



BetterWork
Ethiopia

Annual Report



International
Labour
Organization



IFC

International
Finance Corporation
WORLD BANK GROUP

2020 DATA

FOREWORD



Ethiopia

Better Work Ethiopia is part of the ILO's 'Advancing Decent Work and Inclusive Industrialization in Ethiopia' (SIRAYE programme). It expanded its presence in the country from 29 participating factories in 2019 to 42 in 2020, despite the challenging circumstances caused by the COVID-19 pandemic. The factories enrolled in the programme experienced a production downturn in the first quarter of 2020, with order cancellations by major buyers and a shortage of raw materials, which posed a significant obstacle to meet their operating and administrative costs. Even in this complex scenario, the programme started to roll out an innovative, integrated factory service model combining the expertise of various technical departments of the ILO. As a result of the programme's advisory services, factories established OSH committees and strengthened their OSH management systems and social dialogue mechanisms.



Bundesministerium für
wirtschaftliche Zusammenarbeit
und Entwicklung

COUNTRY CONTEXT



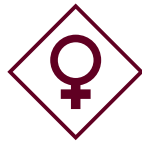
42

factories enrolled with Better Work Ethiopia



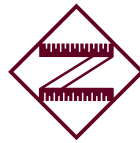
45,704

workers in registered factories



85%

of workers in enrolled factories are women



18

assessments carried out in 2020



265

advisory visits performed



61

training sessions for 1,012 workers (66% are women)



GARMENT SECTOR STATISTICS

Ethiopia's industrial parks are one of the Ethiopian government's strategies to facilitate the export of manufactured goods. There are three such parks specialized in garment and textile production, which employ around 70,000 workers. Despite COVID-19 and other challenges, the three leading industrial parks registered growth in annual exports amounting to US\$ 102 million. Industrial parks account for only 5 percent of the country's total exports, but represent 43 percent of manufactured exports.

Impact of COVID-19 on the garment sector

In April 2020, a national state of emergency was declared in Ethiopia to tackle COVID-19, restricting the movement of both people and products. Consequently, 14 factories registered with Better Work Ethiopia were forced to either partially or fully suspend their operations. As an immediate response to the crisis, the Ministry of Labour and Social Affairs (MOLSA) developed a workplace protocol with legal and administrative measures to curb the spread of the virus, protect jobs and maintain business continuity. This included providing loans and enabling employers to bring forward annual leave, freeze salary increases and allowances, and temporarily suspend workers. According to a survey conducted by the programme with 22 enrolled factories, the average capacity utilization rate for the first quarter of 2020 was 52.5 per cent, compared to a utilization rate of 75 per cent in the same quarter in 2019. The subsequent declaration of the state of emergency has delayed the programme's implementation at both national and factory levels.

Partnerships

SIRAYE/Better Work Ethiopia joined forces with brands, government, and social partners in mobilizing funds from Germany's Ministry for Economic Cooperation and Development to support a job retention programme. The initiative aimed to minimize the socio-economic impact of COVID-19 on workers in the garment and textile sectors in Ethiopia. It facilitated establishing a Call to Action involving the above stakeholders, which identified priority areas and submitted plans to MOLSA to improve social protection across the sector and, ultimately, build a more sustainable and resilient social protection system.

ACHIEVEMENTS



Improving social dialogue at the factory and national levels

Better Work Ethiopia conducted 18 assessments in 2019-2020 in registered factories, and the majority of identified issues are related to Occupational Safety and Health (OSH). The creation of OSH committees has played a vital role in tackling these issues concerning COVID-19 prevention and on-going non-compliance rates. The programme has supported these committees' creation and encouraged social dialogue in factories to solve workplace issues and improve cooperation. SIRAYE/Better Work Ethiopia organized a forum to advance discussions on freedom of association and social dialogue, bringing together a diverse group of brands, factories, investors, unions, workers' and employers' organizations, and the government for the first time. Issues that fall beyond the remit and ability of the factories to remediate were identified and discussed.



**COVID -19
RESPONSE**

Making workplaces safer

The Ethiopian government issued a COVID-19 workplace protocol, and SIRAYE/Better Work Ethiopia supported its implementation in 35 factories by creating COVID-19 factory task forces. In partnership with Bureaus of Labour and Social Affairs (BOLSA), the team carried out 35 workplace inspections on enterprises' COVID-19 readiness and strengthened the capacity of 15 OSH committees. In partnership with the BOLSA, the programme provided training for 86 workers in 14 factories to help prevent the spread of the virus. All these initiatives aimed to set up virus prevention mechanisms, improve hygiene for factory workers – including the procurement of personal protective equipment – and raise awareness about the disease in industrial parks and at the community level. Workplaces and community centres were transformed into safe and healthy places for factory workers and their families through community outreach, particularly for women and girls, through a multi-channel communication strategy (see case study on page 7 for more details).

ACHIEVEMENTS



WORKING WITH GOVERNMENT

Labour inspection and minimum wage regulation

Strengthening collaboration with the government is a crucial part of the Better Work Ethiopia sustainability plan, ensuring the programme's long-term political, financial and managerial viability. Following this plan, improvements have been made to the government's labour inspection capacity through the programme's collaboration with MOLSA and regional BOLSAs. The programme is supporting both to develop a 'Labour Inspection Action Management System (LIACTION)'. When finalized, the system will ease internal and external reporting, standardize the collection and analysis of statistics, and facilitate evidence-based planning and identification of priority compliance issues and targets. An online training package for labour inspectors was implemented in collaboration with the ILO training centre in Turin. The training can also be administered offline at any time and at a lower cost. ILO's SIRAYE programme provides technical and financial support to MOLSA to establish a minimum wage-setting mechanism. In 2020, regulation to that end was drafted by MOLSA, and the ILO facilitated two workshops to discuss the draft regulations. While this improvement will take time to produce effects, this can be considered a significant achievement, as there has been no minimum wage system in Ethiopia.



OCCUPATIONAL SAFETY & HEALTH

OSH committees to improve workplaces and protect workers

Through advisory support, Better Work Ethiopia helped create gender-balanced OSH committees in 28 factories in 2020. Both workers and management are represented and equipped with tools to improve OSH conditions through social dialogue, including personal protective equipment, clean drinking water and hygienic toilets. As 75 per cent of issues identified through factory assessments relate to OSH, the role of these committees in remediating these problems has been critical. They supported workers by raising awareness of the virus' risks and helped to mitigate them. They also addressed workers' protection issues such as PPE availability and ergonomic requirements. The programme's advisory services have given the factories a better understanding of OSH directives and OSH management systems, with committees meeting regularly and conducting their risk assessments. Conducting self-diagnoses is now part of these committees. This is something new for the factories, given that consultants or third parties previously performed this task. The initiative has already produced results. Factories are achieving improved compliance rates by identifying hazards and potential non-compliances and working on the remediation internally before any external audits do so. Establishing and ensuring these committees are functioning has started to create a culture of dialogue in the participating factories. Management has learned that workers can be part of the solution to problems, and workers feel increasingly empowered to share their ideas and voice factory-level issues. This all leads to improved trust and more effective relationships.

ACHIEVEMENTS



PROMOTING GENDER EQUALITY

Training on sexual harassment increases reporting of cases

In 2020, Better Work Ethiopia raised its efforts to train middle managers, including human resource and compliance managers, counselors, and supervisors from different production lines on several issues relating to sexual harassment. These include guidance on what sexual harassment is, the relevant laws that govern it, and the policies companies can implement to prevent it. As a result of this training, four factories revised their existing policies and procedures to address sexual harassment complaints and ensure safer workplaces. The number of workers in these factories coming forward to report harassment has increased. Employees who took the training report becoming more assertive about their rights and improving their communication skills.



Before the training, I had minimal understanding of what constitutes sexual harassment and what measures I need to take if incidents of sexual harassment occur in and outside of work.”

Netsanet Birhanu, HR and Welfare officer

Whenever I faced unwelcome conduct of a sexual nature, I used to think it was because of how I dressed or behaved, so I was very conscious not to attract any attention. I am very happy I received this training because I understand now that it is not my fault, and I know how to protect myself from unwelcome behaviour.”

Alemshet Lisanework, operator, cutting section, and also workers’ representative and grievance committee member



WORKING WITH EMPLOYERS

Shifting production to PPE to respond to COVID-19 needs

As part of the COVID-19 response, the SIRAYE team brought together key stakeholders, including the Ministry of Health, the World Health Organization, the International Finance Corporation, the Investors Association,

buyers and factory owners, to understand the certification process relating to shifting factory production to PPE. Following these discussions, the programme connected factories with various UN agencies to facilitate a bulk purchase.

ACHIEVEMENTS



**WORKING
WITH BRANDS**

Supporting factories through training and in COVID-19 response

Better Work Ethiopia has collaborated with brand partners in encouraging factories to participate in training programmes on supervisory and soft skills and sexual harassment prevention. Brands are proactively following up with factories after these courses to ensure they result in amendments to policies and procedures. The programme also collaborated with brands to organize an industry seminar for factories to share their experience on coping with the challenges brought about by the pandemic. It also issued a legal brief to guide brands on implementing the labour law and international labour standards during COVID-19, which brands shared with their suppliers to ensure compliance with these measures. Collaboration with the key brands sourcing in Ethiopia has been a critical element of the programme from the outset. They have helped to shape the programme strategy and implementation plans. As a result, there is a solid and effective partnership, which typically takes much longer to form in other Better Work country programmes.

ON THE GROUND BENEFITS



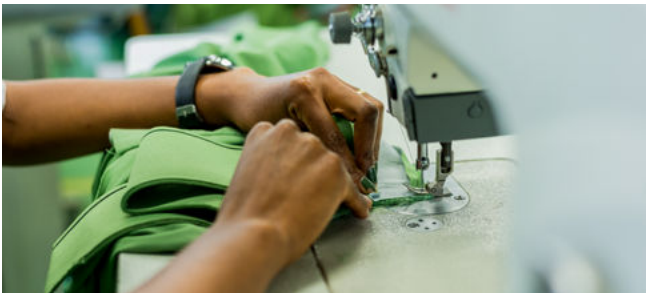
Educational content to change behaviours during the crisis

Issuing health guidance to prevent the spread of COVID-19 is only effective if the population adopts these norms. In Ethiopia, health authorities have complained that social distancing, mask-wearing, and other guidelines have not been adhered to by the public, to the point where the country's prime minister urged people not to ignore the precautions in late December 2020. The garment and textile sector has faced the same challenge, particularly among industrial parks, where an unwillingness to follow preventive measures was a critical issue for factories. High numbers of confirmed COVID-19 cases led to misinformation, fear, and disruption of work routines in some parks. To tackle this, the ILO SIRAYE team, in consultation with key partners, produced a series of educational materials in the form of posters, videos, and audio messages to disseminate reliable and accessible information about the virus to workers and managers in the industrial parks. All audio-visual materials were produced in Amharic and address critical questions from workers about the pandemic. Videos featuring discussions with medical specialists and testimonials from people who have had the virus were also shared with workers to learn essential lessons about virus prevention and self-isolation.

TACKLING CHALLENGES

A year to tackle issues around COVID-19

SIRAYE/Better Work Ethiopia works at the national, regional and factory levels, involving different ILO departments and global initiatives to address the key challenges to advance decent work in Ethiopia. These challenges have been compounded by the far-reaching impacts of COVID-19 in 2020. They range from government-imposed restrictions to the downturn in global garment supply chains and the socio-economic consequences of the pandemic on the industry and its workers. While the programme adapted its factory advisory and training services to virtual delivery during the pandemic, poor connectivity and technological limitations restricted the reach of these services.



**OCCUPATIONAL
SAFETY & HEALTH**

Gaps for heavy duty machineries inspection and maintenance

Despite the existing legal requirements enshrined in the OSH Directive, there is no arrangement for governmental inspection of heavy-duty machineries such as boilers, compressors or generators. Due to their participation in Better Work, factories are increasingly aware of their obligations. However, the absence of knowledge of local service providers and lack of capacity from the public sector side remain essential challenges. In addition, Better Work Ethiopia assessments revealed that the majority of registered factories do not have accident registration and reporting mechanisms. In response, the team provided factories with information on the importance of describing accidents with MOLSA and BOLSA, and ensuring that they are reported to national or regional authorities. As a result, four factories have started periodic reporting of accidents to BOLSA.



**ECONOMIC
IMPACT**

Political and economic instability delay programme implementation

A combination of external factors hindered the progress of Better Work Ethiopia in 2020. Two registered factories located in the Tigray region have ceased their operations due to the political instability in the region. Furthermore, the government-imposed restrictions and a drop in demand forced many registered factories to reduce their capacity or stop operations altogether. According to a Better Work Ethiopia survey, capacity utilization rates in 22 target factories were 52 percent in the first quarter of 2020 compared to 75 percent in the same quarter of the previous year. This has delayed programme implementation both at the national and factory levels.



**FREEDOM OF
ASSOCIATION**

Workers' representation

Only one of the FDI factories registered with Better Work Ethiopia has a trade union. In all of the assessments conducted in these factories, worker interviews indicated that they are not aware of the role of unions in the workplace and have, hence, not taken any initiative to associate or form a union. The factories have a structure called "Workers' Council," created based on management's initiative. These Worker Councils represent workers in discussions with management to bring forth their concerns and issues. Management often works with these committees to make decisions on topics such as overtime work, leaves, incentives, facilities, etc. Nonetheless, all these factories do have freedom of association policies.

ISSUES AND ACTIONS

ISSUES

CORRECTIVE ACTIONS TAKEN

Restriction of movement due to COVID-19 pandemic hindered in-person factory service delivery.

Due to COVID- 19, Better Work Ethiopia faced many challenges while implementing its factory services. Due to restriction of movement, the team could not carry out in-person advisory, training and assessment. However, the programme changed its way of delivering business to a virtual setting. Advisory and training services were given virtually, while evaluations were conducted using a hybrid approach. Various training programmes were digitalized, including those on sexual harassment prevention, fundamental rights and responsibilities, COVID-19 awareness, and financial literacy. The programme delivered 61 virtual training sessions in 2020. In collaboration with the ILO's SCORE programme, Better Work Ethiopia devised a hybrid assessment model, where SCORE consultants visited factories in person to facilitate assessments, and Better Work enterprise advisors conducted assessments virtually. Six factories were evaluated following this approach.



Poor infrastructure limited worker engagement in advisory.

As Better Work Ethiopia adapted its advisory and training services to a virtual delivery mode during the pandemic, it faced the challenge of recurring technology and connection issues, which hindered the full participation of worker representatives in bipartite committee meetings. The programme delivered 61 training sessions virtually over the year, but worker attendance levels were low. Due to a lack of online infrastructure at the factory level, employees gathered in small groups to participate in training while respecting social distancing rules. Technology limitations also hampered the programme's ability to conduct pre-and post-training evaluations. Courses and advisory services were broken down into short sessions. The staff provided Training of Trainers programme on different topics, such as sexual harassment, which enabled this knowledge to reach more workers. The team was also flexible in arranging and re-scheduling virtual advisory sessions depending on internet connectivity challenges.



OPPORTUNITIES AND LESSONS LEARNED

OSH actions needed for exporting factories

At the start of Better Work Ethiopia, in 2019, it was expected that the programme's services would be primarily focused on garment and textile companies supplying the domestic market. The team assumed that exporting factories were more likely to comply with international labour standards and national labour law, particularly concerning OSH. However, initial assessments indicate that OSH is just as much of a compliance issue for both exporting and local factories.

Industry seminars serving as platforms to share experiences

The programme has provided a helpful platform to foster learning among registered factories and industry stakeholders. While participating companies have significant differences in their goals and approach to compliance, they also share similarities. Therefore, experience-sharing platforms help the factories understand and respond to compliance issues in tandem with productivity.



OUTLOOK 2021

Expanding the coverage of the programme

In 2021, the programme will focus on registering new factories and providing demand-driven services to address existing and emerging obstacles that stand in the way of advancing decent work practices.

A GENDER STRATEGY AND ACTION PLAN

The SIRAYE programme will finalize a gender strategy and action plan in 2021. It will address the critical bottlenecks in creating an enabling environment for gender equality, such as tackling contractual discrimination during and after recruitment, including ensuring equal pay for work of equal value, and preventing and addressing violence and sexual harassment. The initiative will also reinforce equal representation and participation of women in worker-management committees and enhanced career opportunities for them in factories.

BUILDING GRIEVANCE-HANDLING SYSTEMS

Better Work Ethiopia will focus on building workers' and employers' capacity in registered factories to create grievance-handling systems in a participatory manner. The programme plans to implement a call centre for workers to file any grievances. Depending on the complaint, these services will advise them or refer them to different government bodies or service providers to get proper support.



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