

Better Work Jordan: Garment Industry 6th Compliance Synthesis Report

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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 labor law and the ILO's core labor 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; the fourth report in November 2012; and the last report in December 2013. The present report illustrates the findings of the assessments carried between October 2013 and October 2014 by Better Work Jordan in 59 factories.

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 labor standards according to eight clusters: four based on ILO core labor standards regarding child labor, forced labor, 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 Labor: There were no areas of non-compliance under this cluster in this assessment report. During the reporting period Better Work Jordan had concerns with two factories concerning workers from Bangladesh who appeared to be underage. These concerns were reviewed with the factory and reported to the Ministry of Labor but were not substantiated.

Discrimination: The highest rate of non-compliance within this cluster is that of discrimination on the basis of race, color and origin with 48 factories (81%) out of compliance. The calculation of overtime and benefits for migrant workers differs compared to Jordanian workers. The recently signed addendum to the sector-wide collective bargaining agreement will gradually eliminate this discriminatory practice over a three year period.

Forced Labour: Two factories (3.4%) denied workers access to their personal documents. There were two findings related to employers restricting workers' mobility.

Freedom of Association and Collective Bargaining: All factories are non-compliant under Freedom to Associate as the in the law is language that forbids workers from forming unions of their own choice by stipulating a single trade union structure.

Compensation: Failure to comply with the provisions on compensation contained in the sector-wide Collective Bargaining Agreement was the most frequent factory non-compliance. As factories become more familiar with the CBA and accustomed to abiding by all its provisions, non-compliances should decrease.

Contracts and Human Resources: The highest non-compliance rate in this cluster is within Employment Contracts and Contracting Procedures with a total of 36 factories (61%) not compliant. It remains a challenge for 39% of factories to

have the employment contracts in multiple languages including Arabic and the respective mother tongues of migrant workers as required by law.

The recruitment process for migrant workers persists as a major challenge for nearly half of factories (47%) non-compliant with regard to workers paying unauthorized recruitment fees to recruitment agents in excess of reasonable costs. This represents a drop of seven percentage points from the previous report. Workers in six factories (10%) did not have valid work permits and residence IDs. This too represents a decrease of seven percentage points from the previous report. The percentage of factories that were found to have not taken the required steps to ensure that migrant workers did not pay any unauthorized fees increased slightly from 40% to 44% compared to the previous report.

Occupational Safety and Health: The level of OSH non-compliance findings represents approximately half of total non-compliance findings. Two of the main areas of non-compliance regarding emergency exits remain as challenges. Nearly half of factories have inaccessible, obstructed aisles and or locked emergency exits. The same number of factories does not have emergency exits and/or escape routes clearly marked.

Working Time: Seven factories did not provide the actual workers hours for their workers, while another four factories were using a manual system to track working hours, without showing the exact time in and out or allowing their workers to verify their working hours. The working hours for security guards in five factories exceeded the daily limit.

KEY PROGRAMME DEVELOPMENTS

Among the 55 factories that have been assessed more than once, 32 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. One factory experienced no change.

Better Work Jordan has begun to implement an “evolving model” for the delivery of its core factory services of assessment, advisory and training. Greater focus our advisory services on a systems based approach that builds factory ownership over time, without losing the essential element of assessments, which is the program’s objective measure of outcomes in improving working conditions. In 2014, aspects of the evolving model that were implemented included a simplification of our Compliance Assessment Tool by reducing the number of questions and the introduction of Learning Seminars for factory clusters as part of advisory services. Learning Seminars conducted in 2014 covered three topics; grievance handling, fire safety, and management systems. In addition, the newly developed Advisory Diagnostic and Process Tool (ADAPT) was piloted in three factories in Jordan. This tool is intended to enhance factory ownership of social compliance and factory efficiency

The buyer/supplier portal became fully functional in 2014 for all participating factories producing garments in Jordan and all international brands sourcing in Jordan that participate in the Better Work Jordan Programme. The portal provides direct access to compliance information and tools for Buyers and Suppliers involved in the Better Work Jordan programme.

In addition to the annual public synthesis reports that provide transparent information regarding working conditions in the factories participating in the programme, Better Work Jordan has begun to produce a thematic synthesis report each year on a chosen theme with relevance to the national garment industry. This will allow the programme to look more in depth at relevant issues. The first such thematic report for Better Work Jordan on fire safety was released in June. It noted that since the inception of the programme, Better Work Jordan is not aware of any significant incidents with regards to factory fires. Over the past five years, fire safety practices in most garment factories have seen considerable improvement due to advisory services. According to the data, there are a few remaining concerns, which are generally related to the degree of commitment from individual factories to promote fire safety. Although in recent years there have not been any reports of major incidents at workers’ dormitories, Better Work Jordan is aware of a number of minor incidents, which suggests that fire safety risks are higher in dormitories than they are in factories.

There are many reasons for this, the foremost of which being that dormitories are not regularly inspected by a government agency to ensure that they are safe and meet legal standards.

A highlight of the programme's expanding training services was the implementation of a training programme for line supervisors. This course enables participants to gain valuable leadership and management skills to further enhance dialogue between the company and its employees. From September 2013 until November 2014, 232 supervisors from 27 factories attended 16 Supervisory Skills Training programmes. Over 75% of the participants were female and 66% were migrant workers.

The sector-wide Collective Bargaining Agreement entered its second year with a majority of factories found to be abiding by the provisions of the agreement as they are bound to do by law. After many months of negotiations, an addendum to the agreement was signed that will gradually eliminate over a three year period discriminatory practice in the calculation of overtime and benefits for migrants workers in the sector.

The first Workers' Center in the Al Hassan Industrial Zone officially opened to workers in February 2014. Four full-time and one part-time staff members were hired to run the daily operations of the center, security and cleaning services were contracted, and an independent contractor was hired to conduct a security assessment for the center. The center also trained seven regular worker-volunteers from Bangladesh, India, and Myanmar. Since the opening of the center, weekly attendance has grown to over 1000 workers. Both the canteen and computer lab have steady weekday use and heavy use on Fridays. A total of 170 workers have attended basic and conversational English classes and 210 have attended basic and intermediate computer skills courses. The center has hosted a Bangladeshi Art show with 41 submissions and a Sri Lankan Art show with 17 submissions. Worker groups have planned and held parties and meetings at the center, celebrating events such as Malagasy Independence Day, Sri Lankan New Years, Eid-Al Fitr, and demonstrating ownership of the center through their care of facilities and by inviting workers of other ethnicities to join. Fifty-one workers became monthly members of the gym, with many other workers buying passes for daily gym use. Exercise classes were offered in yoga, dance, and self-defense, and workers regularly used the outdoor space for matches in cricket, basketball, soccer, and volleyball. Adaleh Center for Human Rights leased office space within the center from October through December, and Workers' Center staff referred workers with pressing legal matters to seek advice there. Center staff also supported three female workers who had survived Gender-Based Violence to connect them with legal services and health services. The center provided a neutral and friendly environment for Better Work Jordan to provide over a dozen trainings to workers, supervisors, and management. A website, Facebook account, and twitter handle were set up for the center to allow national and international stakeholders to stay informed about the center's activities.

Taken together, 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 labor code to adjust to the current economic and political realities faced by the country. 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 that will develop a series of recommendations for amending the labor code in accordance with ILO core labor standards and Jordan's commitments under those ILO Conventions it has ratified.

Section I: Introduction and Methodology

Introduction

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. In August 2014, the United States Department of Labor (USDOL) became the programme's major current 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 improving compliance with Jordanian labor law and the ILO's core labor standards and by enhancing economic performance at the enterprise level.

The apparel industry accounts for 17% of the country's total exports. Apparel exports, mostly to the United States, were exceeded \$1.3 billion in 2013 representing an increase of more than 8% over 2012 and are projected to grow by 10% in 2014, 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 47,000 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 labor force.

The monthly minimum wage for all workers in the apparel sector is JD 110 (USD 155) where it has remained since 2006. Jordanian workers receive an additional JD 80 monthly Cost of Living Allowance while migrant workers receive in-kind payment for such things as food and accommodation. *Better Work Jordan* has been citing a non-compliance for factories employing both Jordanian and migrant workers that for discriminatory practice in the treatment of the two groups, in accordance with the relevant core international labor standards.

The employers maintain that there is no 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.

After a long process of negotiation facilitated with the assistance of *Better Work Jordan*, an addendum to the sector-wide collective bargaining agreement (CBA) was signed by two apparel employers' associations and the garment union that will gradually eliminate this discriminatory practice over a three year period. By 1 August 2017, the calculation of overtime and benefits for migrant workers and Jordanian workers will be the same.

Sixty-five exporting factories and their sub-contractor currently participate in the *Better Work Jordan* programme, employing over 95% of the labor force and accounting for over 95% of all apparel exports. Forty percent of these factories are subcontracting for the major exporting factories 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

The emergence of the garment industry has presented Jordan with challenges in assuring the effective application of local labor laws and international labor standards. In response, the Government of Jordan has developed a broad programme of action to improve labor 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 21 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 for addressing serious human rights violations found in factories, including child labor, forced labor, 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 ¹	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 Resources	24. Employment Contracts 25. Contracting Procedures 26. Termination

¹ 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.

			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

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

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.

The present report illustrates the findings of the assessments carried between October 2013 and October 2014 by Better Work Jordan in 59 factories. The table below illustrates the number of assessment visits received by each factory:

Visits received	1	2	3	4	5	6
Number of factories	4	9	16	13	12	5

Section III of this report presents the changes in non-compliance observed in the 55 factories that have been visited more than once by Better Work Jordan.

Limitations in the assessment process

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. Better Work Jordan is currently working with other ILO initiatives to develop a good practice pilot ethical recruitment programme to bring well trained and informed workers from Nepal to work in the Jordanian garment sector.

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. 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.

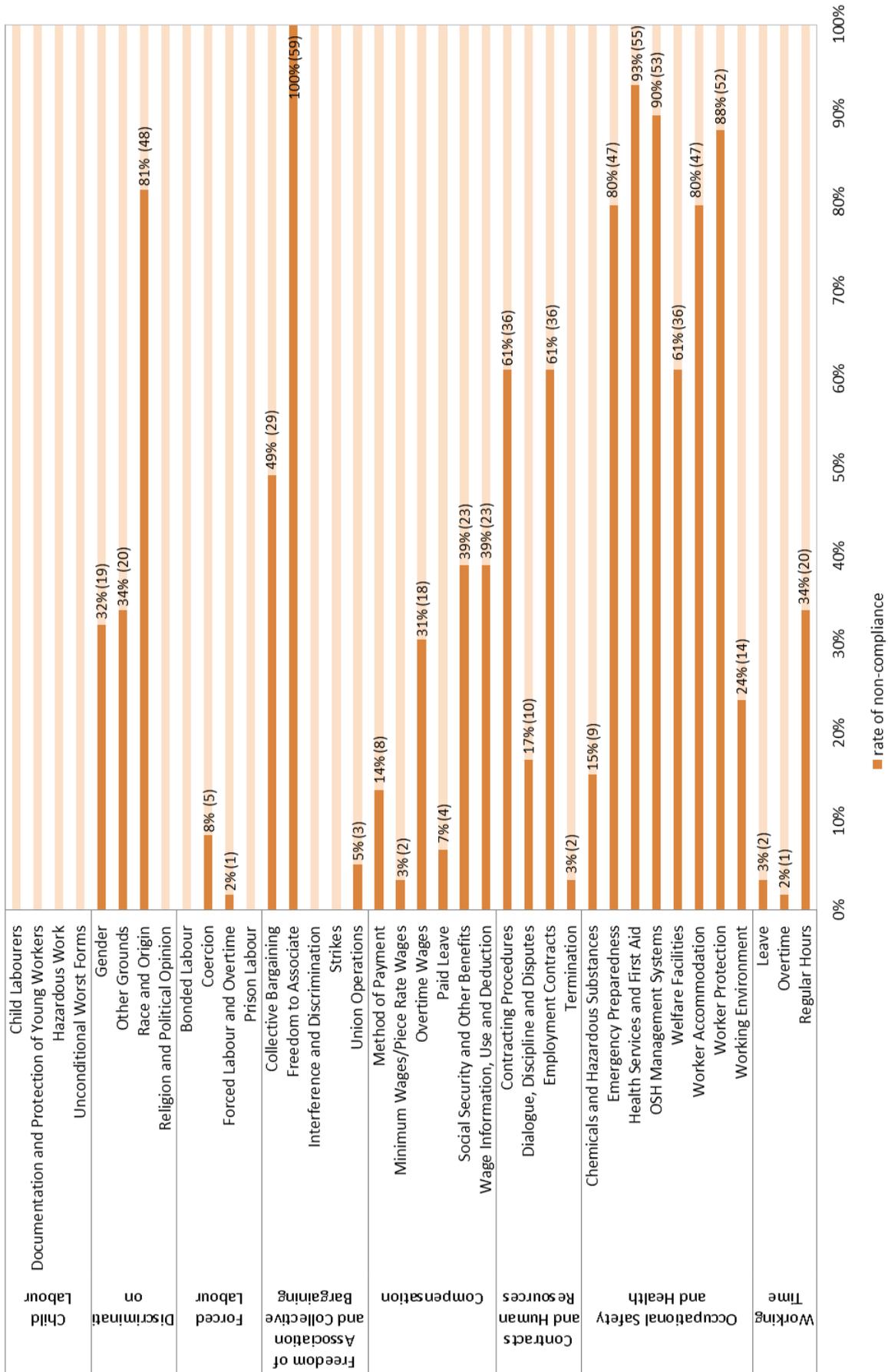
Section II: Findings

2.1 Average Non-Compliance Rates

Chart 1 provides an overview of average non-compliance rates for the 59 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



³ 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

1. Core labour standards

A. Child Labour

There were no areas of non-compliance under this cluster in this assessment report. During the reporting period Better Work Jordan had concerns with two factories concerning workers from Bangladesh who appeared to be underage. These concerns were reviewed with the factory and reported to the Ministry of Labor but were not substantiated. However, concerns about workers coming to Jordan, especially from Bangladesh, with forged legal documents remain and Better Work Jordan will continue its ongoing discussion with the governments of Jordan and Bangladesh, suppliers and the international buyers to agree on an approach to address these concerns.

B. Discrimination

Non-compliance in 17 factories (29%) was due to gender being a factor regarding working conditions. Of these 15 factories were non-compliant due to the distinction in nighttime curfew between male and female workers. Under Other Grounds of discrimination, of the 59 factories, 20 (34%) did not comply with legal requirements with regards to the hiring of workers with disabilities. It is worth noting that legal requirements for the employment of disabled workers are quite stringent in Jordan. While all factories cited employed disabled workers, they failed to meet the legal standard. The highest rate of non-compliance within this cluster is that of discrimination on the basis of race, color and origin with regards to payment. Forty-eight factories (81%) were out of compliance. The calculation of overtime and benefits for migrant workers differs compared to Jordanian workers.

C. Forced Labour

Under this cluster, two factories (3.4%) denied workers access to their personal documents. And two different factories restricted workers' mobility.

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.

A sector-wide Collective Bargaining Agreement (CBA) was signed on 27 May 2013 by two employer associations and the garment union. The CBA is considered to be one of the most comprehensive of its type in the garment sector anywhere in the world and is a precedent-setting agreement for Jordan and the Middle East. By law, all workers in the garment sector are covered by the agreement and all employers are required to abide by the all of its provisions. The provisions of the CBA were taken into account during factory assessments and in the delivery of advisory services and training.

Under the compliance point for Collective Bargaining, 27 factories failed to implement provisions of the CBA. While this number appears high, it means that a majority of factories covered in this report (32) were found to be implementing the CBA even though it is the first of its kind in the Jordan garment sector.

Twelve factories did not inform workers about the CBA and 8 did not have a functioning Joint Union-Management Committee.

In three factories, the employer did not provide unions with access to bulletin boards in the workplace. Of these, one factory did not allow union representatives access to the workers in the workplace.

2. Working conditions

E. COMPENSATION

Findings show that the most problematic areas are Overtime Wages, Social Security and Other Benefits and Wage Information, Use and Deduction with non-compliance rates between 30 and 40 percent. 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?	18
Does the employer pay workers 150% of their normal wage for overtime worked on public holidays?	8
Does the employer pay workers 150% of their normal wage for overtime worked on weekly rest days?	15

In addition to the seven factories for which Enterprise Advisors were not able to verify actual working hours and payments to workers (see In Focus 3), in 11 factories (19%) it was found that fixed allowances and bonuses, including the annual seniority bonus agreed to in the CBA, were not included in the calculation of overtime and benefits.

In Focus 2: Social Security and Other Benefits

<i>Question</i>	<i># factories out of compliance</i>
Are workers provided with transportation to and from the workplace?	2
Does the employer collect contributions to the Social Security Corporation from all workers at 6.5% of the workers' base wages?	3
Does the employer collect contributions to the Social Security Corporation from all workers at 6.75% of the workers' base wages?	5
Does the employer contribute 12.25% of workers' base wages to the Social Security Corporation?	3
Does the employer contribute 12.75% of workers' base wages to the Social Security Corporation?	5
Does the employer forward employee contributions for social security to the Social Security Corporation?	0
Does the employer pay workers the required seniority bonus?	16
Does the employer pay workers' wages for the first three days of work missed due to work-related accidents or illnesses?	0

Sixteen factories (27%) failed to pay the annual seniority bonus for all their employers as agreed to in the CBA. It was often the case that the annual seniority bonus was provided only to migrant workers and not Jordanian workers.

In Focus 3: 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?	5
Does the employer record fines deducted from workers' wages in a register, and use the fines to provide workers with social services?	1
Does the employer restrict workers' freedom to use their wages as they choose?	0
Has the employer made any unauthorized deductions from wages?	8

In seven factories (12%), Enterprise Advisors were not able to verify actual working hours and payments to workers as authentic payroll and time sheets were not provided. Six additional factories employing multiple systems for tracking working hours and payroll shared all their records with BWJ. The primary reason for the multiple systems was to hide excessive overtime and holiday work.

F. CONTRACTS AND HUMAN RESOURCES

The highest non-compliance rate in this cluster is within Employment Contracts and Contracting Procedures with a total of 36 factories (61%) that are not compliant. In Focus tables below break down the findings at the question level.

In Focus 4: Employment Contracts

<i>Question</i>	<i># factories out of compliance</i>
Do all persons who perform work for the factory, both on the premises and offsite, have a contract?	3
Do the employment contracts comply with Jordanian legal requirements?	23
Do the employment contracts specify the terms and conditions of employment?	3
Do the factory bylaws comply with Jordanian legal requirements and were they communicated to workers?	19
Do workers understand the terms and conditions of employment?	2
Does the employer maintain a personnel file for each worker?	1
Does the employer provide workers with a copy of their contract?	12

It remains a challenge for 39% of factories to have the employment contracts in multiple languages including Arabic and the respective mother tongues of migrant workers. Upon inspection, Better Work Jordan Enterprise Advisors found certain illegal terms/clauses were included in employment contracts, such as a three months probationary period in the extended contract and deportation in the case of pregnancy, and unclear working hours and benefits for the security staff.

One third of the factories did not post and/or translate the entire factory bylaws into workers' native languages.

In Focus 5: Contracting Procedures

<i>Question</i>	<i># factories out of compliance</i>
Do the migrant workers have valid work permits and residence IDs?	6
Does the employer comply with agreed limits on the period for vocational training?	0
Does the employer comply with requirements concerning sub-contracted workers at the workplace?	0
Does the employer consider workers on limited duration contracts who work beyond their term as unlimited duration contract workers?	2
Does the employer pay for the return trip of migrant workers who have been expelled from the country because of an invalid residence ID?	0
Has the employer taken sufficient steps to ensure that migrant workers do not pay any unauthorized fees?	26
Have workers paid unauthorized fees to recruitment agents?	28
Is the probationary period limited to 3 months?	0

The recruitment process for migrant workers remains a major challenge as workers in 28 factories (47%) were found to have paid unauthorized fees to recruitment agents in excess of reasonable costs. The percentage of factories that were found to have not taken the required steps to ensure that migrant workers did not play any unauthorized fees increased slightly from 40% to 44% compared to the previous report. Workers in six factories (10%) did not have valid work permits and residence IDs.

Under Dialogue, Discipline and Disputes, workers in 10 factories (17%) were bullied, harassed, and or subjected to humiliating treatment. Most of this behaviour can be directly related to supervisors putting pressure on workers to meet production targets.

G. OCCUPATIONAL SAFETY AND HEALTH

OSH non-compliance findings represents approximately half of total non-compliance findings. Within this cluster, the following compliance points had high non-compliance rates: Emergency Preparedness (80%), Health Services and First Aid (93%), OSH Management Systems (90%), Welfare Facilities (61%), Worker Accommodation (80%) and Worker Protection (88%). The high levels of non-compliance for Health Services and First Aid, and OSH management systems is primarily due to stringent legal standards.

In Focus 6: Emergency Preparedness

<i>Question</i>	<i># factories out of compliance</i>
Are emergency exits and escape routes clearly marked and posted in the workplace?	29
Are flammable materials safely stored?	8
Are possible sources of ignition appropriately safeguarded?	1
Are the aisles and emergency exits accessible, unobstructed and unlocked during working hours, including overtime?	29
Are there enough emergency exits?	6
Does the employer conduct periodic emergency drills?	11
Does the workplace have a fire detection and alarm system?	13
Does the workplace have adequate and accessible fire-fighting equipment?	14

Has the employer trained an appropriate number of workers to use the fire-fighting equipment?

4

Two of the main areas of non-compliance regarding emergency exits remain as challenges. Nearly half of factories were found to have inaccessible, obstructed aisles and or locked emergency exits. The same number of factories did not have emergency exits and/or escape routes clearly marked in the workplace. More in depth observation was made on the safe storage of flammable materials and possible ignition sources.

While the high rate of non-compliances remain a significant concern, the Better Work Jordan Thematic Synthesis Report on Fire Safety released in June 2014 (<http://betterwork.org/jordan/?p=1190>) shows an encouraging downward trend in non-compliance for all questions related to fire safety by the second assessment visit with significant improvements in the area of emergency exits. The largest improvement deals with seven additional factories that leave aisles and emergency exits accessible, unobstructed and unlocked during working hours, including overtime. And nine additional factories now have emergency exits and escape routes clearly marked and posted in the workplace.

All factories who have been assessed four times now conduct periodic emergency drills and six additional factories have adequate and accessible fire-fighting equipment.

In Focus 7: Welfare Facilities

Question	# factories out of compliance
Does the employer provide an adequate day care facility for the children of women workers?	17
Does the employer provide workers enough free safe drinking water?	6
Does the workplace have adequate accessible toilets?	11
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?	0
Does the workplace have an adequate eating area?	8
Is the workplace clean and tidy?	2
When provided as in-kind payment, does the employer give workers enough food of decent quality?	7

Nearly 29% of factories failed to provide day care facilities as required by law. However, seven of the 17 factories provide a monthly payment of JD25 (\$35) per child under four years old for child care. Four out of the eight factories cited for not having an adequate eating area were small sub-contracting factories, newer to the programme.

In Focus 8: Worker Accommodation

<i>Question</i>	<i># factories out of compliance</i>
Are adequate first aid supplies readily accessible in the accommodation?	19
Are readily trained first aid personnel available?	1
Does the accommodation comply with minimum space requirements?	22
Does the accommodation have adequate cooking facilities?	28
Does the accommodation have adequate eating and living areas?	24
Does the accommodation have adequate toilets, showers, sewage and garbage disposal systems?	10
Does the accommodation have enough safe water?	7
Does the accommodation have laundry facilities?	0
Does the accommodation offer workers adequate privacy?	1
Has the employer adequately prepared for emergencies in the accommodation?	35
Is the accommodation adequately lit?	1
Is the accommodation adequately protected against heat, cold, and dampness?	24
Is the accommodation adequately ventilated?	23
Is the accommodation clean?	3
Is the accommodation protected against disease carrying animals or insects?	30
Is the accommodation protected against fire?	20
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)?	3

In October 2013, Enterprise Advisors began to assess dormitory standards in accordance with a revised, more detailed Ministry of Health regulation accounting for an increase in NCs particular with regard to the questions related to emergency preparedness, minimum space requirements, and cooking facilities. The question regarding adequate eating facilities was added this year.

Although in recent years there have not been any reports of major incidents at workers' dormitories, Better Work Jordan is aware of a number of minor incidents, which suggests that fire safety risks are higher in dormitories than they are in factories. There are many reasons for this, the foremost of which being those dormitories are not regularly inspected by a government agency to ensure that they are safe and meet legal standards.

H. WORKING TIME

In Focus 9: Regular Hours

<i>Question</i>	<i># factories out of compliance</i>
Do regular daily working hours exceed 11 hours per day?	5
Do regular weekly working hours exceed 48 hours?	3
Do the working time records reflect the hours actually worked?	12
Does the employer comply with the daily break periods specified in the factory bylaws?	1
Does the employer comply with the limits on working hours for women?	3

Does the employer comply with the minimum period of rest within a 24 hour period that is specified in the factory bylaws?	1
Does the employer provide required weekly rest periods?	0

Seven factories did not provide the actual workers hours for their workers, while another four factories were using a manual system to track working hours, without showing the exact time in and out or allowing their workers to verify their working hours. The working hours for security guards in five factories exceeded the daily limit.

2.3. Compliance effort

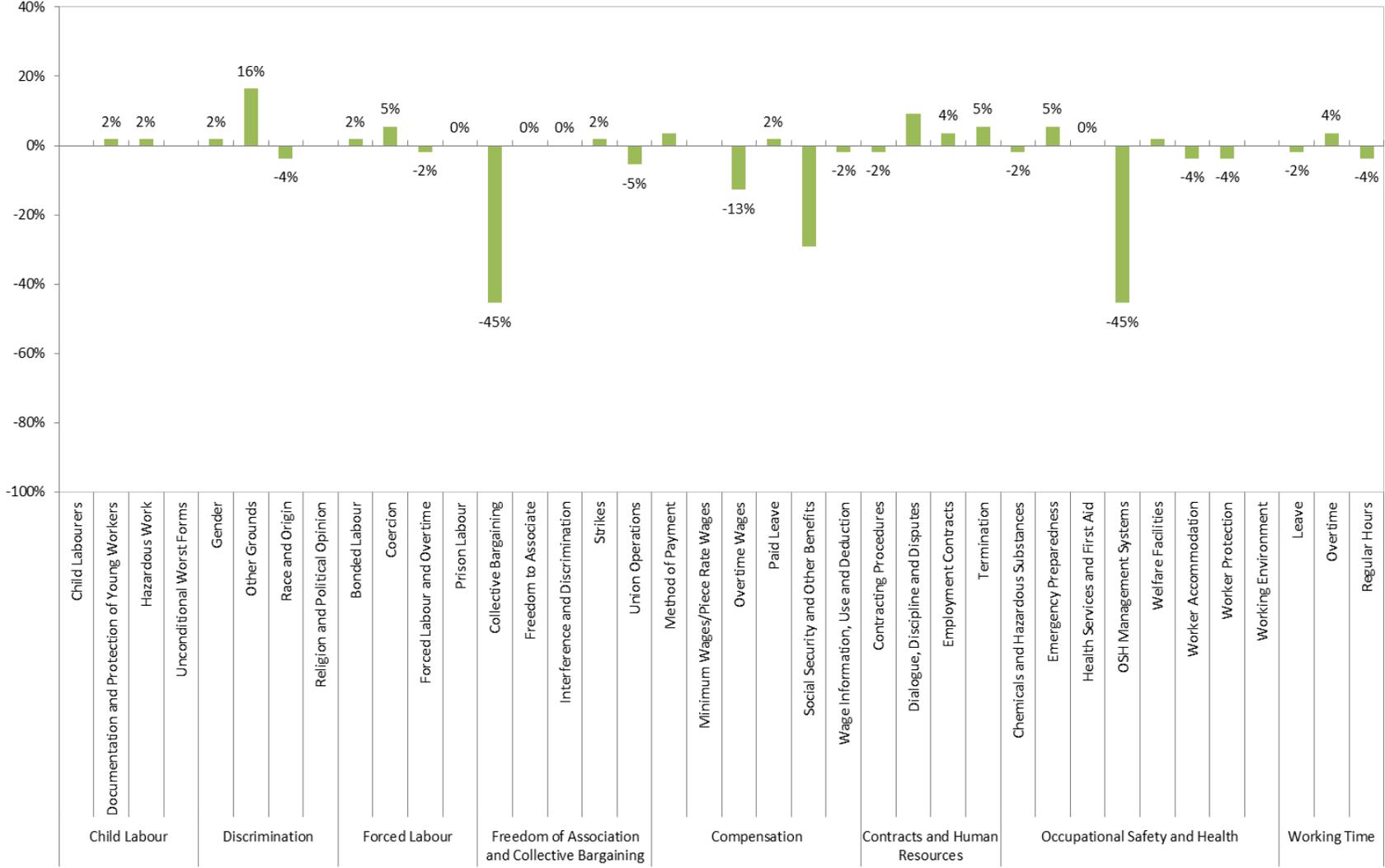
Compliance effort is the change in the non-compliance rate between factories' current assessments and their immediately previous assessment visit. Compliance effort refers only to the factories that have been assessed at least twice. It must be noted that, as the compliance effort is an aggregate indicator at the compliance point level. As such changes that take place at the question level are not captured in this analysis if there is still an area of non-compliance within the same CP. Furthermore, 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 55 factories included in this report that have been assessed more than once, 32 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. One factory experienced no change.

Improvement in Compliance Effort occurred in 39% of compliance points with another 21% of compliance points experiencing no change. In general, the improvement seen was modest, indicating the maturation of the programme and the fact that many of the factories have been assessed multiple times.

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

Chart 2 : Compliance Effort



■ Percentage change in effort form previous visit to current

- Under Child Labor, one factory, which during the previous reporting period was found non-compliant for documentation requirements for workers under age 18 and found to have juvenile workers under age 18 work long hours, had addressed these areas of non-compliance by the recent assessment visit.
- The 16% improvement for Other Grounds, under the Discrimination cluster can be attributed to the fact that in 9 additional factories, employers complied with legal requirements regarding the hiring of disabled workers. It is worth noting that the remaining non-compliant factories all employ disabled workers, but simply do not meet the stringent legal quota.
- Four factories that were found to have denied workers access to their personal documents were no longer found to be non-compliant in the most recent round of assessments. This is primarily the cause for the improvement under Coercion in Forced Labour.
- The compliance point for collective bargaining sees an increase in the non-compliance rate of 45%. Twenty four additional factories were found to be non-compliant in the most recent visit. In eleven factories workers were not informed about the CBA. And six additional factories did not have a functioning Joint Union-Management Committee. A majority of factories, however, were found to be implementing the collective bargaining agreement, which is noteworthy given that it is a first-time contract.
- Under the Compensation Cluster, we see large increases in non-compliance for Overtime Wages (13%) and Social Security and Other Benefits (29%). Nine additional factories did not pay workers 125% of their normal wage for all ordinary overtime hours worked, and 6 additional factories did not pay workers 150% of their normal wage for overtime worked on weekly rest days between the previous and the recent assessment visit. The primary reason for this is that while factories provided annual seniority bonuses to workers as per the CBA, many failed to include these bonuses in the calculation of overtime and social security contribution. Also, an additional 16 factories did not pay workers the required seniority bonus.
- Under Social Security and Other benefits, 5 additional factories did not collect contributions from workers, and or contribute to the Social Security corporation. The 45% decrease for OSH Management Systems under the cluster for OSH is primarily due to 46 additional factories that were found to not employ the required OSH specialists. This can be explained by the fact that BWJ changed its guidance for the reporting period to more strictly follow the legal requirements.

Section III: Conclusion

Conclusions and Next Steps

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 labor law and ILO core labor standards in most factories. In general, the improvement seen was modest, indicating the maturation of the programme and the fact that many of the factories have been assessed multiple times so the improvement curve has flattened.

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.

It has been proposed that the 2015 thematic report focus on selected working conditions in sub-contracting factories and satellite units.

Evolving Model

The implementation of the Evolving Model in Jordan for the delivery of its core factory services of assessment, advisory and training will continue in 2015. The new self-assessment tool (ADAPT) should be utilized by all participating factories thereby enhancing factory ownership of social compliance and factory efficiency. Once ADAPT is being fully utilized, Better Work Jordan progress reports will be reduced from two to one per year.

Social Dialogue

With the conclusion of an Addendum to the sector-wide collective bargaining agreement regarding the calculation of wages and benefits for migrant workers, the negotiation for which took much of 2014, the sector is poised to agree on a Unified Contract for all migrant workers coming to Jordan to work in the garment sector. A draft contract was produced by the ILO a year ago and has formed the basis of negotiations between garment employers and the garment union to produce a Unified Contract as agreed to in the collective bargaining agreement. In addition, a National Joint Council for the Jordan Garment and Textile Industry, which will be responsible for administering the implementation of the CBA, will be officially established in early 2015.

The current CBA will expire at the end of April 2015. In early 2015, the ILO will assist in strengthening the capacity of both the garment union and the employers' associations to negotiation a two-year extension.

Better Work Jordan will participate in an ILO effort to promote social dialogue and collective bargaining to other sectors in Jordan based on the success achieved in the garment sector.

Transparency

The Better Work Management Group comprised of two senior representatives of the ILO and two senior representatives of the IFC decided in 2013 that transparent reporting of factory compliance results should be implemented in every programme. It is anticipated that by 2016, all participating

factories which have been assessed more than once will have their names and their compliance findings reported publicly on a website on a pre-determined list of Critical Issues.

The rationale for transparency has many different facets. First of all, *transparency raises the compliance levels of the entire industry*. Research on Better Factories Cambodia has shown that transparent reporting significantly lowered the probability of non-compliance.² In particular, transparency will spur changes in factories with chronically low compliance. Even suppliers without reputation sensitive buyers were driven to improve their levels of compliance upon transparent reporting.

Secondly, *transparency protects the reputation of the country's industry*. In the past, entire industries have had their reputations damaged because of a few low-compliance factories. Transparency ensures that the true picture of a country's industry is known.

There is also a *business rationale for transparency*, as having clear information on compliance levels allows factories with good records to be rewarded. Research on Better Factories Cambodia shows that being in compliance with fundamental rights makes factories 56% more likely to retain buyers. Also, buyers have pledged to support Better Work's move towards transparency. In line with the buyer partnership model, they have agreed to work with factories that are serious about resolving issues.

Finally, transparency makes sense also in terms of Better Work's role in sustaining the capacity of labour administration, as it *allows government resources to be used more effectively*: a full reporting on critical issues tells the government where to focus its training and remediation efforts, and better information lets inspectors know which factories to focus on.

The target is to have the three largest and most established country programmes (Jordan, Vietnam and Indonesia) implement transparency reporting in 2015. For those countries that are aiming to set up transparent reporting in 2015, the first step is to begin stakeholder consultations, including reaching out to their Project Advisory Committees. Transparency was introduced at the 20th meeting of the BWJ Project Advisory Committee in September 2014 and discussed in more detail at the 21st meeting held in October. Consultations with stakeholders will continue as an approach for transparency is developed for Jordan.

Taken together, 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 labor code to adjust to the current economic and political realities faced by the country. Discussions between the ILO and the Ministry of Labor, as well as the Labor Committee of Parliament, have commenced with the goal of an agreement on a process that will develop a series of recommendations for amending the labor code in accordance with ILO core labor standards and Jordan's commitments under those ILO Conventions it has ratified.

² Ang, D and Brown, D K., Dehejia, R and Robertson, R (2012). Public Disclosure, Reputation Sensitivity, and Labour Law Compliance: Evidence from Better Factories Cambodia. *Review of Development Economics* 16(4), 594-607

Annexes

Annex A: Factories Covered in this Report

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

Annex B: Buyers Participating in Better Work Jordan

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.