

# **Better Work Jordan: Garment Industry 5<sup>th</sup> Compliance Synthesis Report**

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## Table of Contents

Section I: Introduction and Methodology .....	6
Introduction.....	6
Institutional Context.....	7
Better Work Methodology .....	8
Calculating Non-Compliance .....	9
Note on the factories represented in this report.....	9
Limitations in the assessment process.....	9
Section II: Findings.....	11
Average Non-Compliance Rates.....	11
Detailed Findings .....	13
Core labour standards .....	13
Working conditions .....	14
Compliance effort.....	19
Section III: Conclusion .....	23
Conclusions and Next Steps .....	23
Annexes .....	25

## List of Tables and Charts

In Focus 1: Overtime Wages.....	14
In Focus 2: Wage Information, Use and Deduction .....	14
In Focus 3: Employment Contracts.....	15
In Focus 4: Contracting Procedures.....	15
In Focus 5: Emergency Preparedness.....	16
In Focus 6: Health Services and First Aid.....	16
In Focus 7: Welfare Facilities .....	17
In Focus 8: Worker Accommodation .....	17
In Focus 9: Worker Protection.....	18
Chart 1 : Non-compliance rates.....	12
Chart 2 : Compliance Effort .....	20

## Executive Summary

A partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC), Better Work Jordan was launched in February 2008. Its goal is to reduce poverty in Jordan by expanding decent work opportunities in the apparel sector. The programme also aims to improve competitiveness of the industry by improving compliance with Jordanian labour law and the ILO's core labour standards and by enhancing economic performance at the enterprise level.

Better Work produces public synthesis reports for each country programme up to two times per year. The goal of these reports is to provide transparent information for all programme stakeholders regarding working conditions in the factories participating in the programme.

Better Work Jordan released its first public synthesis report in May 2010. In February 2011, Better Work Jordan published its second synthesis report; the third synthesis report was published in March 2012; and the fourth report in November 2012. The present report illustrates the findings of the assessments carried between October 2012 and September 2013 by Better Work Jordan in 55 factories. Of these, 8 received their first assessment, 17 factories have been assessed twice, another 14 were assessed for a third time, 15 were assessed for a fourth time and 1 factory was assessed for a fifth time.

This report provides a snapshot of the non-compliance findings during the reporting period in factories participating to Better Work Jordan. The data collected illustrate compliance with labour standards according to eight clusters: four based on ILO core labour standards regarding child labour, forced labour, discrimination, and freedom of association and collective bargaining, and four indicators 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 are as follows:

**Child Labour**—Child Labour is virtually non-existent in the apparel sector in Jordan. The minimum age of work by law is 18, with an allowance for juvenile workers (age 16–18) in non-hazardous work for no more than six hours per day.

**Discrimination**—The highest rate of non-compliance within this cluster is that of discrimination on the basis of race, colour and origin, with 43 factories (80%) out of compliance. Factory salary scales based on the new minimum wage that became effective 1 February 2012 resulted in a significant increase in factory discrimination based on race and origin, as the minimum wage increase applied only to Jordanian workers, and the seniority increment applies only to non-Jordanians. The distinction in nighttime curfew between male and female workers resulted in 18 factories (35%) being non-compliant with regard to gender discrimination and conditions of work. Under Other Grounds of discrimination, of the 55 factories, 26 (48%) did not comply with legal requirements with regards to the hiring of workers with disabilities. Jordanian law requires employers to employ at least one disabled worker if the workplace has 25-50 workers, and at least 4% of workers with disabilities in workplaces with more than 50 workers.

**Forced Labour**—Seven factories (13%) were found to be non-compliant with regard to Coercion. Five of these factories (9%) denied workers access to their personal documents. There were three findings related to employers requiring workers to work beyond the term of their contracts, restricting workers' mobility and using threats such as deportation, cancellation of visas or reporting to the authorities in order to force workers to stay at the job.

**Freedom of Association**—Current labour law prohibits migrant workers from forming unions of their own choice. In addition, the labour law stipulates a single trade union structure, thereby impeding the ability of all workers to form or join a union of their choice and of unions to join a federation or confederation of their choice. As a consequence, all factories are non-compliant with the Freedom to Associate CP. The new sector-wide collective bargaining agreement (CBA)<sup>1</sup> includes important provisions on freedom of association, such as union recognition, access to workers in all factories, and non-discrimination for membership in or activities on behalf of the union. The provisions of the CBA will be taken into account during factory assessments and in the delivery of advisory services and training.

**Compensation**—The most problematic areas are Overtime Wages and Wage Information, Use and Deduction, with non-compliance rates of 22% and 35%, respectively. There were non-compliance findings in 20% of factories for lack of reliable records for overtime worked on public holidays. Nearly 17% of factories failed to pay overtime in accordance with Jordanian law for work on weekly rest days. Payroll records for nine factories (17%) were deemed unreliable. Workers in 13 factories (24%) did not understand or were not adequately informed about their wage payment and salary deduction. Three factories were cited for unauthorized deductions for food and accommodation, missing production targets, absenteeism or to pay back personal loans beyond the legal limit of 10% of monthly salary.

**Contracts and Human Resources**—The highest non-compliance rate in this cluster is within Employment Contracts (65%), with a total of 36 factories that are not compliant. Many of the new factories joining Better Work Jordan are smaller subcontractors. These factories are less knowledgeable about legal requirements requiring all workers to have a contract. Therefore, workers in 16% of factories do not have a contract. Additionally, while workers may have an employment contract, in 30% of factories, the contract does not comply with legal requirements. In 24% of factories, workers do not have a copy of their contract in their native language, as required by law.

The primary reason why workers in nine factories (17%) did not have valid work permits and residence IDs is that these documents contained the name of a different employer. It is often found that workers in smaller subcontractors originally came to Jordan under the sponsorship of a more established employer and then transfer to other factories without the necessary paperwork completed. Regarding Contracting Procedures, workers in 29 factories (54%) were found to have paid unauthorized fees to recruitment agents in excess of reasonable costs. The recruitment process for Bangladeshi and Sri Lankan workers has been regulated in recent years by the respective governments, so the payment of unauthorized or excessive recruitment fees is less often found amongst these workers. Forty percent of factories were found to have not taken the required steps to ensure that migrant workers did not pay any unauthorized fees. In most cases this involved workers coming from countries where the recruitment process is less regulated, so it is more difficult for employers to ensure that workers do not pay unauthorized fees.

**Occupational Safety and Health**—The level of OSH non-compliance findings represents a bit less than half of total non-compliance findings. Many factories failed to implement systems for monitoring and maintaining OSH standards. For example, escape route markings wear out over time and many factories do not have systems in place to repaint them periodically. Better Work Jordan advisory services will focus on assisting factories introduce such systems.

**Working Time**—In seven percent of factories, overtime work was found not to be voluntary. In nine factories (16%), the employer did not keep only one accurate payroll, and in an additional six factories attendance records were found to be unreliable, in that working-time records were found to inaccurately reflect the hours actually worked.

## KEY PROGRAMME DEVELOPMENTS

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<sup>1</sup> A case study on the development of the collective bargaining agreement in Jordan's garment sector is available at <http://betterwork.org/global/?p=3724>.

Among the 47 factories that have been assessed more than once, 22 factories improved their performance on non-compliance for each individual compliance point and 22 factories had higher non-compliance rates in this period than in the previous one. Three factories experienced no change.

Of particular note, Forced Labour saw significant positive compliance effort. From six instances of non-compliance under Bonded Labour in the previous visit, there were none in the most recent visit. Compliance effort with regards to Coercion also increased 9%, with six fewer instances of non-compliance.

A new model for assessing and providing advisory services to factories that have participated in the programme for multiple years is being developed. This new model will turn over more ownership of the assessment and improvement processes to the factories themselves, thereby building more long-term and sustainable solutions.

A highlight of the programme's expanding training services was the piloting of innovative sexual harassment prevention training for managers, supervisors and workers. A comprehensive skills training programme targeting factory supervisors begun during the second half of 2013 and will scale up in 2014.

Several milestones were achieved with regard to the effort to extend impact beyond the factory level. First, a landmark collective bargaining agreement (CBA) between two textile and apparel employers' associations and the garment union covering approximately 50,000 workers in the industry was signed on 27 May 2013. Among others, the CBA includes provisions on regulating working hours, wages and bonuses; improving occupational safety and health in factories and dormitories; a commitment to treat all workers equally; a unified contract for migrant workers; recognition of unions and their right to access factories; settlement mechanisms to deal with contract disputes; and annual seniority bonuses for all workers regardless of their nationality. ILO experts have begun to provide training to the employers and the workers in contract administration and dispute settlement. A major outcome has been an agreement to establish a National Joint Council for the Jordan Garment and Textile Industry, which will be responsible for administering the implementation of the CBA.

Second, the first Workers' Center, in the Al-Hassan industrial zone, was officially opened on 9 October. Recreational, training, and other services for workers will be up and running by the end of this year.

Finally Better Work Jordan has been facilitating a process with key stakeholders—apparel factories, worker representatives, international brands, NGOs and academics, and the Government of Jordan—to develop a model for the apparel sector that is more stable and long term, contributes more to the Jordanian economy and society, and provides decent work opportunities for an increasing number of Jordanian workers, particularly those most vulnerable to chronic unemployment. It is anticipated that the strategy will be officially adopted by national stakeholders including the Government of Jordan.

These efforts have created an opportunity for Better Work Jordan, in synergy with the growing family of ILO programmes and activities in Jordan, to encourage a national review and reform of the labour code to adjust to the current economic and political realities faced by the country. Initial discussions between the ILO and the Ministry of Labor, as well as the Labor Committee of Parliament, have taken place with the goal of an agreement on a process during 2014 that will develop a series of recommendations for amending the labour code in accordance with ILO core labour standards and Jordan's commitments under those ILO Conventions it has ratified.

# Section I: Introduction and Methodology

## Introduction

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The Better Work programme, a partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC), 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), 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 also 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.

The apparel industry accounts for 17% of the country's total exports. Apparel exports, mostly to the United States, were nearly \$1.2 billion in 2012 representing an increase of 4.1% over 2011 and are projected to grow by 10% in 2013, according to the Department of Statistics. The garment sector mainly produces men's and women's apparel, ranging from jeans and sportswear to formal wear and undergarments. Most apparel factories are situated in 14 Qualified Industrial Zones (QIZs), with the three largest QIZs located in Dulyal, Sahab and outside the country's second largest city of Irbid in the north. The export industry employs approximately 44,000 workers, over three quarters of whom are migrant workers mostly from South and South-East Asia. The majority of migrant workers originate from India, Sri Lanka, and Bangladesh. Women represent 63% of the labour force.

The monthly minimum wage for Jordanian workers in the apparel sector was increased from JD 170 to JD 190 (USD 268) on 1 January 2013. The basic monthly minimum wage for migrant workers in the apparel sector was unchanged and remains at JD 110 (USD 155). Effective 1 February 2012, migrant workers began receiving a monthly seniority bonus of JD 5 for each year employed by the same employer for up to four years of uninterrupted employment. Better Work Jordan has been citing a non-compliance for factories employing both Jordanian and migrant workers that are paying the legal minimum wage for discrimination, in accordance with the relevant core international labour standards.

The employers maintain that there is no wage discrimination since according to Jordanian law, wages can be paid in cash and in-kind. Factories provide migrant workers food and accommodation at a cost they claim often exceeds JD 80 a month. It is argued that there is no wage discrimination between Jordanian and migrant workers, since the in-kind contribution, when added to the basic monthly wage for migrant workers, equals the minimum wage for Jordanian workers. However, overtime pay and other benefits are calculated by employers based on the basic monthly wage of JD 110 and not the full wage and in-kind payment, in accordance with national law.

In an indication that social dialogue in the apparel sector is deepening and becoming more institutionalized, the social partners successfully concluded a process in 2013 to amend a 2011 Ministry of Health regulation for worker dormitory standards. This revised standard will now be used as guidance by Better Work Jordan during factory assessments.

A landmark collective bargaining agreement (CBA) was signed on 27 May 2013 by two employer associations, the Jordan Garments, Accessories & Textiles Exporters' Association (J-GATE) and the Association of Owners of Factories, Workshops and Garments (AOFWG), and the General Trade Union of Workers in Textile, Garment & Clothing Industries in an unprecedented step to strengthen their

partnership, promote social dialogue and improve the working conditions of approximately 50,000 workers in the sector including over 6,000 workers employed in non-exporting factories. The sector-wide CBA is considered to be one of the most comprehensive of its type in the garment sector anywhere in the world. Among others, the CBA includes provisions on regulating working hours, wages and bonuses; improving occupational safety and health in factories and dormitories; a commitment to treat all workers equally; a unified contract for migrant workers; recognition of unions and their right to access factories; settlement mechanisms to deal with contract disputes; and annual seniority bonuses for all workers regardless of their nationalities. The provisions of the CBA will be taken into account during factory assessments and in the delivery of advisory services and training.

Better Work Jordan experienced significant growth since mid-2011 when it began to transition from a voluntary factory participation programme to one where exporting apparel factories and their subcontractors are legally required to participate. The number of factories has grown by over 80%. Currently 60 factories are participating in the programme, employing well over 90% of the labour force and accounting for over 90% of all apparel exports. With this growth, a majority of these factories are now subcontractors for factories that directly export to the US or Israel and are not always identified as being part of the global supply chain. As a result, they tend to be smaller in size and less knowledgeable and experienced when it comes to social compliance.

## **Institutional Context**

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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 in 2008 at the request of the government.

Better Work Jordan is advised by a tripartite Project Advisory Committee (PAC), comprising three representatives from the government (two from the Ministry of Labour and one from the Ministry of Industry and Trade), three from employer organizations (one from the Jordan Garments, Accessories, & Textiles Exporters' Association, one from the Foreign Investors Association, and one from the Chamber of Industries), 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 sixteen times since the inception of the project. It has played an important role in building stakeholder support for the project, 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 develop broad sectoral approaches to address some of the sector's more difficult and entrenched challenges, to generate greater buyer support to encourage their suppliers to implement improvements, and to encourage buyers and perspective buyers to expand their commitment to the Jordanian apparel sector.

The implementation of a collaboration plan between Better Work Jordan and the Ministry of Labour that was agreed on in 2010 has proceeded smoothly. Elements of the plan include quarterly meetings between the Better Work Jordan Enterprise Advisor team and the Ministry's Labour Inspectorate, and a zero-tolerance protocol, which is currently being updated, for addressing serious human rights violations found in factories, including child labour, forced labour, sexual violence and issues that pose an imminent threat to worker health and safety.

## 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 assess conditions at work, including compensation, contracts and human resources, occupational safety and health, and working time. The compliance points covered in these clusters are largely consistent across countries, however each compliance point contains specific questions that may vary from country to country due to differences in national legislation. In countries where national law either fails to address or lacks clarity around a relevant issue regarding conditions at work, Better Work establishes a benchmark based on international standards and good practices.

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 is indicated in the table below.

	Compliance Clusters		Compliance Points
Core Labour Standards	1	Child Labour	1. Child Labourers 2. Unconditional Worst Forms 3. Hazardous Work 4. Documentation and Protection of Young Workers
	2	Discrimination	5. Race and Origin 6. Religion and Political Opinion 7. Gender 8. Other Grounds
	3	Forced Labour	9. Coercion 10. Bonded Labour 11. Forced Labour and Overtime 12. Prison Labour
	4	Freedom of Association and Collective Bargaining	13. Freedom to Associate 14. Union Operations 15. Interference and Discrimination 16. Collective Bargaining 17. Strikes
Working Conditions	5	Compensation <sup>2</sup>	18. Minimum wages 19. Overtime wages 20. Method of Payment 21. Wage Information, Use and Deduction 22. Paid Leave 23. Social Security and Other Benefits
	6	Contracts and Human	24. Employment Contracts 25. Contracting Procedures

<sup>2</sup> 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.

	Resources	26. Termination 27. Dialogue, Discipline and Disputes
7	Occupational Safety and Health	28. OSH Management Systems 29. Chemicals and Hazardous Substances 30. Worker Protection 31. Working Environment 32. Health Services and First Aid 33. Welfare Facilities 34. Worker Accommodation 35. Emergency Preparedness
8	Working Time	36. Regular Hours 37. Overtime 38. Leave

## Calculating Non-Compliance

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Better Work calculates **non-compliance rates** for each factory and reports these in individual factory reports. The non-compliance rate is reported for each subcategory, or compliance point, within a cluster. A compliance point is reported to be non-compliant if even one question within it is found in non-compliance.

In public synthesis reports, Better Work calculates the average non-compliance rates for all participating factories in each of these same sub-categories. For example, an average non-compliance rate of 100% means that all participating factories were found to have a violation in that area.

While it is a strict indicator, the non-compliance rate is useful for Better Work to aggregate and compare data across countries. However, this number is not sufficient to fully describe the specific issues that Enterprise Advisors have observed during their assessment. For this reason, tables presenting average non-compliance findings at the question level are also presented in Section II with the title of **In Focus tables**. These tables, showing the number of factories found to be non-compliant to each specific question, allow the reader to fully appreciate the specific challenges in compliance identified in factory assessments.

## Note on the factories represented in this report

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Synthesis reports present a snapshot of the non-compliance situation in the participating industry in the country at the time of the report. The rates presented in the synthesis report refer to participating industry averages. As factories are assessed once per year, in some cases the data included in the synthesis reports is older than six months.

This fifth synthesis report presents the aggregated findings of all assessments conducted by Better Work Jordan between October 2012 and September 2013. Among these 55 factories, eight received their first assessment, 17 factories have been assessed twice, another 14 were assessed for a third time, 15 were assessed for a fourth time and one factory was assessed for a fifth time.

Section III of this report presents the changes in non-compliance observed in the 47 factories that have been visited more than once by Better Work Jordan.

## Limitations in the assessment process

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The assessments carried out by Better Work follow a thorough checklist 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.

As in previous reporting periods, Better Work Jordan made some necessary revisions to its assessment methodology and questionnaire as well as to its classifications of non-compliance. The changes related to national law were made in consultation with the Project Advisory Committee and in particular, with the Ministry of Labor, who offered clarifications on areas of the law needing further interpretation. Changes related to core international labour standards were made in consultation and upon the advice of technical experts within the ILO. These changes may have implications for levels of compliance with specific questions or compliance points in the report.

Some level of increase in specific non-compliance findings, based on the growth of Better Work Jordan Enterprise Advisors' experience and greater trust and confidence from factories that are long-term programme participants, is expected.

Certain issues remain very difficult to assess and verify independently. Sexual harassment is difficult to identify in a factory assessment visit. It is generally considered that due to the sensitive nature of the issue, sexual harassment is likely 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 some issues related to migrant workers. It is beyond the current scope of Better Work Jordan 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. Better Work Jordan monitors other aspects of union operations, including access to factories by union officials and issues relating to interference in union affairs, anti-union discrimination, and strikes at the enterprise level. It is difficult to gauge the impact of the legal constraints on freedom of association on these other issues.

## Section II: Findings

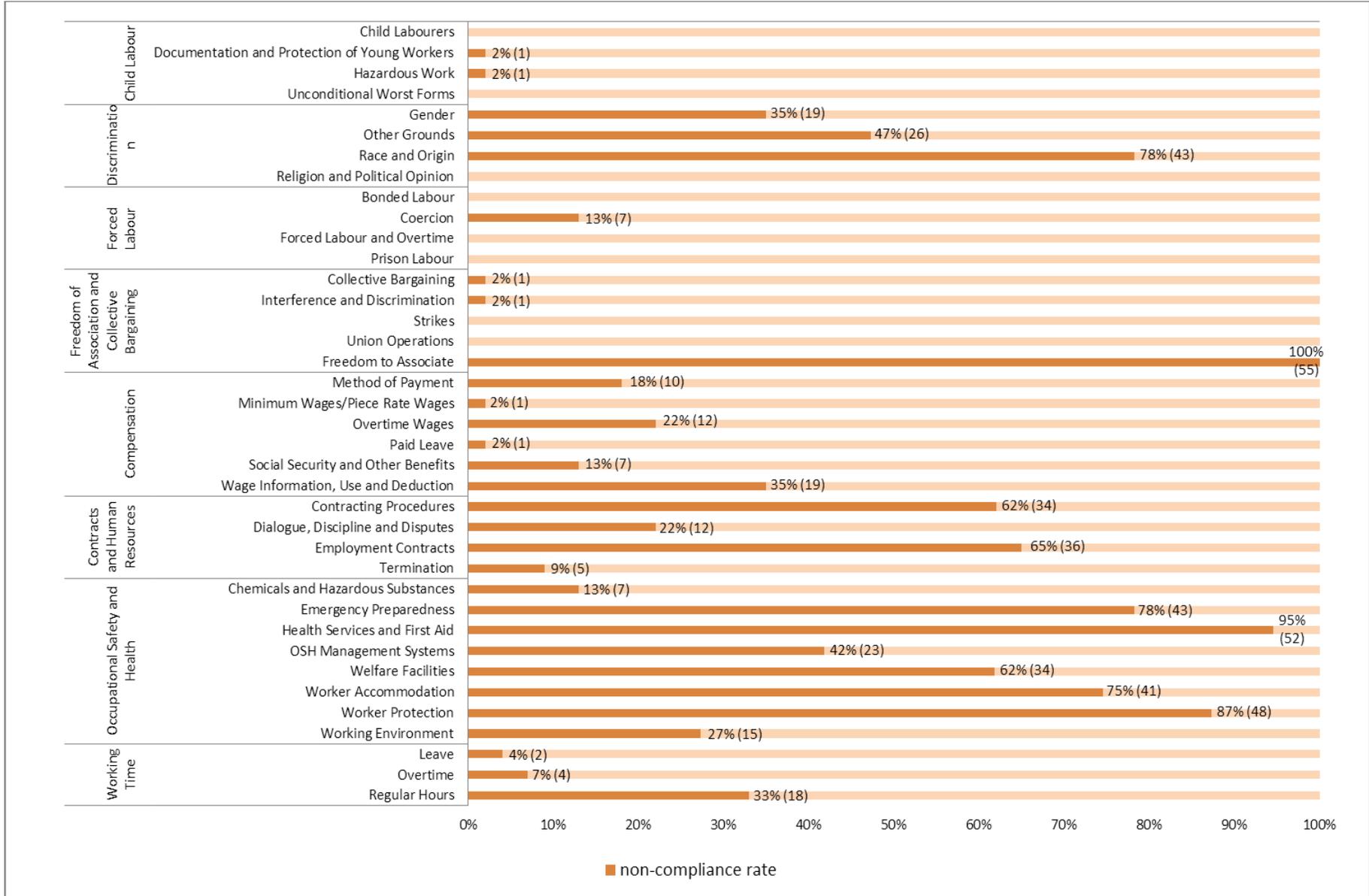
### 2.1 Average Non-Compliance Rates

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Chart 1 provides an overview of average non-compliance rates for the 55 assessed factories covered in this report showing non-compliance rates as well as the number of factories in non-compliance in parentheses.

Detailed findings are provided in section 2.2.

**Chart 1 : Non-compliance rates**



<sup>3</sup> A factory is found non-compliant in a compliance point if it is found out of compliance on any one aspect of it.

## 2.2. Detailed Findings

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### 1. Core labour standards

#### A. Child Labour

Child Labour is virtually non-existent in the apparel sector in Jordan. The minimum age of work by law is 18 with an allowance for juvenile workers (age 16–18) in non-hazardous work for no more than six hours per day. There were two non-compliance findings in one factory under the Child Labour cluster related to workers under the age of 18 working long hours and to the employer not complying with documentation requirements for workers under age 18 and not having a reliable system in place to verify the age of workers prior to hiring.

#### B. Discrimination

Factory non-compliance focused on three issues. The distinction in nighttime curfew between male and female workers resulted in 18 factories (33%) being non-compliant with regard to gender discrimination and conditions of work. Under Other Grounds of discrimination, of the 55 factories, 26 (47%) did not comply with legal requirements with regards to the hiring of workers with disabilities. This represents a decline from 60% in the previous Compliance Synthesis Report, which can be explained by a continuing factory effort to employ more disabled workers and by an agreement reached with the social partners to apply the 4% legal quota for disabled workers to Jordanian workers only, since no disabled migrant workers come to Jordan. The highest rate of non-compliance within this cluster is that of discrimination on the basis of race, colour and origin with 43 factories (78%) out of compliance. Factory implementation of the new minimum wage as of 1 February 2012 resulted in a significant increase in discrimination based on race and origin, as the minimum wage increase applied only to Jordanian workers, and the seniority increment applies only to non-Jordanians.

#### C. Forced Labour

Seven factories (13%) were found to be non-compliant with regard to Coercion. Five of these factories (9%) denied workers access to their personal documents. There were three findings related to employers requiring workers to work beyond the term of their contracts, restricting workers' mobility, and using threats such as deportation, cancellation of visas or reporting to the authorities in order to force workers to stay at the job.

#### D. Freedom of Association and Collective Bargaining

In July 2010, the Cabinet approved a series of amendments to the labour law. Among the amendments was the elimination of language that specifically forbade migrant workers from joining trade unions. Still in the law is language that forbids workers from forming unions of their own choice by stipulating a single trade union structure, thereby impeding the ability of all workers to form or join a union of their choice. As a consequence, all factories are non-compliant under Freedom to Associate. One factory failed to implement provisions of the collective agreement in force while another did not renew a worker's employment contract due to the worker's union membership or activities.

The sector-wide collective bargaining agreement includes important provisions on freedom of association such as union recognition, access to workers in all factories, and non-discrimination for membership in or activities on behalf of the union. It is anticipated that as the CBA becomes effectively enforced by the parties, key aspects of freedom of association will be advanced.

## 2. Working conditions

### E. COMPENSATION

Findings show that the most problematic areas are Overtime Wages and Wage Information, Use and Deduction with a non-compliance rate of 22% and 35% respectively. The tables below provide details of these findings at the question level.

#### In Focus 1: Overtime Wages

<i>Question</i>	<i># factories out of compliance</i>
Does the employer pay workers 125% of their normal wage for all ordinary overtime hours worked?	11
Does the employer pay workers 150% of their normal wage for overtime worked on public holidays?	5
Does the employer pay workers 150% of their normal wage for overtime worked on weekly rest days?	9

Non-compliances were cited for 20% of factories due to a lack of reliable records for ordinary overtime worked, while 9% of factories lacked reliable records for overtime worked on public holidays. The reason for the difference is that six factories were found not to work on public holidays.

#### In Focus 2: Wage Information, Use and Deduction

<i>Question</i>	<i># factories out of compliance</i>
Does the employer keep only one accurate payroll record?	13
Does the employer properly inform workers about wage payments and deductions?	7
Has the employer made any unauthorized deductions from wages?	3

Of the 13 factories with unreliable payroll records, nine (16%) maintain multiple records. The remaining four factories, most of them small sub-contractors, used manual payroll systems that are difficult to validate. Based on interviews, workers in 13% of factories did not understand or were not adequately informed about their wage payment and salary deduction. Three factories were cited for unauthorized deductions for food and accommodation, missing production targets, absenteeism, or to pay back personal loans beyond the legal limit of 10% of monthly salary.

For Method of Payment, 11 factories (20%) were non-compliant. In nine factories, workers were not paid within seven days from the date wages were payable.

Five employers did not collect contributions to the Social Security Corporation from all workers at 6.5% of the workers' base wages. Five factories did not contribute 12.25% of workers' base wages to the Social Security Corporation. Two did not forward employee contributions for social security to the Social Security Corporation.

### F. CONTRACTS AND HUMAN RESOURCES

The highest non-compliance rate in this cluster is within Employment Contracts with a total of 36 factories (65%) that are not compliant. In In Focus 3 below breaks down the findings at the question level.

### In Focus 3: Employment Contracts

<i>Question</i>	<i># factories out of compliance</i>
<b>Do all persons who perform work for the factory, both on the premises and offsite, have a contract?</b>	9
<b>Do the employment contracts comply with Jordanian legal requirements?</b>	16
<b>Do the employment contracts specify the terms and conditions of employment?</b>	8
<b>Do the factory bylaws comply with Jordanian legal requirements and were they communicated to workers?</b>	17
<b>Do workers understand the terms and conditions of employment?</b>	3
<b>Does the employer maintain a personnel file for each worker?</b>	3
<b>Does the employer provide workers with a copy of their contract?</b>	13

Many of the new factories joining Better Work Jordan are smaller subcontractors. These factories are less knowledgeable about legal requirements requiring all workers to have a contract. Therefore, a higher percentage of workers do not have a contract or even if they do, the contract does not comply with legal requirements. In one quarter of factories workers do not have a copy of their contract in their native language as required by law. Similarly, in almost one third of factories, bylaws do not comply with Jordanian legal requirements and are not communicated to workers.

### In Focus 4: Contracting Procedures

<i>Question</i>	<i># factories out of compliance</i>
<b>Do the migrant workers have valid work permits and residence IDs?</b>	9
<b>Does the employer consider workers on limited duration contracts who work beyond their term as unlimited duration contract workers?</b>	1
<b>Has the employer taken required steps to ensure that migrant workers do not pay any unauthorized fees?</b>	22
<b>Have workers paid unauthorized fees to recruitment agents?</b>	29
<b>Is the probationary period limited to 3 months?</b>	1

In terms of Contracting Procedures, the primary reason why workers in nine factories did not have valid work permits and residence IDs is that these documents contained the name of a different employer. It is often found that workers in smaller subcontractors originally came to Jordan under the sponsorship of a more established employer and then transfer to other factories without the necessary paperwork completed. Workers in 29 factories (54%) were found to have paid unauthorized fees to recruitment agents in excess of reasonable costs. The recruitment process for Bangladeshi and Sri Lankan workers has been regulated in recent years by the respective governments, so the payment of unauthorized or excessive recruitment fees is less often found amongst these workers. This practice is more often found with workers coming from countries where the recruitment process is less regulated such as India. Forty percent of factories were found to have not taken the required steps to ensure that migrant workers did not play any unauthorized fees. Once again, in most cases this involved workers coming from countries where the recruitment process is less regulated, so it is more difficult for employers to ensure that workers do not pay unauthorized fees.

Under Dialogue, Discipline and Disputes, workers in 11 out of 55 factories (20%) had been bullied, harassed, and or subjected to humiliating treatment. Most of this behavior can be directly related to supervisors putting pressure on workers to meet production targets.

Under Termination, five factories were non-compliant. Four of these five factories did not comply with legal requirements regarding severance pay. Two factories did not have workers who received all their entitlements upon expiration of their contracts. Two factories did not provide workers proper notice of termination. Two did not compensate workers for unused paid annual leave when they resigned or were terminated.

## G. OCCUPATIONAL SAFETY AND HEALTH

The level of OSH non-compliance findings represent approximately half of total non-compliance findings. Within this cluster, the following compliance points had high non-compliance rates: Emergency Preparedness (78%), Health Services and First Aid (95%), Welfare Facilities (62%), Worker Accommodation (75%) and Worker Protection (87%). In Focus Tables 5–9 deal with each of the compliance points in question.

### In Focus 5: Emergency Preparedness

<i>Question</i>	<i># factories out of compliance</i>
<b>Are emergency exits and escape routes clearly marked and posted in the workplace?</b>	28
<b>Are the aisles and emergency exits accessible, unobstructed and unlocked during working hours, including overtime?</b>	24
<b>Are there enough emergency exits?</b>	3
<b>Does the employer conduct periodic emergency drills?</b>	14
<b>Does the workplace have a fire detection and alarm system?</b>	9
<b>Does the workplace have adequate and accessible fire-fighting equipment?</b>	12
<b>Has the employer trained an appropriate number of workers to use the fire-fighting equipment?</b>	1

Emergency Preparedness has an overall non-compliance rate of 78%. The main issues are accessibility and marking of emergency exits, both of which are largely maintenance and system management issues. Virtually all the non-compliance findings concerning accessibility to emergency exits were for obstructions and not because emergency exit doors were locked or chained. Fourteen factories (25%) did not conduct periodic emergency drills and 12 (22%) did not have adequate and accessible fire-fighting equipment.

### In Focus 6: Health Services and First Aid

<i>Question</i>	<i># factories out of compliance</i>
<b>Do workers who have been exposed to work-related hazards receive free health checks?</b>	5
<b>Does the employer provide pre-assignment medical checks for workers?</b>	4
<b>Does the workplace have required onsite medical facilities and staff?</b>	46
<b>Has the employer ensured that there are a sufficient number of readily accessible first aid boxes/supplies in the workplace?</b>	20
<b>Has the employer provided first-aid training for workers?</b>	2

The highest non-compliance rate within the cluster is for Health Services and First Aid. Of the 55 factories in this report, 52 factories, or 95%, were found to be non-compliant with at least one question in this CP. Forty-six factories did not have required onsite medical facilities and staff as required by the stringent standard in Jordanian labour law. Factories employing more than 50 workers must appoint full-time doctors and nurses corresponding to the number of workers at the workplaces. So a factory with between 100 and 500 workers should have by law two nurses and one doctor while a factory with between 500 and 1,000 workers should have three nurses and two doctors.

Within OSH Management Systems, 23 factories (42%) were out of compliance. Eighteen factories did not have written plans for OSH programs and 13 had not formed a joint worker/management committee. Within this reporting period, nine factories had not performed an assessment of general occupational safety and health issues in the factory. Three did not record work-related accidents and diseases.

#### **In Focus 7: Welfare Facilities**

<i>Question</i>	<i># factories out of compliance</i>
Does the employer provide an adequate day care facility for the children of women workers?	9
Does the employer provide workers enough free safe drinking water?	3
Does the workplace have adequate accessible toilets?	14
Does the workplace have adequate changing rooms/lockers to meet the needs of workers?	6
Does the workplace have adequate hand washing facilities and adequate soap?	2
Does the workplace have an adequate eating area?	5
Is the workplace clean and tidy?	12
When provided as in-kind payment, does the employer give workers enough food of decent quality?	8

Better Work Jordan began looking more closely at the provision of day-care facilities in accordance with Jordanian law, resulting in nearly 17% of factories, primarily those employing significant numbers of female Jordanian workers, found out of compliance. Workplace cleanliness, including bathroom facilities, remains an important issue.

#### **In Focus 8: Worker Accommodation**

<i>Question</i>	<i># factories out of compliance</i>
Are adequate first aid supplies readily accessible on all floors?	16
Are readily trained first aid personnel available?	2
Does the accommodation comply with minimum space requirements?	4
Does the accommodation have adequate cooking facilities?	14
Does the accommodation have adequate toilets, showers, sewage and garbage disposal systems?	8
Does the accommodation have enough safe water?	9
Does the accommodation offer workers adequate privacy?	3
Has the employer adequately prepared for emergencies in the accommodation?	22
Is the accommodation adequately protected against heat, cold, and dampness?	17
Is the accommodation adequately ventilated?	19
Is the accommodation clean?	9
Is the accommodation protected against disease carrying animals or insects?	26
Is the accommodation protected against fire?	24

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**Is the accommodation separate from the workplace (even though it may be in the same compound/industrial park)?**

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4

Worker Accommodation has an overall non-compliance rate of 75%. Many issues related to worker accommodations persist and are challenging to address, given that labour inspectors do not regularly inspect worker dormitories. Of particular concern are the violations for issues related to fire safety. Over 44% of factories were found to have worker accommodations lacking in fire protection and 41% with inadequate emergency preparedness. Over one quarter of factories were cited for worker accommodations lacking in adequate cooking facilities, which usually resulted in workers cooking in their rooms, presenting a significant fire hazard.

#### **In Focus 9: Worker Protection**

<i>Question</i>	<i># factories out of compliance</i>
<b>Are appropriate safety warnings posted in the workplace?</b>	5
<b>Are electrical boxes, electrical wires, switches and plugs properly installed, grounded, and maintained?</b>	6
<b>Are materials, tools, switches, and controls within easy reach of workers?</b>	1
<b>Are proper guards installed and maintained on all dangerous moving parts of machines and equipment?</b>	17
<b>Are standing workers properly accommodated?</b>	32
<b>Are there sufficient measures in place to avoid heavy lifting by workers?</b>	4
<b>Are workers effectively trained to use machines and equipment safely?</b>	26
<b>Are workers effectively trained to use the personal protective equipment that is provided?</b>	21
<b>Does the employer provide workers with all necessary personal protective clothing and equipment?</b>	21

The compliance point for Worker Protection has one of the highest non-compliance rates of 89% with 48 out of 55 factories that are out of compliance. There are several reasons why the rate remains high. As with many aspects of occupational safety and health, many factories, especially smaller sub-contractors, do not have systems in place to address worker protection. In addition, some of the remedies require an investment, which factories are either unwilling or believe they are unable to afford.

#### **H. WORKING TIME**

Regarding Overtime, in four factories (7%), overtime work was found not to be voluntary. In nine factories (16%), the employer did not keep only one accurate payroll, and in an additional six factories (11%) attendance records were found to be unreliable, in that working-time records were found to inaccurately reflect the hours actually worked.

### **2.3. Compliance effort**

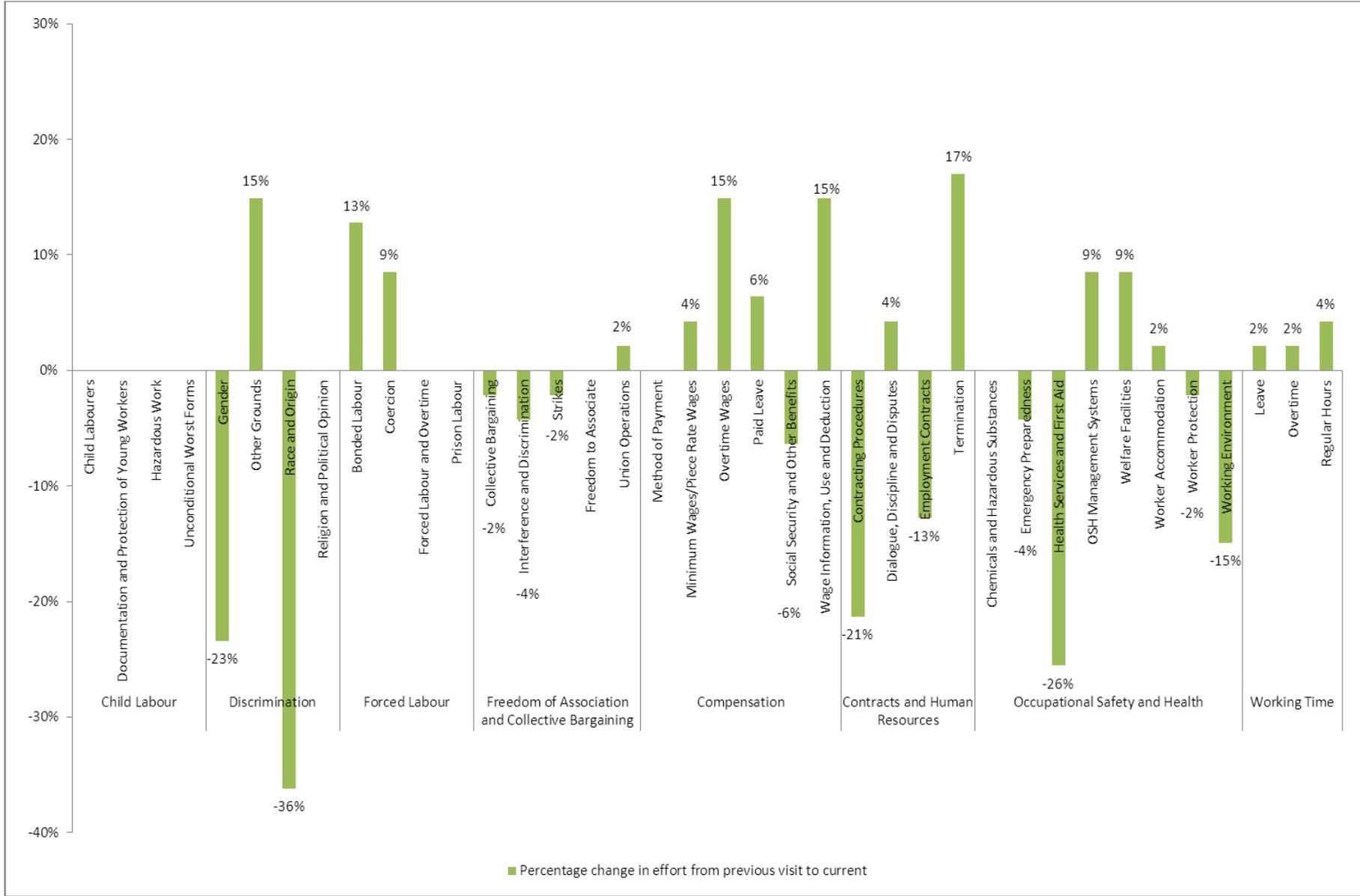
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Compliance effort relates to the changes in non-compliance for each CP between factories' current assessments and their previous ones. Compliance effort refers only to the factories that were registered with Better Work Jordan in both reporting periods. It must be noted that, as the compliance effort is an aggregate indicator for all factories that have been assessed at least twice by Better Work Jordan, it is sensitive to simultaneous changes in non-compliance. For example, if a factory moves from being non-compliant to compliant and another factory that had no non-compliance findings is found to be non-compliant in the same CP, the two would level each other out with no change in compliance effort.

Among the 47 factories included in this report that have been assessed more than once, 22 factories improved their performance on non-compliance for each individual compliance point and 22 factories had higher non-compliance rates in this period than in the previous one. Three factories experienced no change

Chart 2 provides an overview of changes in factory compliance effort by CP.

**Chart 2 : Compliance Effort**



- With regard to Child Labour, there are no changes in compliance effort. Of the 47 factories that were visited more than once by Better Work Jordan, none had any non-compliance findings.
- With regard to Discrimination, non-compliance increased for Gender (-23%), as it was found in 18 factories that nightly curfews were different for male and female workers. Better Work Jordan, under the guidance of ILO experts, began citing this as a discrimination non-compliance during this reporting period. The number of factories where race, colour or origin was a factor in decisions regarding pay increased from 21 to 39 representing 83% of factories assessed more than once. This is due to the fact that the minimum wage increase that went into effect February 2012 differed for migrant workers as compared to Jordanian workers. The compliance point for Other Grounds improved by 15% because the number of employers who did not comply with legal requirements regarding the hiring of workers with disabilities decreased from 30 to 23. This is largely the result of an agreement reached with the social partners that the legal disability quotas would be applied only to Jordanian workers, since migrant workers from other countries do not include disabled workers.
- Forced Labour saw significant positive compliance effort. From six instances of non-compliance under Bonded Labour in the previous visit, there were none in the most recent visit. Compliance effort with regards to Coercion also increased 9%, with six fewer instances of non-compliance.
- Compliance effort showed improvement in the payment of the minimum wage, overtime, and paid leave. Most notably, the number of employers that made unauthorized deductions from wages reduced from 12 to just 3 in the most recent visit.
- Within Contracts and Human Resources, Contracting Procedures experienced an increase in non-compliance by 21%, due to eight additional factories with workers that paid unauthorized fees to recruitment agents. Employment Contracts also saw an increase in non-compliance of 13%, due to six additional factories where persons who perform work for the factory did not have a contract, employment contracts did not comply with Jordanian legal requirements and in seven factories employment contracts did not specify the terms and conditions of employment. In three additional factories, factory bylaws did not comply with Jordanian legal requirements and they were not communicated to workers. There was a 17% compliance effort for Termination, where instances of non-compliance decreased from 19 to 8. Five fewer employers terminated workers for reasons that were invalid.
- Within Occupational Safety and Health, Health Services and First Aid saw a decrease of 26% in compliance. In the previous visit, there were 32 factories with non-compliance findings, which increased to 44 in the current reporting period. This was spread across a number of issues. First, in four additional factories, workers who had been exposed to work-related hazards did not receive free health checks. The number of factories that did not have required onsite medical facilities and staff also increased by 22. The primary reason for this increase is that Better Work Jordan began to apply more strictly very stringent legal standards for medical facilities and staff. It is worth noting that there were also improvements within this compliance point that are not reflected in Chart 2 above: seven additional employers ensured that there were a sufficient number of readily accessible first-aid boxes/supplies in the workplace.

- There was a 15% decline in Working Environment. Four factories were not adequately ventilated compared to the previous visit. Temperature was not acceptable in three additional factories.
- Working Time showed improvement over all three CPs. Of the six factories that were non-compliant in the previous visit, four are no longer non-compliant with regards regular daily working hours for workers that exceed 11 hours per day.

## Section III: Conclusion

### Conclusions and Next Steps

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On whole, the data in this report once again indicates that the provision of Better Work Jordan core services at the enterprise level contributes to an ongoing process of measurable improvement in compliance with national labour law and ILO core labour standards in most factories. While some CPs witnessed a decline in compliance effort, significant improvements occurred in the Forced Labour, Compensation, and Working Time clusters, all areas of particular focus for Better Work Jordan advisory and training services.

This sustained progress has allowed Better Work Jordan to dig more deeply in assessing some of the fundamental challenges facing the garment sector, such as discrimination in employment, recruitment practices, freedom of association and dormitory conditions, as well as to work with factories and their workers to develop and implement more effective and sustainable solutions.

Implementation of the expanded Better Work Jordan vision statement<sup>3</sup>, introduced in 2012, proceeded during the reporting period. With regard to strengthening the quality and consistency of core services (assessment, advisory and training), 90% of participating factories have been assessed during the reporting period. Advisory services are already being provided or in the process of being established. A new model for assessing and providing advisory services to factories that have participated in the programme for multiple years is being developed, which will turn over more ownership of the assessment and improvement processes to the factories themselves, thereby building more long-term and sustainable solutions. Better Work Jordan also expanded its training services through the piloting of innovative sexual harassment prevention training for managers, supervisors and workers.

In response to a growing body of evidence that public disclosure improves factory compliance, Better Work Jordan has joined other Better Work country programmes in developing a country-specific methodology for public disclosure to be implemented in 2014. Better Work Haiti has already implemented public disclosure and shortly will be joined by Better Factories Cambodia.

In addition, Better Work Jordan will begin to supplement its annual Compliance Synthesis Reports with a similar report looking at factory assessment data focused on one particular issue or theme of importance and interest for the sector. In 2014, this thematic report will look at fire safety standards in both factories and dormitories.

Several milestones were achieved with regard to the effort to extend impact beyond the factory level. First, as mentioned in the Introduction, a landmark collective bargaining agreement (CBA) between two textile and apparel employers' associations and the garment union covering approximately 50,000 workers in the industry was signed on 27 May 2013. Following the signing, ILO experts have begun to provide training to the employers and the workers in contract administration and dispute settlement. A major outcome has been an agreement to establish a National Joint Council for the Jordan Garment and Textile Industry, which will be responsible for administering the implementation of the CBA. It will achieve this by working with employers and workers to raise awareness about the terms of the agreement, receiving and processing complaints about non-compliance with the agreement, and facilitating the resolution of disputes when required.

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<sup>3</sup> [http://betterwork.org/jordan/?page\\_id=22](http://betterwork.org/jordan/?page_id=22)

Second, the first Workers' Center, in the Al-Hassan industrial zone, was officially opened on 9 October 2013. Consideration will be given over the next year to establishing another Workers' Center in a second industrial zone once the Al-Hassan Workers' Center demonstrates its capacity to improve the quality of life for workers by providing access to legal, psychosocial and educational services, as well as to recreational facilities.

Finally, Better Work Jordan has been facilitating a process with key stakeholders—apparel factories, worker representatives, international brands, NGOs and academics, and the Government of Jordan—to develop a model for the apparel sector that is more stable and long term, contributes more to the Jordanian economy and society, and provides decent work opportunities for an increasing number of Jordanian workers particularly those most vulnerable to chronic unemployment. It is anticipated that the strategy will be officially adopted by national stakeholders including the Government of Jordan.

These efforts have created an opportunity for Better Work Jordan, in synergy with the growing family of ILO programmes and activities in Jordan, to encourage a national review and reform of the labour code to adjust to the current economic and political realities faced by the country. Initial discussions between the ILO and the Ministry of Labor, as well as the Labor Committee of Parliament, have taken place with the goal of an agreement on a process during 2014 that will develop a series of recommendations for amending the labour code in accordance with ILO core labour standards and Jordan's commitments under those ILO Conventions it has ratified.

# Annexes

## Annex A: Factories Covered in this Report

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Ahmad Qadri Co. & Partners  
Al Areen wear L.T.D  
Al Hadaf Apparel Manufacturing Co.  
Al Hanan for Cloth Manufacturing Est.  
AL Masera Textile  
Al Tafilah Apparel Co. LTD  
Al-Kawthar Garments Industry and Trade Co. Ltd.  
Al-Tayaseer Factory for Apparel  
Apparel Concepts L.L.C  
Aseel Universal Garments Manufacturing Co.,  
Atateks Foreign Trade LTD.  
Atlanta Garment MNF Company  
Business Faith Garment Mfg Co., Ltd  
Camel Textile International Corp  
Casual Wear Apparel LLC  
Century Miracle  
Century Wear Co.  
Classic Fashion Apparel Industry (Unit 1, 2 & 4)  
Classic Jeans Apparel Manufacturing Co.  
EAM Maliban Textiles Jordan (PVT) Ltd  
EAM Maliban Textiles Jordan (PVT) Ltd. /Satellite Unit  
ELZAY Ready Wear Manufacturing CO.  
Fine Apparel LTD  
Galaxy Apparel Industry  
Haifa Apparel  
Hi-Tech Textile L.L.C.  
International British Garments  
International Elegance Garment Mfg. Co. LTD  
Ivory Garments Factory  
Jerash Garments and Fashions Manufacturing Co Ltd  
Jordan Star Apparel Industries CO. LTD  
Jordanian Modern Textile  
Kareem Industrial Textiles Co, Ltd.  
M/S Rainbow Textile L.L.C.  
Modern Apparel CO. LTD.  
Musa Company for manufacturing ready garments  
Mustafa & Kamal Ashraf Trading (Jordan) Garment Ltd.  
Needle Craft Ltd. Jordan  
Oasis Textiles International Co., Ltd.  
Paramount Garments Ltd.  
Prestige Apparel Manufacturing LTD Company  
Rich Door Textile Factory  
Rich Pine International Group Ltd.  
Sana Garments Company  
Standard Jeans Apparel Manufacturing Co. Ltd. (Satellite Unit)  
Standard Textile Jordan  
Sterling Apparel Manufacturing L.L.C. (Satellite)  
Straight Line For Apparel Co.  
Sun Jordan Textile Co. Ltd  
Third Dimension Apparel LLC  
TRANS WORLD APPAREL Mfg Co.  
Tusker Apparel Co.  
United Creations L.L.C.  
Vega Textile LTD.  
Victorious Apparels Mfg. Co. Ltd.

## **Annex B: Buyers Participating in Better Work Jordan**

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Ann Inc.  
American Eagle Outfitters, Inc.  
Columbia Sportswear Company  
Gap, Inc.  
Hanesbrands  
Jones Apparel Group, Inc.  
Li & Fung  
L.L. Bean  
New Balance  
Nordstrom, Inc.  
Patagonia, Inc.  
Santex  
Sears Holding Corporation  
PVH  
Ralph Lauren  
Swiss Post  
Target  
Wal-Mart Stores, Inc.

Note: A total of 28 buyers participate in the Better Work Jordan programme so this is not a complete list, as some buyers have requested not to be named.