Moderator Dr. Ahsan H. Mansur, Program Manager of Bangladesh Water PaCT, Mr. Mrinal Sircar, distinguished panellists, other participants and invitees, a very good morning to you all. I am happy to be present in this important seminar on ‘Finance and Environmental Sustainability in the Textile Sector’.

The employment intensive textile sector has already brought in major upsurge of economic well being and social empowerment for large swathes of our working population, particularly low skilled womenfolk and their dependant families. Textile industry of Bangladesh is the second largest in the world, and is the highest foreign currency earner for the country. This sector employs more than 4 million workers, of which 80 percent are women. The washing-dyeing-finishing (WDF) node of the textile value chain alone employs 200,000 workers.

However, this progress has also brought in multiple challenges in urban expansion, land use, workplace safety, and environmental safeguards. For example, textiles dyeing and finishing units in Bangladesh are known to be hugely wasteful (five times the best practice benchmark) in water usage. Further, risk exposure of this industry may spill over to the banking sector. On the other hand, toxic discharges of the industry pollute both surface and ground water which has serious consequence for all living beings including human health. Long-term sustainability of this industry greatly lies in its ability to produce green textile products as they are becoming favourites of the market from retailer to global supply chain, mainly due to growing consumer demand for eco-fashion products. We need well crafted strategies and action agenda for grappling effectively with these; with support and cooperation from all possible sources including public authorities, local governments, private sector CSR initiatives, external buying chains, philanthropies and so forth.

Bangladesh Bank has remained proactive in lining up policy support, both on its own and also in cooperation with the government and the development partners. A refinance line funded by Bangladesh Bank supports lending for installation of Effluent Treatment Plants (ETPs) inter alia in textiles dyeing and finishing establishments; the refinance line also supports financing of adoption of other non polluting green options in production processes.
Bangladesh Bank has been working together with the development partners to line up larger financing facility from which medium and longer term debt finance will be available inter alia for refurbishment, relocation, or setting up of new apparels/textiles manufacturing units.

Bangladesh Bank has mainstreamed socially responsible corporate ethos and objectives in the financial sector for ingraining environmentally sustainable ‘green’ financing. All banks and financial institutions have engaged enthusiastically in this thrust initiative. Bangladesh Bank has so far identified 47 green products under the refinance scheme with addition of three new products, including garment sector ones. All financial institutions have been directed to allocate at least 5 percent of their loan to green finance by 2016.

PaCT (Partnership for Cleaner Textiles) is a commendable initiative of IFC in improving the environmental footprint of the textile sector in terms of reducing ground water extraction and surface water pollution. To see to it that the term financing needs for the textile sector’s adoption of environmentally friendly benign efficient water use and effluent treatment practices are met adequately, Bangladesh Bank is already looking for enlarging its refinance window supporting green financing, with fund support from existing and new co-financing development partners.

Finally, I congratulate IFC for preparing this nice report in consultation with the Policy Research Institute (PRI) and AT Capital, and thank PRI for organizing this important seminar.

Thank you all.