

Securing Green Transition of the Textile and Readymade Garments Sector in Bangladesh

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Dhaka: 30 January 2022

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1. Context

- Green economic transition is crucial for sustainable economic growth.
- Following the Paris Climate Agreement in 2015, there is increasingly higher demand for environment and climate friendly production and consumption by companies. This has been reiterated at the 26th Conference of Parties (COP26) of the United Nations Framework Convention on Climate Change (UNFCCC).
- Bangladesh is vulnerable to the impact of climate change and is also beset with problems of environmental degradation.

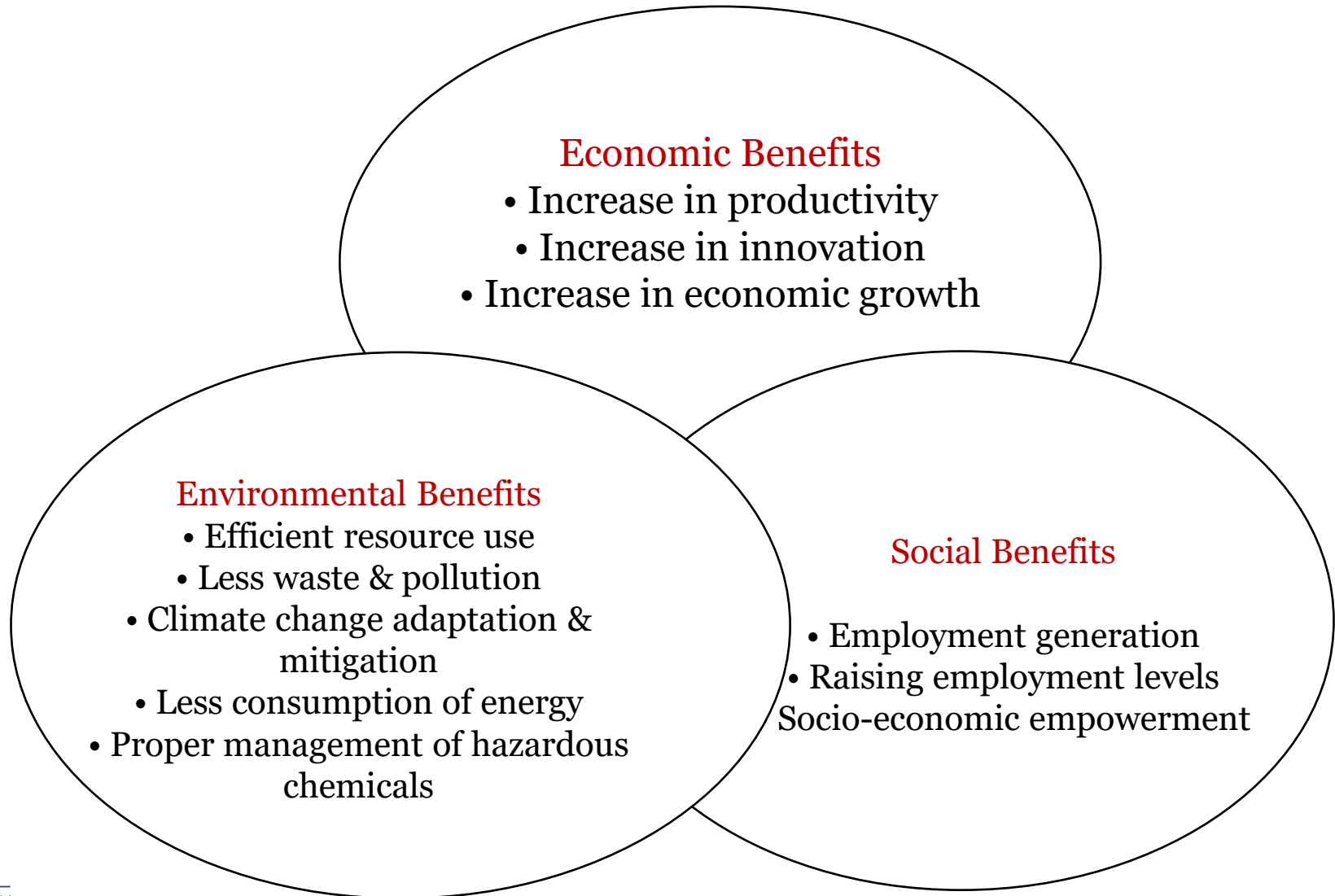
1. Context

- The Government of Bangladesh (GoB) has made commitments for GHG reductions and other climate measures
- It has formulated several regulatory and fiscal policies
- As the country moves forward towards expediting economic growth, such efforts will have to be enhanced
- All stakeholders have to play their part given their contribution to the problem
- The private sector has to play the most important role in mitigating the challenges of climate change by being energy efficient and cleaning the wastes generated by economic activities

2. Why textile and RMG sector?

- Industrial development is imperative for employment generation and export income.
- The textile and RMG sector, being one of the resource-intensive sectors, has high potential to: (i) reduce environmental degradation; (ii) contribute towards achieving Bangladesh's commitments for GHG emissions.
- Bangladesh's new economic status (LDC graduation) will require complying to new global rules.
- To avail GSP+, non-LDC countries will have to ensure labour rights, child rights, and other human rights and improved economic governance. Hence, actions towards environmentally sustainable green growth will have to be ensured.
- As a part of this effort, the GoB and the textile and RMG sector need to have a clear strategy for accomplishing environmental and sustainability commitments in areas such as clean energy, waste management, robust climate actions vis-à-vis the emerging EU Green Deal, and Circular Economy frameworks.

3. What are the benefits?



4. What are the challenges?

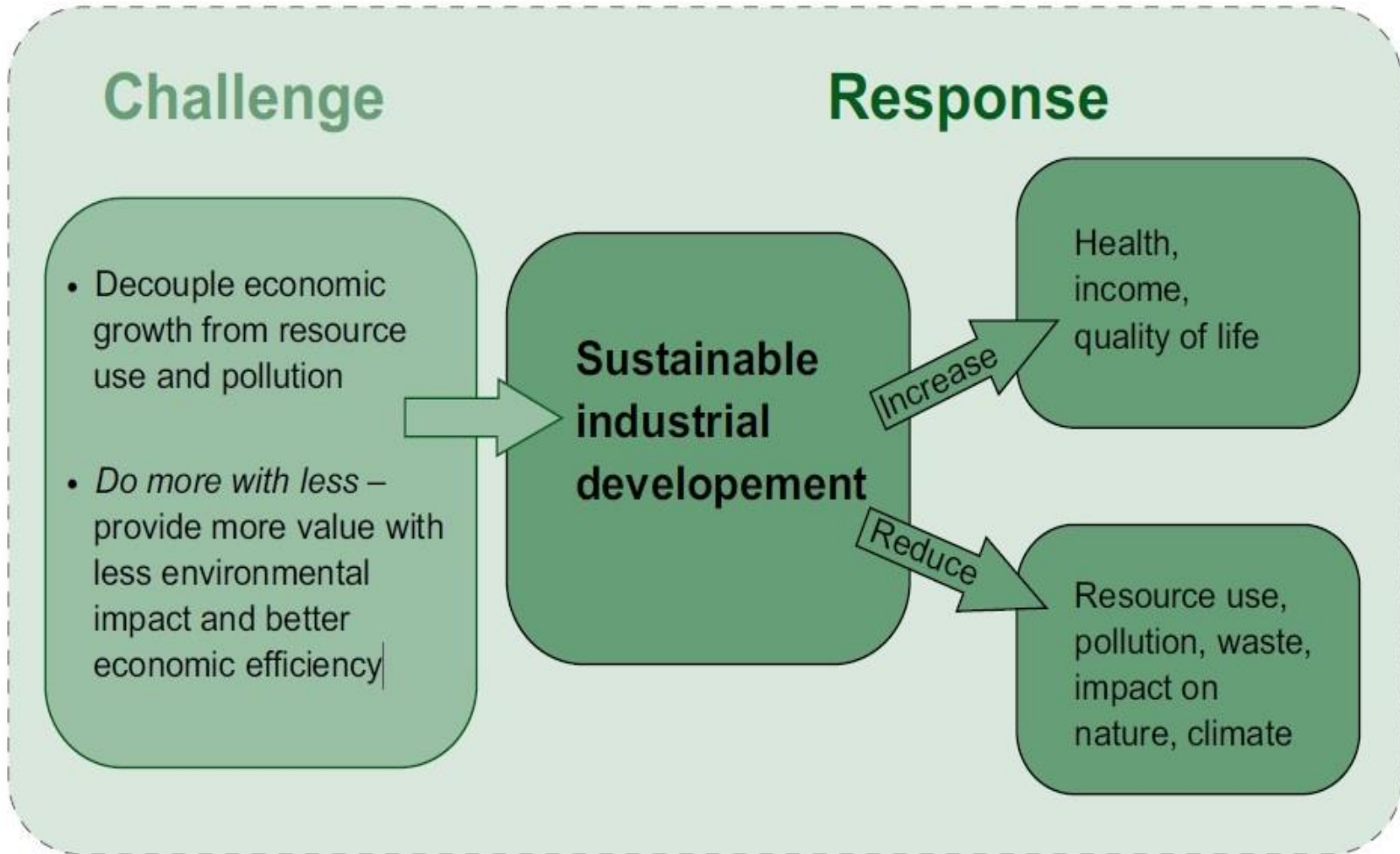
- Policies, regulatory measures and economic instruments for greening the economy and the sector are not adequate.
- Green transition of the textile and RMG industry requires large financial investment for improved production processes and resource-efficient productivity.
- Lack of awareness regarding environmental compliance requirements.
- Lack of information and knowledge about the process of integrating new transformation activities with the pre-existing business model.

4. What are the challenges?

- Despite having LEED-certified factories, entrepreneurs could not earn additional revenue since the prices continue to be the same. The **lack of any premium prices** for green products discourages others to follow suit.
- Besides, small and medium sized factories or factories in tier 2 and tier 3 may not be in a position to make **investment for green production process**. This may in turn put them in a disadvantageous situation by being avoided by the brands and buyers for not being environmentally compliant.
- Many firms are not ready and equipped to deal with viable environment-friendly solutions—from climate neutral supply chain to sustainable production.

5. How to overcome challenges?

- Segregate consumption of materials and energy from economic growth



5. How to overcome challenges?

- Policies: *(i) pollution control policies; (ii) resource efficiency and cleaner production; (iii) energy management policies; and (iv) chemical waste management policies*
- **Mobilisation and access to finance** will be the determining factors for promoting green and sustainable growth in the sector
- Funds should be sourced **from multiple sources**, including commercial banks, buyers, and brands

6. About the proposed programme

Ultimate Goal

- Enhancement of environmentally sustainable and climate neutral growth in Bangladesh with productive employment opportunities for women and youth.

6. About the proposed programme

Objectives

Evidence on barriers
(and drivers) to green
transformation in the
sector

Firms' knowledge,
interest and capacity to
adopt green initiatives

Entrepreneurs' idea
about cost savings and
willingness to invest

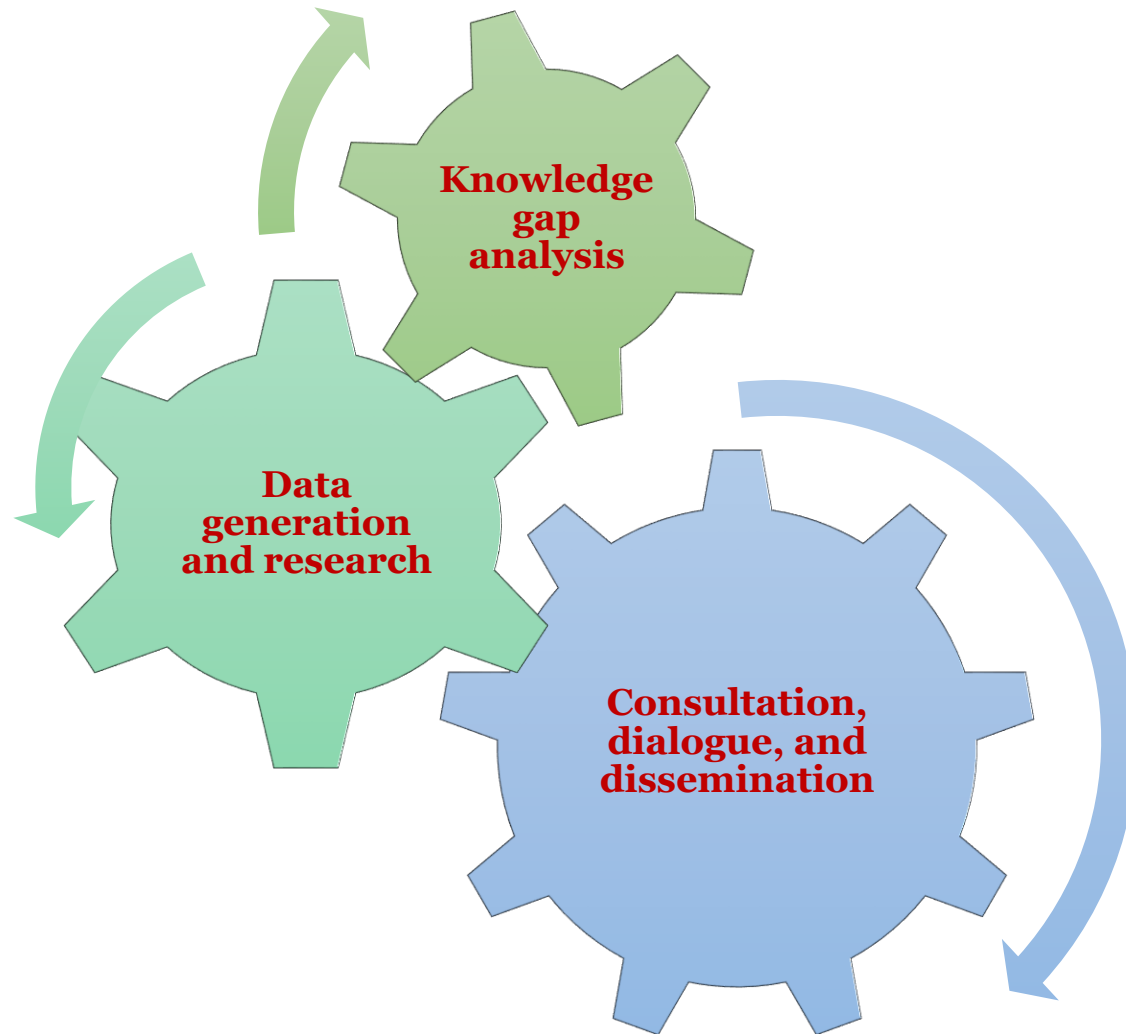
Skilling needs of
workers, including
women, for sustainable
environmental
practices

Exchange of knowledge
and evidence of best
green practices

Policy suggestions on
how challenges could
be overcome

6. About the proposed programme

Broad framework of activities



THANK YOU!



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