

Better Work Jordan: Garment Industry 1st Compliance Synthesis Report

Produced on: 20 May 2010

Reporting period:
March 2009 – February 2010
Number of factory assessments in this report: 15
Country: Jordan
ISIC: C-14

Copyright © International Labour Organization (ILO) and International Finance Corporation (IFC) 2009
First published 2009

Publications of the ILO enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to the ILO, acting on behalf of both organizations: ILO Publications (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: pubdroit@ilo.org. The IFC and ILO welcome such applications.

Libraries, institutions and other users registered with reproduction rights organizations may make copies in accordance with the licences issued to them for this purpose. Visit www.ifro.org to find the reproduction rights organization in your country.

ILO Cataloguing in Publication Data

Better work Jordan : garment industry : 1st compliance synthesis report / International Labour Office ; International Finance Corporation. - Geneva: ILO, 2010
1 v.

ISBN: 9789221236504 (web pdf)

International Labour Office; International Finance Corporation

clothing industry / working conditions / workers rights / freedom of association / forced labour / child labour / labour standards / ILO standards / application / rapid assessment / Jordan

08.09.3

The designations employed in this, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the IFC or ILO concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the IFC or ILO of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the IFC or ILO, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org

Visit our website: www.ilo.org/publns

Table of Contents

Executive Summary	iii
Section I: Introduction and Methodology.....	1
Introduction	1
Institutional Context	2
Better Work Methodology.....	3
Limitations in the assessment process.....	5
Section II: Findings	6
Non-Compliance Rates.....	6
Non-Compliance Checklist Rates	8
1. Core Labour Standards.....	8
2. Working Conditions	10
Section III: Factories in Detail	13
Section IV: Conclusion	14
Conclusions and Next Steps.....	14
Annexes.....	16
Annex A: Factories Covered in this Report	16
Annex B: Buyers Participating in Better Work Jordan	16

Executive Summary

The emergence of the garment industry has presented Jordan with challenges in assuring the effective application of local labour laws and international labour standards. In response, the Government of Jordan has developed a broad programme of action to improve labour administration and compliance. An important component is Better Work Jordan.

A partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC), Better Work Jordan was launched in February 2008. The programme aims to improve competitiveness of the garment industry by improving compliance with Jordanian labour law and the ILO's core labour standards, and enhancing economic performance at the enterprise level.

This report illustrates the findings of assessments carried out between March 2009 and February 2010 by Better Work Jordan in 15 factories, which employ a total of 13,338 workers of the approximately 43,000 in the industry. The sample is characterised by factories employing an average of 888 regular workers, 75% of whom are migrant workers and 56% of whom are women (on average).

The findings constitute a baseline for factories participating in the programme. The data collected illustrate non-compliance with labour standards according to eight clusters: four based on ILO core labour standards (child labour, forced labour, discrimination, and freedom of association and collective bargaining) and four based on national law regarding working conditions (compensation, contracts and human resources, occupational safety and health, and working time).

The major findings emerging from the data fall under four of these clusters as follows:

Occupational Safety and Health (OSH) – Fully 65% of the non-compliances cited in this report have to do with occupational safety and health issues, 70% of which are related to dormitory conditions.

Work Hours –The issue of excessive work hours and compulsory overtime is a major concern of Better Work Jordan and international buyers, and will be closely monitored. There is concern that weekly work hours are rising as the sector recovers from the global economic crisis.

Freedom of Association – The laws of Jordan prohibit migrant workers from forming or joining a labour union of their choice and stipulate a single trade union structure. Therefore, all factories that adhere to the law, both those that employ migrant workers and those that only employ Jordanian workers, are in non-compliance with international labour standards regarding freedom of association.

Forced Labour – Two thirds of the assessed factories have a curfew for workers at night. Factories claim that curfews are intended to protect the safety of migrant workers living in a foreign environment. In almost half of the factories, the curfew is before 8:00PM raising the concern that workers have little opportunity to leave the factory and dormitory premises when overtime is taken into account.

Advisory services have begun in all 15 factories. Joint labour/management committees have been organized at each factory for the purpose of overseeing the implementation of an improvement plan

tailored to those issues identified in the assessment report. Progress reports are issued during the 4th and 8th months of each factory's annual subscription to Better Work Jordan.

On March 23, 2010 the Jordanian Cabinet approved a recommendation of the Ministry of Labour to require the participation of all factories in the garment sector in Better Work Jordan. The Better Work Jordan team looks forward to the new challenges posed by the expansion of the programme throughout the sector

Section I: Introduction and Methodology

Introduction

The Better Work programme, a partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC), has worked in collaboration with local and international stakeholders to design Better Work Jordan, which was launched in February 2008. It was established at the request of the government of Jordan which, along with the United States Agency for International Development (USAID) and the Labour Programme of Human Resources and Skills Development Canada (HRSDC), is a major donor.

The goal of the programme is to reduce poverty in Jordan by expanding decent work opportunities in the apparel sector. The programme aims to improve competitiveness of the industry by enhancing economic performance at the enterprise level and by improving compliance with Jordanian labour law and the ILO's core labour standards.

During the past few years, Jordan has been undergoing a period of reform, economic openness and global integration. It has experienced rapid growth in the apparel industry, which accounts for nearly 30% of total exports. In particular, exports to the United States reached \$972 million in 2008¹. The garment sector mainly produces men's and women's apparel, ranging from jeans, sportswear, and formal wear to undergarments. Most apparel factories are situated in 14 Qualified Industrial Zones (QIZs), with the three largest located in Dulyal, Sahab, and outside the country's second largest city of Irbid in the north. The industry employs approximately 43,000 workers, well over two thirds of whom are migrant workers from South Asia and South-East Asia. In particular, migrant workers originate from India, Sri Lanka, Bangladesh and China. Women represent over 50% of the labour force.

The legal minimum wage in Jordan was increased at the beginning of 2009 by JD40 (\$56.49) a month to JD150 (\$212) a month (a 36% increase). Workers in the garment sector were explicitly excluded from this increase, so for them the legal minimum wage has remained at JD110 (\$155). Migrant workers are also provided room and board although some employers legally deduct an amount to offset these costs, and some Jordanian workers have been provided a JD40 monthly allowance for food and transportation.

The start-up of Better Work Jordan has occurred during a period of global economic recession that is adversely affecting the apparel industry in Jordan. At this critical juncture for the industry, the government of Jordan has recently decided to mandate the participation of all factories in the garment sector in Better Work Jordan. Industry-wide participation will enable the programme to assess and improve conditions on a broad sectoral scale. At present, 20 factories out of approximately 85 in the industry have joined Better Work Jordan. Discussions with another four factories are ongoing. These 24 factories employ nearly half of the labour force in the sector and account for approximately three quarters of the sector's exports.

This report illustrates the findings of Better Work Jordan assessments carried out in 15 factories covering between March 2009 and February 2010 which represent all of the assessments completed during this reporting period. The sample is characterised by factories employing an average of 888 regular workers, 75% of whom are migrant workers and 56% of whom are women.

¹ Source: US Department of Commerce, Office of Textiles and Apparel.

Institutional Context

The emergence of the garment industry has presented Jordan with challenges in assuring the effective application of local labour laws and international labour standards. In response, the Government of Jordan has developed a broad programme of action to improve labour administration and compliance. An important component of this programme of action is Better Work, which was established in Jordan at the request of the government.

Better Work Jordan is advised by a tripartite Project Advisory Committee (PAC). The committee comprises three representatives from the government (two from the Ministry of Labour and one from the Ministry of Industry and Trade), three from the employers (one from the Jordan Garments, Accessories, & Textiles Exporters' Association, one from the Foreign Investors Association, and one from the Chamber of Industry), and three from worker organizations (two from the General Trade Union of Workers in Textile, Garment & Clothing Industries and one from the General Federation of Jordanian Trade Unions). The PAC has met four times since the inception of the programme. It has played an important role in building stakeholder support for the programme, identifying challenges, and building a tripartite consensus around proposed solutions.

The PAC is complemented by an annual buyers' forum, which provides for broad stakeholder consultation. Better Work Jordan meets and communicates regularly with buyer representatives to discuss the Better Work Jordan assessment and advisory processes, to generate greater buyer support to encourage their suppliers to participate in the programme, and to encourage buyers to expand their commitment to the Jordanian apparel sector.

A collaboration plan outlining cooperation between Better Work Jordan and the MOL has been completed and will be implemented in 2010. Elements of the plan include a protocol for fundamental human rights violations, selected labour inspector supplementary training, and quarterly meetings between the Better Work Jordan Enterprise Advisor team and the MOL Labour Inspectorate.

Better Work Methodology

Better Work carries out factory assessments to monitor compliance with international labour standards and national labour law. In its factory and industry-level reports, it highlights *non-compliance* findings. Better Work reports these figures to help factories easily identify areas in need of improvement. Collecting and reporting this data over time will help factories demonstrate their commitment to improving working conditions.

Better Work organizes reporting into eight areas, or clusters, of labour standards. Four of the clusters are based on fundamental rights at work regarding child labour, discrimination, forced labour, and freedom of association and collective bargaining. In 1998, member states, workers, and employer representatives at the International Labour Organization identified fundamental principles and rights at work regarding these four issues based on eight very widely ratified International Labour Conventions (29, 87, 98, 105, 100, 111, 138, and 182). These Conventions provide the baseline for compliance with the fundamental rights clusters across all Better Work country programmes.

The four other clusters monitor compliance with standards primarily set by national law, so they vary from country to country. This set consists of compensation, contracts and human resources, occupational safety and health, and working time.

Each of the eight clusters is divided into its key components. These components are known as compliance points [CP]. Each CP contains specific questions that may vary from country to country. The detailed list of CPs within each cluster, and the number of questions in each CP, are indicated in the table below.

	Compliance Clusters		Compliance Points (number of questions)
Core Labour Standards	1	Child Labour	1. Child Labourers (1) 2. Worst Forms (1) 3. Hazardous Work (1) 4. Documentation (1)
	2	Discrimination	5. Race and Origin (7) 6. Religion and Political Opinion (7) 7. Gender (11) 8. Other grounds (1)
	3	Forced Labour	9. Coercion (8) 10. Bonded Labour (4) 11. Forced Labour and Overtime (2) 12. Prison Labour (2)
	4	Freedom of Association and Collective Bargaining	13. Union Operations (4) 14. Interference and Discrimination (12) 15. Collective Bargaining (7) 16. Strikes (5)
Working Conditions	5	Compensation ²	17. Minimum wages (5) 18. Overtime wages (4) 20. Method of Payment (3) 21. Wage Information, Use and Deduction (5) 22. Paid Leave (7) 23. Social Security and Other Benefits (4)
	6	Contracts and Human Resources	24. Employment Contracts (7) 25. Contracting Procedures (6) 26. Termination (8) 27. Discipline and Disputes (6)

² The questionnaire for Jordan does not include CP 19 on Premium Pay. This is because the labour law of Jordanian does not specify premiums for working hours at night, on weekly rest days or on public holidays.

	7	Occupational Safety and Health	28. OSH Management Systems (5) 29. Chemicals and Hazardous Substances (7) 30. Worker Protection (10) 31. Working Environment (8) 32. Health Services and First Aid (6) 33. Welfare Facilities (6) 34. Worker Accommodation (16) 35. Emergency Preparedness (8)
	8	Working Time	36. Regular Hours (6) 37. Overtime (2) 38. Leave (5)

On the basis of this classification, Better Work calculates two rates at the factory level:

- **Non-compliance rate:** the number of CPs found to be violated by the factory at a given time, as a percentage of the total number of CPs within a cluster. If even only one question within a CP is found to be non-compliant, the CP as a whole becomes non-compliant. This rate is particularly useful for Better Work because it allows aggregations at the global level.
- **Non-compliance checklist rate:** the number of specific questions found to be violated by the factory at a given time, as a percentage of the total number of questions within a compliance point.

In this report, the participating industry rates are calculated as *unweighted* averages of non-compliance rates and non-compliance checklist rates. For more information on Better Work's methodology for assessing labour standards compliance, please visit <http://www.betterwork.org>.

Limitations in the assessment process

The assessments carried out by Better Work follow a thorough checklist of 240 questions covering the above mentioned labour standards.

The detailed factory assessment reports are based solely on what was observed, investigated and analyzed during the performance of the actual assessment. Factories are given five working days before the reports become official to provide feedback that may in some cases impact the final report language.

Certain issues remain very difficult to assess and verify independently in every country where Better Work operates. Sexual harassment is one of these issues and is difficult to identify in a single factory assessment visit. Due to the sensitive nature of the issue, sexual harassment is often underreported. Workers experiencing sexual harassment are often reluctant to report it due to fear of stigma or retaliation.

Limitations in the assessment process also arise on issues related to migrant workers. It is beyond the current scope of Better Work to investigate contracting procedures in migrants' home countries, or the relationship between migrant workers and third-party labour contractors. Detecting violations of workers' entitlements upon the termination of their employment contract, after workers have left the factory or even left the country, is particularly difficult.

Finally, assessing compliance with freedom of association in Jordan presents many challenges. One challenge is that freedom of association is not adequately protected under Jordanian law. Migrant workers, for example, do not have the right to form or join a labour union of their choice. Therefore, all factories that adhere to national law are not in compliance with the ILO standards regarding the right of workers to join unions. What is less clear are the implications of these legal constraints on the broader range of issues related to freedom of association, including collective bargaining. Going forward, Better Work Jordan will focus more on employer behaviour related to other aspects of freedom of association. This may include interference with union operations and discrimination against union members in garment factories. Better Work Jordan is also aware of allegations of corruption between some managers and union representatives. All of these issues are very difficult to independently verify.

Section II: Findings

Non-Compliance Rates

Chart 1 illustrates the number of factories found to be in non-compliance for each compliance point. As noted above, a factory is considered to be out of compliance with a CP even if it failed to comply with only one question within the CP.

Within core labour standards, only one factory was found to be out of compliance with child labour standards, specifically concerning hazardous work. Eleven factories engaged in coercion that was found to run counter to prohibitions on forced labour. Three factories engaged in discrimination based on race and origin. Every factory is out of compliance with the union operations CP, because Jordanian law does not adequately protect freedom of association.

Compliance with the Working Conditions clusters is more mixed. All clusters are explored in greater detail in the sub-Section entitled “Non-Compliance Checklist Rates”.

Chart 1: Number of Factories Not in Compliance, by Compliance Point



Non-Compliance Checklist Rates

This section presents the average non-compliance checklist rates for each CP. As noted above, the non-compliance checklist rate for a CP is the number of questions found to be out of compliance shown as a percentage of the total number of questions within the CP. An average non-compliance checklist rate of 0% indicates high levels of compliance within the CP for the factories covered by this report.

For key non-compliance areas, the percentage of factories found to be out of compliance is shown at the question level, in order to highlight the specific issues within the CP found to be problematic.

1. Core Labour Standards

Child Labour	Participating industry average non-compliance checklist rate
Child Labourers	0%
Documentation	0%
Hazardous Work	7%
Worst Forms	0%

The only non-compliance finding in the Child Labour cluster concerns hazardous work. One factory employed workers over the age of 16 but below the age of 18 for longer than 8 hours per day. This is defined as hazardous work under the labour law of Jordanian.

Discrimination	Participating industry average non-compliance checklist rate
Gender	0%
Other Grounds	0%
Race and Origin	3%
Religion and Political Opinion	0%

The non-compliance finding under the Race and Origin CP refers to one factory being non-compliant with the question concerning race, colour or origin being a factor in decisions regarding pay, and two factories being non-compliant with the question concerning harassment on the basis of race, colour or origin.

Forced Labour	Participating industry average non-compliance checklist rate
Bonded Labour	0%
Coercion	11%
Forced Labour and Overtime	0%
Prison Labour	0%

In focus: Coercion***Checklist questions******Percentage of factories out of compliance:***

Does the employer allow workers to come and go freely from the dormitories and the industrial park or zone in which the factory is located?	67%
Does the employer allow workers to leave the workplace at all times, including during overtime?	13%
Does the employer delay or withhold wage payments in order to coerce workers to stay on the job?	0%
Does the employer deny workers access to their personal documents (such as birth certificates, passports, work permits and ID cards) when they need them?	0%
Does the employer force workers to work to discipline them or as punishment for participation in a strike?	0%
Does the employer use any other coercive tactics to overwhelm workers' ability to make decisions in their own interest?	0%
Does the employer use threats such as deportation, cancellation of visas or reporting to the authorities in order to force workers to stay at the job?	0%
Does the employer use violence or the threat of violence to intimidate workers?	7%
Participating industry average	11%

The information above shows that the non-compliance rate for coercion is connected to a high level of non-compliance (67%) with the question regarding workers' freedom of movement to/from dormitories and industrial zones. Most factories have instituted a curfew for workers living in dormitories, many before 8:00PM, raising concerns about workers' lack of freedom to leave the factory/dormitory premises.

Freedom of Association and Collective Bargaining

	Participating industry average non-compliance checklist rate
Collective Bargaining	0%
Interference and Discrimination	0%
Strikes	0%
Union Operations	50%

Current labour law in Jordan prohibits migrant workers from forming or joining a labour union of their choice and stipulates a single trade union structure. Therefore, all factories that adhere to the law, both those that employ migrant workers and those that employ Jordanian workers only, are in non-compliance with international labour standards regarding freedom of association. For the period covered by this report, Better Work Jordan adopted the procedure of citing all factories assessed with a non-compliance for the two fundamental issues regarding freedom of association; first that all workers without distinction should be able to freely form or join unions of their choice and second, that unions should be free to form and join (con)federations of their own choice. Therefore, non-compliance is concentrated in the Union Operations CP only. In the future, Better Work Jordan will look more closely at the implications of the legal constraints on freedom of association on the right to organize and bargain collectively (ILO Convention 98 ratified by Jordan in 1968) and other related issues.

In focus: Union Operations

Checklist questions

Percentage of factories out of compliance:

Can the union(s) freely form and join federations and confederations of their choice?	100%
Can workers freely form and join the union of their choice?	100%
Do union representatives have access to the workers in the workplace?	0%
Does the employer require workers to join a union?	0%
Participating industry average	50%

2. Working Conditions

Compensation

**Participating industry average
non-compliance checklist rate**

Method of Payment	9%
Minimum Wages	5%
Overtime Wages	27%
Paid Leave	5%
Social Security and Other Benefits	3%
Wage Information, Use and Deduction	24%

Non-compliance in Overtime Wages arises from non-payment of 125% of normal wages for ordinary overtime and from non-payment of 150% of normal wages for overtime on public holidays and weekly rest days.

Non-compliance in the Wage Information, Use and Deduction CP stems from a lack of compliance with the following requirements:

In focus: Wage Information, Use and Deduction

Checklist questions

Percentage of factories out of compliance:

Does the employer keep only one accurate payroll record?	20%
Does the employer properly inform workers about wage payments and deductions?	47%
Does the employer restrict workers' freedom to use their wages as they choose?	0%
Has the employer made any unauthorized deductions from wages?	40%
When required for in-kind payment, does the employer provide enough decent quality food for workers?	13%
Participating industry average	24%

Contracts and Human Resources

**Participating industry average
non-compliance checklist rate**

Contracting Procedures	9%
Discipline and Disputes	12%
Employment Contracts	14%
Termination	2%

Within Contracting Procedures, non-compliance concerns migrant workers not having valid work permits and residence IDs.

Within Discipline and Disputes, non-compliance findings are concentrated in grievance procedures, bullying and harassment.

Non-compliance in Employment Contracts refers to inadequate terms and conditions in labour contracts and failure to adhere to national labour law concerning contracting procedures.

Occupational Safety and Health	Participating industry average non-compliance checklist rate
Chemicals and Hazardous Substances	10%
Emergency Preparedness	32%
Health Services and First Aid	26%
OSH Management Systems	16%
Welfare Facilities	50%
Worker Accommodation	41%
Worker Protection	25%
Working Environment	7%

The highest levels of non-compliance relate to welfare facilities, worker accommodation, and emergency preparedness.

In focus: Welfare Facilities

Checklist questions	Percentage of factories out of compliance:
Does the employer provide workers enough free safe drinking water?	47%
Does the workplace have adequate accessible toilets?	67%
Does the workplace have adequate changing rooms?	0%
Does the workplace have adequate hand washing facilities and adequate soap?	87%
Does the workplace have an adequate eating area?	40%
Is the workplace clean and tidy?	60%
Participating industry average	50%

In focus: Worker Accommodation

Checklist questions	Percentage of factories out of compliance:
Are adequate first aid supplies readily accessible on all floors?	73%
Are readily trained first aid personnel available?	20%
Does the accommodation comply with minimum space requirements?	20%
Does the accommodation have adequate cooking facilities?	73%
Does the accommodation have adequate toilets, showers, sewage and garbage disposal systems?	67%
Does the accommodation have enough safe water?	60%
Does the accommodation offer workers adequate privacy?	27%
Has the employer adequately prepared for emergencies in the accommodation?	80%
Is the accommodation adequately lit?	0%

Is the accommodation adequately protected against heat, cold, and dampness?	60%
Is the accommodation adequately ventilated?	20%
Is the accommodation clean?	27%
Is the accommodation protected against disease carrying animals or insects?	67%
Is the accommodation protected against fire?	53%
Is the accommodation protected against noise?	0%
Is the accommodation separate from the workplace (even though it may be in the same compound/industrial park)?	7%
Participating industry average	41%

In focus: Emergency Preparedness

Checklist questions

Percentage of factories out of compliance:

Are emergency exits and escape routes clearly marked and posted in the workplace?	80%
Are the emergency exits accessible, unobstructed and unlocked during working hours, including overtime?	73%
Are there enough emergency exits?	7%
Does the employer conduct periodic emergency drills?	7%
Does the workplace have fire detection and alarm system?	27%
Does the workplace have adequate fire-fighting equipment?	53%
Has the employer informed and prepared workers for possible emergencies in the workplace?	7%
Has the employer trained an appropriate number of workers to use the fire-fighting equipment?	0%
Participating industry average	32%

Working Time

Participating industry average non-compliance checklist rate

Leave	4%
Overtime	10%
Regular Hours	14%

The non-compliance figures for overtime and other issues related to work hours are not dramatically high due to the fact that there are gaps in current national law such as the absence of a legal maximum for hours of work per week. Data provided in assessment reports on work hours indicate that the average work week for factories employing only Jordanians is 40 hours with a maximum of 60 hours whereas the average work week for factories employing migrant workers is 56 hours with a maximum of 87 hours. Better Work Jordan could not verify weekly work hours for 3 factories or 20% of the factories assessed. However, overtime performed for purposes of conducting inventory or accounting should not exceed 30 days per year or 10 working hours per day.

Section III: Factories in Detail

The purpose of this section is to provide more detailed information on factories participating in the programme. After factories have received at least two full assessment reports, the Better Work Jordan synthesis reports will include information at the individual factory level, such as the following:

- Factories with fewer compliance violations
- Most-improved factories
- Non-compliance checklist rates and compliance effort by factory

As the present document covers only data collected from first assessments, relevant detailed factory information is not reported at this time.

Section IV: Conclusion

Conclusions and Next Steps

The major findings emerging from the data can be summarized as follows:

Forced Labour – Two thirds of the assessed factories have a curfew for workers at night. In seven cases, the curfew is before 8:00PM raising the concern that workers have little opportunity to leave the factory and dormitory premises when overtime is taken into account.

Occupational Safety and Health (OSH) – Fully 65% of the non-compliances cited in this report have to do with occupational safety and health issues, 70% of which are related to dormitory conditions. Many factories have been able to show progress improving occupational safety and health conditions in general and dormitory conditions in particular.

Work Hours – Jordanian law does not impose a general limit on total overtime hours or a maximum number of total hours per week and therefore tolerates excessively long work day days and work weeks. There is concern that weekly work hours are rising as the sector continues to recover from the global economic crisis. The issue of excessive work hours and compulsory overtime is a major concern of Better Work Jordan and international buyers, and will be closely monitored.

Freedom of Association – The laws of Jordan prohibit migrant workers from forming or joining a labour union of their choice and stipulate a single trade union structure. Therefore, all factories that adhere to the law, both those that employ migrant workers and those that only employ Jordanian workers, are in non-compliance with international labour standards regarding freedom of association. The Minister of Labour has stated publically that a reform of the present law to provide freedom of association rights to migrant workers under certain conditions is currently being considered. In the future, Better Work Jordan will look more closely at the impact of the legal constraints on freedom of association on the right to organize and bargain collectively.

As we issue this report, Better Work Jordan's efforts to work with participating factories to bring about improvement in compliance with labour standards and in market competitiveness have begun to take root. All 15 factories have functioning labour/management Performance Improvement Consultative Committees that have met at least once. In most cases, the PICCs have met multiple times to discuss a wide range of issues related to specific compliance issues identified in each factory. First progress reports have been issued for all 15 factories and 8 of them have already received their second progress reports issued during the 8th month of a factory's annual subscription in Better Work Jordan. These 8 factories will be beginning their second year in Better Work Jordan over the next few months.

The advisory process has focused until now on establishing a relationship of mutual trust with the factories, establishing effective processes for developing and implementing improvement plans such as the PICCs, and identifying some of the less intractable issues to address as a way to generate a constructive momentum to the advisory process. Although still in their early stages, these processes have already produced measurable results particularly in the area of OSH, as mentioned above. As we enter our second year of advisory service, Better Work Jordan will introduce a complementary training component that will focus initially on OSH and human resources management, the two areas where non-compliance has been most noted in our detailed assessment reports. We also look forward to addressing more challenging and longer-term compliance issues in some of the areas

mentioned above with a particular focus on the introduction of management systems that build long-term sustainable solutions.

On March 23, 2010 the Jordanian Cabinet approved a recommendation of the Ministry of Labour to require the participation of all factories in the garment sector in Better Work Jordan. The transition to full participation will be phased in over many months, with the intention that by the end of 2010, participation will cover two thirds of all factories, half of which will have been assessed by Better Work Jordan and well along the way of establishing a tailored advisory service programme to bring about measurable improvement. This will require Better Work Jordan to increase the size of its Enterprise Advisor team of professionals as well as hire a training specialist. The Better Work Jordan team looks forward to the new challenges posed by the expansion of the programme throughout the sector.

Annexes

Annex A: Factories Covered in this Report

- Al Hanan for Cloth Manufacturing Est.
- Century Standard Textile
- Century Wear Co.
- Classic Fashion Apparel Industry (Unit 1, 2 & 4)
- Classic Jeans Apparel Manufacturing Co.
- EAM Maliban Textiles Jordan (PVT) Ltd
- Fine Apparel LTD
- Hi-Tech Textile L.L.C.
- International British Garments
- Ivory Garments Factory
- Jerash Classic Garments Manufacturing Co
- Maintrend International Corp.
- Needle Craft LTD Jordan
- Sterling Apparel Manufacturing
- Vega Textile LTD.

Annex B: Buyers Participating in Better Work Jordan

- American Eagle
- Gap
- Jones Apparel Group
- Polo Ralph Lauren
- LL Bean
- New Balance
- Sears
- Wal-Mart
- Marks & Spencer
- Hanes Brand Inc.