Arasta Kabir; *Feasibility Study for the Shrimp Component of the Fourth Fisheries Project (FFP) Women and Children Study*. Bangladesh Centre for Advanced Studies, July 2001.
- Haque, A. K. Enamul; *Sanitary and Phyto-Sanitary Barriers to Trade and its Impact on the Environment: The Case of Shrimp Farming in Bangladesh, Trade Knowledge Network paper*, April 2004. International Institute for Sustainable Development, Canada.
- Hossain, Hameeda, Roushan Jahan, and Salma Sobhan; *No Better Option? Industrial Women Workers in Bangladesh*. Dhaka, Bangladesh: University Press Limited, 1990.
- ILO; *Women's Empowerment through Employment and Health (WEEH) Program, A Socio Economic Overview – Shrimp Processing in Bangladesh*, (Dhaka, Bangladesh: ILO, 2005)
- Kapsos, S, *The Gender Wage Gap in Bangladesh*, ILO, 2008.
- Kabeer, N; "Cultural Dopes or Rational Fools? Women and Labor Supply in the Bangladesh Garments Industry." *European Journal of Development Research* 3, no. 1 (1991): 133–60.
- Kabeer, N; *Marriage, Motherhood and Masculinity in the Global Economy: Reconfigurations of Personal and Economic Life*. Institute of Development Studies (IDS) Working Paper 290, 2007.
- Kamal, Dr. Md. and Maliha Naureen; *Status of the Shrimp Sector in Bangladesh- A Review*. Downloaded from [http://bqsp.org/download/Other percent20Documents/Present percent20status percent20of percent20shrimp percent20sector percent20in percent20Bangladesh.pdf](http://bqsp.org/download/Other%20Documents/Present%20status%20of%20shrimp%20sector%20in%20Bangladesh.pdf)
- Khatun, Fahmida; *Fish Trade Liberalisation in Bangladesh: Implications of SPS Measures and Eco- Labelling for the Export-Oriented Shrimp Sector*. Food and Agriculture Organization (FAO) of the United Nations, Rome. July 2004.
- Khundker, Nasreen; "Gender Issues in Export-Based Industrialization in Bangladesh." Mimeo, in *Centre for Policy Dialogue Report No. 11*. Dhaka, Bangladesh, 1995.

- Khundker, Nasreen; Garment Industry in Bangladesh. *Garment industry in South Asia- Rags or riches?: Competitiveness, productivity and job quality in the post-MFA environment* Edited by Gopal Joshi. ILO, Delhi, 2002.
- Kibria, Nazli; “Culture, Social Class, and Income Control in the Lives of Garment Workers in Bangladesh.” *Gender and Society* 9, no. 3 (1995): 289–309.
- Majumdar, Pratima Paul, and S. Chowdury; *The Socio-Economic Condition of Women Workers in the Bangladesh Garments Industry*. Dhaka: Bangladesh Institute of Development Studies, 1991.
- Monju, H. Tofazzel; Commercial Shrimp Culture: Environment, Gender and Socio-Economic Changes, Oxfam, May, 2000.
- Rahman M; Shrimp culture, global compulsions and policy options for environmental protection in *Environmental consequences of export oriented shrimp culture in Bangladesh: Reforms and changes*. A workshop report. CPD Dialogue Report No. 18. Dhaka, 1998.
- Rashid, Mohammed Ali; Rise of Readymade Garments Industry in Bangladesh: Entrepreneurial Ingenuity or Public Policy. Paper presented at the Workshop on Governance and Development organized by the World Bank and BIDS at Dhaka on 11-12 November 2006. First Draft
- Shah Asad Ahmed, D L Mallick, Md. Liaquat Ali and A Atiq Rahman; Literature review on Bangladesh Shrimp. Individual Partner Report for the Project: Policy Research for Sustainable Shrimp Farming in Asia (PORESSFA), a comparative analysis of Bangladesh, India, Thailand and Vietnam with particular reference to institutional and socio-economic aspects. European Commission INCO-DEV Project PORESSFA No.IC4-2001-10042, CEMARE University of Portsmouth UK and BCAS, September 2002. Dhaka, Bangladesh.
- Solidarity Center; *The Degradation of Work: The True Cost of Shrimp*. 2008, Washington, USA.
- The World Bank; *Whispers to Voices: Gender and Social Transformation in Bangladesh*, *Bangladesh Development Series*, Paper No. 22, March 2008. Retrieved from www.worldbank.org.bd/bds.
- The World Bank; *High Value Agriculture in Bangladesh: An Assessment of Agro-business Opportunities and Constraints*. *Bangladesh Development Series*, Paper No. 21. February, 2008. www.worldbank.org.bd/bds.
- The World Bank; *End of MFA Quotas: Key Issues and Strategic Options for Bangladesh Readymade Garment Industry*. *Bangladesh Development Series – paper no 2*. December 2005. www.worldbank.org.bd/bds
- UNIFEM; *Who Answers to Women?-Gender & Accountability Progress of The World’s Women 2008/2009*.

U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
Washington, DC 20523
Tel: (202) 712-0000
Fax: (202) 216-3524
www.usaid.gov