Part Five: Recommendations

Despite significant improvement in factories associated with the Accord and Alliance, major safety problems remain in thousands of additional factories in Bangladesh. Substantial financial resources are needed to bridge this gap. The NYU Stern Center recommends a model of shared responsibility based on five core elements:

- End-to-end visibility of the universe of factories producing for export
- Expanded industry-wide collaboration
- A credible system for determining the costs of remediation
- A cooperative model for raising funds in a fair and proportional way
- Distribution of those funds in a manner ensuring financial transparency and integrity

We make the following recommendations to the key constituencies that should be involved in creating and implementing the shared responsibility model.

To the Government of Bangladesh:
Create a Shared Responsibility Task Force
The government needs to take a more active, assertive role in ensuring factory safety. In the long term, regulators will bear this obligation on their own. As a starting point, though, the Bangladeshi government should convene a shared responsibility task force comprised of local factory owners and industry trade associations, Western brands and retailers, European and North American governments, civil society organizations and unions, the World Bank and its affiliate the IFC, and philanthropic organizations.

Map Factories to Provide End-To-End Visibility
The task force first needs to conduct a comprehensive census of all garment factories. Existing data are weak and unreliable. To aid this process, the government should call on the two trade associations, local unions, and a pair of civil society organizations that have made a good start at mapping factories: BRAC University’s Centre for Entrepreneurship Development and the separate Centre for Policy Dialogue.

To Western Brands and Retailers:
Expand Industry-Focused Collaboration
Some 250 Western brands and retailers have engaged in an unprecedented collaboration through the Accord and Alliance, resulting in improvements in 2,300 factories where they have direct business relationships. They now need to take additional steps, via the task force, to expand their collaboration to address factory-safety issues in thousands of subcontracting facilities that also are producing their apparel. These subcontracting factories are central to the garment sector in Bangladesh, and to the low-price, high-volume business models from which the Western companies profit.

Address Purchasing Practices
On a parallel track, global brands should reconsider their purchasing practices, with a view toward ensuring that suppliers have the resources and ability to address core safety issues in their factories. Some brands like H&M have formed strategic partnerships with local suppliers that allow more regular forecasts of orders and help suppliers plan more effectively. These buyers reward high-performance suppliers with longer-term contracts, larger order volumes, and more favorable pricing. Such business initiatives warrant further study and broader application in Bangladesh and elsewhere.
To All Members of the Shared Responsibility Task Force:

Develop a Credible Cost-Accounting System
Members of the task force ought to use the results of the factory census to develop a credible and comprehensive cost-accounting system to assess the expense of addressing unmet factory-safety needs. We have estimated the price tag for these remedial measures at approximately $1.2 billion. This is a rough estimate which now requires refinement depending on the parameters of the cost-accounting model the task force adopts.

Use the Shared Responsibility Model to Allocate Costs and Raise Needed Funds
The task force will have to develop an equitable model for determining the financial responsibility of each stakeholder group in meeting the overall funding requirement. Separately, some of the constituent groups will need to negotiate an allocation model among their own members. Western governments, for example, may adopt a model that mirrors the percentage of Bangladeshi products imported into each of their countries.

Protect the Integrity of the Allocation Process
The model we propose is aimed at correcting the most serious gaps in factory safety today. The ultimate success of this approach will rest on the ability of the task force to devise and implement a fair allocation and distribution system that ensures financial transparency and integrity. We recognize the challenges both in deciding where the money goes, and once allocated, seeing that it reaches its rightful destination. But we are confident that, once the key actors come together, these challenges can be addressed.