

Case

study

Building Local ESG Consultancy Capacity in Bangladesh's Ready-Made Garment Sector



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Building Local ESG Consultancy Capacity in Bangladesh's Ready-Made Garment Sector

The PROGRESS project is developing a local ecosystem of ESG consultants in Bangladesh's ready-made garment (RMG) sector, creating green jobs while helping factories meet growing international sustainability requirements. Early results show that 57% of target factories have adopted environmental standards, with local consultants beginning to establish sustainable business models as a cost-effective alternative to expensive international firms.



Dual objectives

The PROGRESS project, funded by the Embassies of Sweden and Switzerland and implemented by Swisscontact, is a skills development project with two main components:

- Focusing on skills and productivity improvement through workplace-based training (WBT) for workers and management
- Focusing on improving overall environmental and social compliance standards. Priority efforts are on carbon accounting, reporting and decarbonisation.

This case study examines the work on ESG consultancy development, which represents an intersection of skills development and environmental objectives.



Economic Objectives

- Enhance the competitiveness of RMG factories through compliance with international buyer requirements
- Develop a sustainable local market for ESG consultancy services in the RMG sector
- Create market opportunities for local consultants while reducing dependency on expensive international consultants



Environmental Objectives

- Support RMG factories to measure and reduce carbon emissions (mitigation)
- Promote resource efficiency, including water and energy management
- Improve environmental reporting and transparency across the sector



Context and market opportunity

Climate and environmental risks

Bangladesh's RMG sector faces mounting pressure from multiple climate-related risks. International buyers, particularly European brands, are implementing increasingly stringent ESG requirements, with factories facing "hundreds of audits in a single year with overlapping requirements" creating audit fatigue. The stakes are high: Factories unable to demonstrate environmental compliance face the stark reality that they may lose their market.

Beyond regulatory pressure, the green transition itself presents significant risks for low-skilled industrial workers, especially women, who may lack the skills needed to adapt to new technologies and processes, making them vulnerable to job displacement.

Market dynamics

When PROGRESS began its environmental compliance work, the market for ESG services was fragmented and underdeveloped. International consultants dominated the space, offering services at costs prohibitive for most factories, especially low and mid-tier ones. Local consultants existed, but their approaches to sustainability reporting and carbon accounting were scattered and unstructured.

Factories collected environmental data on an ad-hoc basis, responding to specific buyer demands and audit requests without understanding their overall environmental impact or opportunities for improvement.

The demand for ESG services was latent: Factories initially didn't know what ESG or sustainability meant for their respective businesses. This required strategic market activation by the project team to transform regulatory threats into business opportunities.

Market opportunity

The convergence of buyer pressure, regulatory requirements, and emerging carbon markets created a compelling opportunity for local ESG service development. By building cost-effective local alternatives to expensive international consultants, PROGRESS identified potential to embed sustainability practices throughout Bangladesh's RMG sector.

To implement this, PROGRESS works with a wide array of partners, like certification providers and financial institutions, to amplify the work of local consultants and reinforce the adoption of new practices.



Partners and Behaviour Changes

Local technical consultancy providers (LTCPs)

These primary partners shifted from ad-hoc auditing to systematic ESG service provision, motivated by new revenue streams in a growing market and the opportunity to build sustainable consulting businesses.

RMG factories

Factories are the main end users of consultancy services, seeking to strengthen their market position by responding to evolving international standards and regulations. This includes adopting cost-effective and scientific approaches to carbon accounting and reporting, pursuing relevant certifications, and enhancing buyer relationships. A secondary objective is to position factories to potentially benefit from future carbon trading opportunities.

Industry Associations (BGMEA Bangladesh Garment Manufacturers and Exporters Association, BKMEA Bangladesh Knitwear Manufacturers and Exporters Association)

These apex bodies took on promotion and legitimization roles, motivated by member value creation, supporting members' access to key export markets and alignment with government industrial policy.

International brands (buyers)

Buyers showed increased willingness to accept local consultant reports and support capacity building rather than mandating expensive international consultants. This was motivated by a perceived reduction in the quality difference between local and international consultants and thus a more cost-effective strategy to reduce supply chain risk while supporting their own sustainability commitments.

Government Institutions

Ministries increased focus on ESG in industrial policy, motivated by maintaining Bangladesh's competitive position and meeting international climate commitments.

Academic partnerships

Academic partnerships with BRAC University and Daffodil International University are advancing as planned, aiming for an initial cohort of 60 participants across two programmes. With conservative completion expectations, around 45 graduates will emerge as industry-ready sustainability professionals. The programmes, designed and delivered by industry practitioners, align with ESG requirements for export-oriented industries.

Together, these collaborations help create a structured pipeline of qualified sustainability professionals, reducing dependence on ad-hoc ESG training and establishing a scalable academic model for developing national sustainability talent.



Project interventions

PROGRESS adopted a two-level strategy to build local ESG consultancy capacity, recognizing that sustainable change required both strategic market development and operational skill building.



1. Strategic level: building the service market

At the operational level, PROGRESS supported consultants in developing a suite of practical services. The project team worked with local service providers to develop qualified and affordable services, and factory management, to frame ESG services as creating business value, not just compliance. The team used working groups to bring together experts from associations, brands, factories, and sustainability professionals, creating knowledge hubs that kept interventions relevant to evolving market needs.

In practice, PROGRESS partnered local consultants with international firms, recognizing that “you can’t just train somebody and off they go” - effective consulting requires real-world application and mentorship. These partnerships enabled knowledge transfer while building local consultants’ credibility with sceptical factory owners. One example is Rezia Management Consultancy (RMC), which partnered with international consultant DPL for a 30-day hands-on programme for 7 of its consultants. The consultants worked with two factories, Knit Asita Ltd., and Brownfield Sustainable Manufacturing Ltd., to achieve measurable improvements in productivity, defect reduction and workflow efficiency.



2. Operational level: developing comprehensive services

On the operational level, PROGRESS supported consultants to develop a suite of practical services. Initially, this meant focusing on energy audits and carbon accounting to help factories establish baseline emissions. Later, consultants worked on climate action roadmaps that translated audit findings into timeline-based emission reduction strategies. More broadly, sustainability reporting positioned progressive factories as leaders in transparency. Finally, where factories were ready to invest, consultants provided feasibility studies for renewable energy adoption and support for implementing energy-efficient solutions.

The case of Iris Fabrics Ltd exemplifies this approach. Starting with an energy audit that revealed their actual carbon emissions, the factory worked with PROGRESS-supported consultants to develop a climate action roadmap and voluntarily adopted sustainability reporting. The company has a baseline GHG emissions of 12,800 tons of CO2 equivalent and aims to reduce them by nearly two-thirds (8,200 tons) by 2030. To date, Iris has initiated the design of a new wastewater recycling plant and trained 30 RMG workers in resource optimization, such as minimizing electricity and water consumption and proper waste handling.



3. Market activation and scale

To activate the latent market, PROGRESS worked with industry associations like the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) to legitimize and promote local ESG services. Consultants learned to communicate the value of their services: “This is much more than just a report” became a key message to factory management.

Results to date

Behaviour Change Indications

The intervention has catalysed observable shifts across the market system. Local consultants are increasingly offering structured ESG services independently, moving beyond project-supported activities. Factories show increased willingness to invest in environmental assessments, with 57% of target factories adopting environmental standards or social compliance as of late 2024. Early signs of co-investment by factories indicate growing recognition of business value.

Quantitative Outcomes (as of the end of 2025):

- Number of LTCPs trained and actively providing services: 84 (male: 58, female: 26)
- Number of factories paying for services from trained LTCPs: 5
- Number of factories carried out feasibility study in renewable energy adoption (as of 2025): 13
- Number of factories investing in renewable energy adoption: 5
- 57% (44 factories) of target factories are adopting environmental standards or social compliance as of 2025
- Factories are projected to reduce an estimated 3927 tons of CO₂ equivalent reduction in GHG emissions based on the initiatives implemented as of 2025. (On 2025, 2454.77 CO₂ equivalent has been estimated to be reduced).

Qualitative Outcomes

- Mindset shift among factory management: "understanding that this is about their business, not just compliance"
- LTCPs transitioning from ad-hoc auditing to structured ESG service provision
- Development of peer learning networks through working groups and knowledge hubs
- Industry associations taking ownership of service promotion and market development



Key learnings

Finding the right incentive structure: The initial challenge of creating demand required going up the chain to engage buyers directly. Success came from starting with the stick, regulatory compliance threats and risk of losing market access, rather than relying on growth promises. As one project observer noted, “you’re going to lose your market” proved more compelling than abstract future benefits.

Complexity of skills transfer: Building effective consultants requires more than classroom training. The partnership model with international firms provided essential hands-on mentorship, while local consultants needed support developing business communication skills to articulate value propositions to sceptical factory managers.

Systemic change: Individual factory transformation proved insufficient without sector-wide change. Industry associations play a crucial role in legitimizing the approach and facilitating scale. The two-level strategy - addressing both strategic market development and operational skill building – is important for changes to be sustained.

Balancing objectives: PROGRESS navigated the tension between its core skills development and productivity mandate and environmental objectives. Framing environmental improvements in business terms was useful, as it emphasizes resource efficiency over abstract climate concepts.

Future outlook

The intervention shows some early signs of systemic change. A growing pipeline of factories seeking ESG services suggests a viable business model for LTCPs. The current industry association partnerships position the approach for sector-wide adoption in the longer term. There is also eagerness among academic institutions and local training providers to develop new ESG compliance courses, anchoring the knowledge base for the consulting market.

Success depends on several factors: continued buyer pressure, maintaining service demand, local consultants successfully competing with international firms on quality and credibility, and future integration with emerging carbon market mechanisms that could provide additional revenue streams.

A key challenge is that many factories are still relying on in-house solutions rather than seeking external ESG support. This limited engagement with the broader ESG service market is slowing down the pace of market development, as the full potential of trained consultants remains underutilized.

The model may demonstrate potential for replication in other garment-producing countries facing similar challenges, particularly where local consulting capacity is underdeveloped, and international compliance requirements are rising. As Bangladesh's RMG sector navigates the green transition, building local ESG capacity represents an environmental imperative and an economic opportunity, creating green jobs that strategically support industrial competitiveness.

