



BetterWork

EGYPT

Annual Report 2023: An Industry and Compliance Review

Reporting Period:
January - December 2022



International
Labour
Organization



IFC

International
Finance Corporation
WORLD BANK GROUP

Creating Markets, Creating Opportunities

**Copyright © International Labour Organization and
International Finance Corporation (IFC) 2023**

First published 2023

The ILO is acting on behalf of both organizations on copyrights-related matters.



This is an open access work distributed under the Creative Commons Attribution 4.0 International License (<https://creativecommons.org/licenses/by/4.0/>). Users can reuse, share, adapt and build upon the original work, as detailed in the License. The ILO and IFC must be clearly credited as the owner of the original work. The use of the emblem of the ILO and/or IFC is not permitted in connection with users' work.

Attribution – *The work must be cited as follows: Annual Report 2023: An Industry and Compliance Review, Better Work Egypt, Reporting period: January - December 2022, International Labour Office and International Finance Corporation, 2023*

Translations – In case of a translation of this work, the following disclaimer must be added along with the attribution: *This translation was not created by the International Labour Organization (ILO) or the International Finance Corporation (IFC) and should not be considered an official translation. The ILO and IFC are not responsible for the content or accuracy of this translation.*

Adaptations – In case of an adaptation of this work, the following disclaimer must be added along with the attribution: *This is an adaptation of an original work by the International Labour Organization (ILO) and the International Finance Corporation (IFC). Responsibility for the views and opinions expressed in the adaptation rests solely with the author or authors of the adaptation and are not endorsed by the ILO or the IFC.*

This CC license does not apply to non-ILO copyright materials included in this publication. If the material is attributed to a third party, the user of such material is solely responsible for clearing the rights with the right holder.

Any dispute arising under this license that cannot be settled amicably shall be referred to arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of such a dispute.

All queries on rights and licensing should be addressed to the ILO Publishing Unit (Rights and Licensing), 1211 Geneva 22, Switzerland, or by email to rights@ilo.org.

ISBN: 9789220394601 (web PDF)

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

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

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

Information on ILO publications and digital products can be found at: www.ilo.org/publns.

Printed in Egypt

► Contents

List of Abbreviations	2
Summary Findings	3
Introduction	6
Country Context.....	6
Garment Industry Overview.....	10
Better Work Egypt	11
Non-Garment Sector.....	14
Working Conditions in the Garment Sector	16
Methodology and Data.....	16
Compliance Situation	19
Public Reporting.....	36
Next Steps	37
Annexs	39
Annex A. Garment factories covered in this report	39
Annex B. List of participating buyers	40
Annex C. Methodology and limitations	41
Annex D. Public reporting non-compliance rates.....	42

► List of Abbreviations

ACCEL Africa	Accelerating Action for the Elimination of Child Labour in Supply Chains in Africa
BWEG	Better Work Egypt
CAT	Compliance Assessment Tool
CBA	Collective Bargaining Agreement
CEACR	Committee of Experts on the Application of Conventions and Recommendations
CP	Compliance Point
EA	Enterprise Advisor
FEI	Federation of Egyptian Industries
FoA	Freedom of Association
GBV	Gender-Based Violence
GoE	Government of Egypt
IFC	International Finance Corporation
ILO	International Labour Organisation
MoM	Ministry of Manpower
NSC	National Steering Committee
OSH	Occupational Safety and Health
RMGEC	Readymade Garments Export Council of Egypt
SLARIE	Strengthening Labour Relations and its Institutions in Egypt
SOP	Standard Operating Procedures
PAC	Project Advisory Committee
PPE	Personal Protective Equipment
RMG	Ready-made Garments
ToT	Training of Trainers
ZTP	Zero-Tolerance Protocol

► Summary Findings

This report presents findings and observations from Better Work Egypt's interactions in the garment sector throughout 2022. It provides an update on the state of the garment industry in Egypt, and of non-garment factories that the programme is working with as well. The report is the first to be published by Better Work Egypt and will provide a snapshot and baseline for working in the sector in the years to come. By highlighting trends in the sector, common violations, and key challenges, the report provides many opportunities for sectoral collaboration to address the identified issues.

The report is primarily based on non-compliance findings from 57 assessment reports collected throughout 2022. Compliance assessments are the core data source in this report; during two-day, unannounced visits, a team of two assessors triangulates between direct observations, document review and interviews with workers and managers to determine if a given factory has violated specific national labour laws or international labour standards. These assessments are then synthesized across the 57 garment factories to provide a measure of how frequent violations are.

Better Work found evidence of few violations of the four core labour standards assessed - child labour, discrimination, forced labour, and freedom of association and collective bargaining. However, it should be noted that assessing certain of these issues during a 2-day assessment presents challenges (see Annex C Methodology and limitations). Almost all non-compliances are cited under the four working conditions clusters - compensation, contracts and human resource, Occupational Safety and Health (OSH) and working time. (OSH was declared a fundamental principle and right at work in June 2022. Better Work is discussing how to adjust its approach to assessing OSH with ILO experts, and did not change its approach during 2022.) The most common violations are noted under the OSH cluster, in particular for emergency preparedness, worker protection, and health services and first aid.

The following are highlights from each compliance cluster:

Core Labour Standards

Child Labour: According to the Egyptian Labour Law, 15 is the legal minimum age for employment and workers under the age of 18 are considered juvenile and can be employed under certain conditions. No cases of underage workers were detected; however, six factories were non-compliant for some aspect of work for juveniles. These included issues with lack of documentation, hazardous work for workers under 18, and violations of the restrictions on working hours for apprentices. While child labour has been a problem in Egypt for some time now, the programme found no cases of underage workers and a handful of cases of lack of protection for juveniles.

Discrimination: Discriminatory practices were noted for gender discrimination and for failing to hire sufficient workers with disabilities and include them actively in the workplace. The most common discrimination finding is for failing to meet the quota for employment of people with disabilities, with 46 per cent of factories in non-compliance. In addition, one factory was cited non-compliant for using gender as a factor in hiring decisions. Other gender-based issues were noted, such as very low representation of women on the production floor, but Better Work did not find evidence of employer practices rising to the level of non-compliance. There were no non-compliances cited for discrimination based on race, origin, religion, or political opinion.

Forced Labour: No cases of forced labour were cited in participating factories. The ILO Forced Labour Convention (C29) defines forced labour as "all work or service which is exacted from any person under

the menace of any penalty and for which the said person has not offered himself voluntarily.” During assessment visits, Better Work looks for evidence of forced labour, bonded labour, forced overtime, prison labour, and various coercive practices such as threats of violence, withholding of wages, and withholding of personal documents. None of these practices were found in participating factories in 2022.

Freedom of Association and Collective Bargaining: With one exception, Better Work Egypt has not found evidence of factories violating labour laws or international labour standards related to Freedom of Association and Collective Bargaining. However, assessing non-compliance in this area has its limitations given the extremely low unionization rates and the institutional hurdles to trade union registration. All factories assessed have bylaws that allow for unions. During worker interviews, workers did not report that management stopped them from forming or joining a union. Assessors noted that there is limited worker awareness of unions, their potential role in the workplace, and how to form or join one. Given the low levels of awareness, there is room for improvement in worker knowledge of unions.

Working Conditions

Compensation: There are many non-compliances cited under the compensation cluster. These are across all aspects of wage payments, including regular wages, overtime wages, paid leave, and other benefits such as social security. A common thread for many of the violations is related to adequate payment of minimum wages, which then affect calculations of overtime. Egypt enacted a national minimum wage for the first time in 2022, but allowed companies to apply for an exemption. Eighteen per cent of factories were non-compliant for not paying accurate minimum wages. Among the factories that were not cited as non-compliant, around half were appropriately paying the minimum wage of 2,400 EGP while the other half paid below minimum wage but had submitted a request for an exemption. There are also uncertainties about the extent to which in-kind payments can substitute for cash wages.

Contracts & Human Resources: Several key aspects of working conditions fall in this area, including the employment contracts themselves, the way that contracts are enforced, relationships between workers and management, and termination policies. There are several issues cited under employment contracts. Most common is that workers do not understand the terms and conditions of employment (49 per cent non-compliance). In most of these cases, workers had not received a copy of their contract. There were very few non-compliance violations cited under the “Dialogue, Discipline and Disputes” compliance point, which includes whether disciplinary measures comply with legal requirements, if workers are subjected to verbal abuse, and whether grievances and disputes were resolved in compliance with legal requirements. Finally, there are some issues with termination policies and practices. The most common violation is related to proper payment of severance pay (35 per cent of factories).

Occupational Safety & Health (OSH): OSH has some of highest non-compliance rates observed among factories. OSH is also the largest cluster that Better Work Egypt assesses, with 73 questions under eight compliance points. High rates of non-compliance were noted under almost all compliance points. Emergency preparedness is the most cited issue, with most factories failing to provide accessible and well-marked emergency exits. Fire safety is also a common issue. Worker protection and the effective use of safety equipment including Personal Protective Equipment is not met in most factories. Health services are also lacking, with half of factories failing to provide the legally required medical health checks for workers. Proper storage and accounting of chemicals and hazardous substances is an issue in over two-thirds of factories. OSH management systems have the potential to enable improved OSH compliance by helping companies identify, prioritize, and manage OSH issues. However, half of factories do not have effective mechanisms for cooperation between workers and managers on OSH. With regards to welfare facilities, the major issue is the provision of nurseries for women workers.

Working Time: Better Work looks at three aspects of working time – regular hours, overtime work, and leave. Around half of factories are non-compliant with some aspect of both regular hours and overtime. In contrast, there are very few violations when it comes to properly providing leave. Non-compliances related to regular working time are varied. They include practices related to break periods (23 per cent NC), to daily or weekly working hours exceeding the legal limits (21 per cent NC) and to inaccurate working time records (11 per cent NC). In addition, 19 per cent of factories failed to reduce working hours for workers with disabilities. For overtime work, half of factories did not comply with the legal limits on overtime hours.



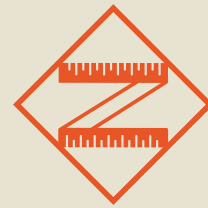
61

Factories



400

Advisory visits



61

Assessment reports



61,000

Workers in
registered factories



730

Training
participants



35

International buyers



► Introduction

Better Work is a partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC). The ILO flagship programme brings together stakeholders from all levels of the global garment manufacturing industry to improve working conditions, enhance respect for labour rights, and boost competitiveness. Better Work has been operating in different forms in Egypt since 2017 – first as a pilot programme (2017-2019) and most recently as one outcome under the broader Strengthening Labour Relations and its Institutions (SLARIE) project (2020-2022). The SLARIE project seeks to improve the environment for freedom of association and social dialogue across Egypt, while the Better Work Egypt component focuses this work on improving working conditions in the garment sector.

This is the first annual report published by Better Work Egypt. The report focuses on the working conditions in factories that participate in the Better Work Egypt programme. It highlights gaps in the application of both international labour standards and national labour laws. These are based on close engagement at the factory level during 2022.

The report proceeds as follows: the Introduction covers the country and labour market context, the garment sector in Egypt, and the main activities of the Better Work Egypt programme. The main findings and analysis are covered in *Working Conditions in the Garment Sector*, which draws from **non-compliance findings from 57 assessment reports** and data gathered during advisory visits. Finally, the Conclusion presents the way forward and key priorities for the programme and the garment sector in the coming year.

Country Context

The following sections lay out the context of Covid-19 in Egypt, the economy and labour market, and the legislative environment.

Covid-19 in Egypt

The first case of COVID-19 in Egypt was confirmed on February 14, 2020. The Government of Egypt (GoE) declared a public health emergency followed by a nationwide lockdown to contain the spread of the virus. Egypt's economy struggled during 2020 due to decreased tourism revenues, lost payments collected from the Suez Canal, and lower remittances sent by Egyptian expatriates¹. Over the course of March – December 2020, several closure measures were implemented by the government for schools, workplaces, and shared public places. By late January 2021, a vaccination campaign was launched, which resulted in looser restrictions on internal movement, fewer school closures, and more accessibility of public transport.ⁱⁱ By December 2022, the Ministry of Health and Population announced that it has vaccinated over 80 per cent of the population.

The GoE announced an emergency response budget of USD 6.3 billion in March 2020 to curb the challenges of the pandemic. The government also adopted several measures to ease the financial burden on businesses and individuals. These measures included a six-month deferral for all loan repayments to individuals, as well as postponing capital gains tax. Several sector-specific policies were implemented where highly impacted sectors such as tourism, agriculture, and construction industries received access

to credit at preferential interest rates. To support vulnerable and special groups, the Ministry of Social Solidarity (MOSS) extended the impact of its flagship programme Takaful and Karama through revising its eligibility criteria. By June 2021, 3.4 million households were benefiting from Takaful and Karama initiative. In parallel, the Ministry of Manpower (MOM) allocated EGP 50 million for 1.6 million irregular workers in heavily impacted sectors.ⁱⁱⁱ

The Federation of Egyptian Industries (FEI) responded to the consequences of the pandemic through establishing a series of economic measures to protect the industry and its workforce. These measures include postponing and exemption from taxes for all companies from March 2020 to June 2020. Other measures aimed to safeguard workers social protection include a compensation fund to support in paying workers' wages in companies that were forced to shut down due to the pandemic^{iv}. FEI also created and disseminated various COVID-19 guidelines to companies nationwide^v.

Egypt had a gradual post-pandemic economic recovery in early 2022 with an economic growth of 4.2 per cent in the first half of the fiscal year. The Ministry of Finance declared that the Egyptian government targets 5.5 per cent GDP growth rate in FY 2023/2024 despite the economic challenges and the ongoing conflict between Russia and Ukraine.

Economy

Egypt continues to face economic and social challenges that negatively affect social stability and economic and social progress. These challenges are reflected in socio-economic indicators such as an increase in the poverty rate – from 27.8 per cent in 2015 to 32.5 per cent in 2017 to 29.7 in 2019/2020.^{vi} Egypt has experienced high inflation, with inflation rates reaching 18.7 per cent in 2022. In addition, the fluctuating exchange rates and restrictions on access to foreign currency pose a limitation. Egypt has also experienced a decline in productivity in most economic sectors.

The economic objectives pursued by the Government in recent years have yielded some positive results in terms of increased GDP growth rates and decreased unemployment rates. However, the international conflict between Russia and Ukraine added to the challenges caused by the COVID-19 pandemic. In addition to the disruptions in the global supply chain, the conflict puts further restraint on Egypt's budget as Russia and Ukraine provided the majority (approximately 80 per cent) of Egypt's wheat imports (13 million tonnes in 2021).^{vii} As a result of the conflict, the wheat prices increased to \$380 per ton after the war began compared to \$270 before.^{viii} To curb the economic challenges, Egypt announced floating its currency in October 2022 to secure a 3 billion loan from the IMF. Accordingly, 2022 witnessed fluctuating exchange rates and restrictions on access to foreign currency, which led to inflation rates scoring its highest in December 2022 with a shocking 21.3 per cent compared to 6.5 per cent in December 2021.

Despite the efforts to curb the economic challenges, several industrial sectors have suffered, amongst them the textile and ready-made garment sector. The challenging socio-economic and labour and human rights environment, coupled with challenges related to good governance have had negative repercussions on the investment climate and competitiveness of the country.^{ix}

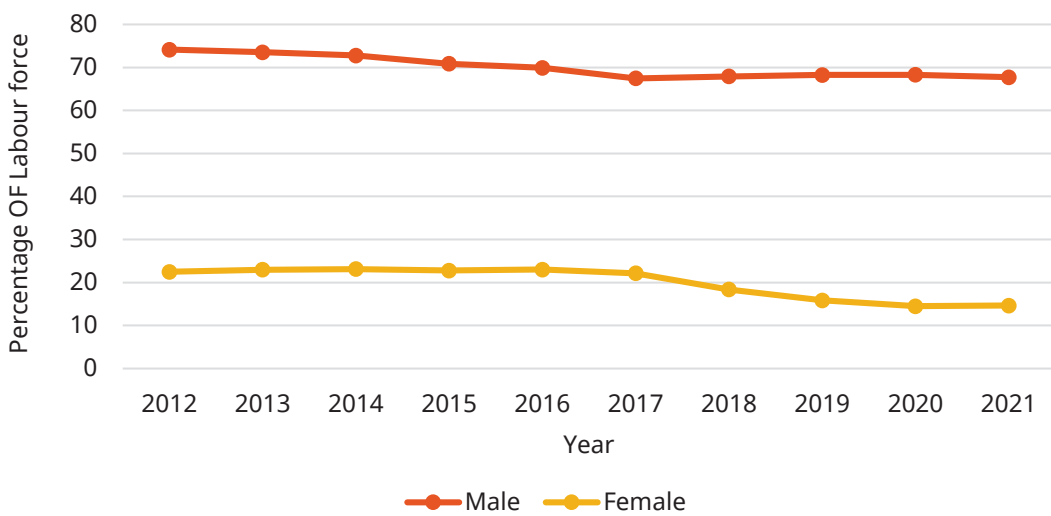
The economic and social situation has been further undermined by COVID-19 and the war in Ukraine. As with many countries, the sharp and unforeseen reductions in economic activity have caused a dramatic decline in employment, both in terms of numbers of jobs and aggregate hours of work, leading to steep

declines in revenue streams for many businesses. Moreover, women and other vulnerable categories of workers have been disproportionately impacted.

Labour Market

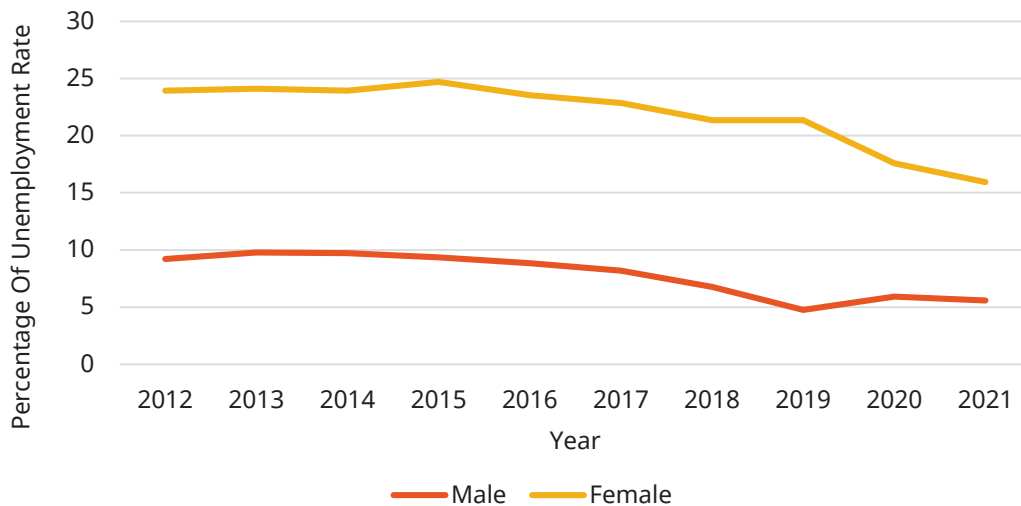
There are stark differences in the labour market experiences of women and men. Men are much more likely to participate in the labour force than women who have one of the lowest rates of labour force participation in the world (see **Figure 1**). In 2021, 68 per cent of men participated in the labour force, compared to only 15 per cent of women. Labour force participation rates for both men and women have decreased over the last ten years.

Figure 1. Labour force participation for Males and Females in Egypt, modelled ILO estimates



Even if they do participate, women have difficulty finding jobs and have an unemployment rate nearly twice that of men (see **Figure 2**). In 2021, 16 per cent of women were unemployed compared to 6 per cent of men. The unemployment rate for women has dropped significantly in the last few years which is a positive development. Unemployment rates for men also dropped slightly in the same period.

Figure 2. Unemployment rates for males and females in Egypt, modelled ILO estimates



Freedom of Association

Freedom of Association in Egypt has been a subject of discussion at the ILO's International Labour Conference for a number of years, particularly as part of an effort to address the trade union monopoly enshrined in the Trade Union Law No. 35 of 1976. The ILO has been supporting changes in legislation to allow for freedom of association and importantly, also commenting on the implementation of the legislation. ILO has connected broader development cooperation, such as the establishment of a Better Work programme, to support the promotion of Egypt's new laws.

In December 2017, the Government of Egypt passed a new law regulating trade unions (the Trade Union Law No. 213 of 2017) as a result of the on-going engagement between the Government of Egypt, Employers and Workers Organizations and the ILO. A trade incentive to amend the legislation also emerged because of The Walt Disney Company's decision to remove Egypt from its list of permitted sourcing countries based on Egypt's ranking on the World Bank's Worldwide Governance Index. Better Work was initially established as a pilot programme from mid-2017 to March 2019, premised on a commitment by the Government to introduce the necessary reforms to the trade union legislation.

During the pilot, the law was monitored by national stakeholders and the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR), with several recommendations to bring the laws in alignment with Convention 87 on Freedom of Association and Protection of the Right to Organize. Subsequently, in 2019, the Trade Union Law was amended (by Law No. 142 of 2019) to 1) lower the threshold for minimum membership required at the enterprise level and for those forming general unions and confederations 2) replace articles that penalized workers with imprisonment for certain activities with fines.

When reviewing the country's progress in 2020, the CEACR noted these positive developments in the Trade Union Law, but requested further improvements to eliminate excessive registration requirements, including obtaining the employer's approval and stamp in order to register.

Another area of legislative progress has been Government efforts to establish institutions for social dialogue. The first was provided for by Ministerial Decree No. 1027, in 2014, which was amended by Decree No. 799, establishing the Supreme Council for Social Dialogue (SCSD) in April 2018.. The CEACR has requested more information to be able to assess whether the Egyptian framework for national tripartite consultations complies with ILO Convention on Tripartite Consultation, No. 144, and notes that this hinges on, among other things, the adjustments made to the Trade Union Law. Further support is necessary to ensure that the Supreme Council and other mechanisms for social dialogue are fully operational.

As this engagement with the ILO is seen as a positive indication of the Government of Egypt's interest and commitment to engage in social dialogue, the ILO and the tripartite partners in Egypt agreed on a technical assistance programme – SLARIE – to accompany the process of adjusting relevant laws and assisting in their implementation with the "firm expectation that this programme will create the space for full freedom of association in Egypt to the benefit of all parties," (see **Box 1**).

Through the SLARIE project, the ILO supports the government of Egypt in implementing its reform agenda and establishing an enabling environment for more sustainable and inclusive growth. As foreseen in the Sustainable Development Strategy “Egypt’s Vision 2030”, private sector and civil society are important contributors to the implementation of the reform agenda in support of a modern, democratic state and the sustainable development process underway in Egypt.

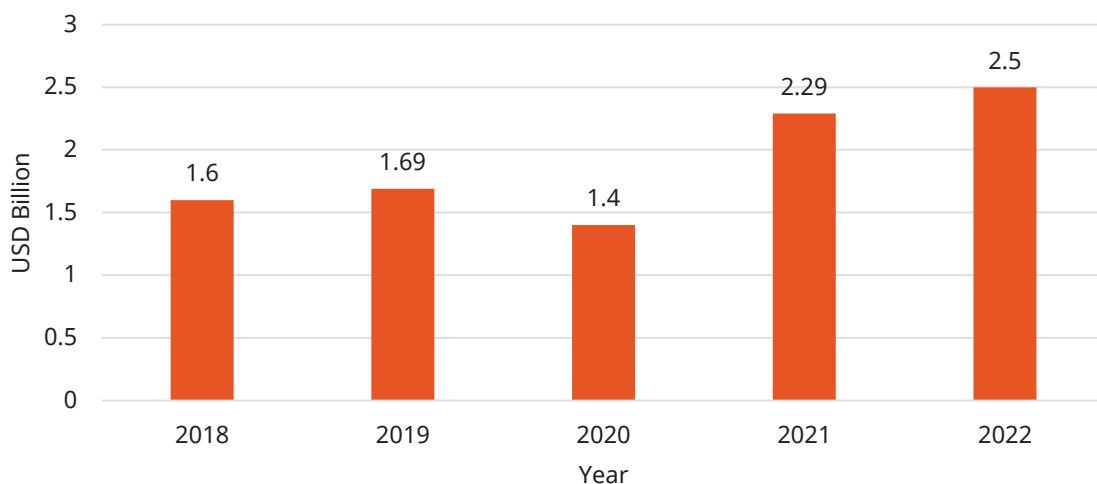
Garment Industry Overview

The ready-made garment (RMG) industry is considered one of the five backbone industries of the Egyptian economy. The apparel sector accounts for 3 per cent of GDP, and 27 per cent of the industrial output. The public sector dominates the textile industry with 50 per cent in spinning, 60 per cent in hemming, and 60 per cent in weaving. In contrast, 90 per cent of the garment industry is owned by private companies. Egypt’s RMG sector houses approximately 6,500 companies and employs around 2.5 million persons. Only 352 companies of which are exporters, according to internal data.

The US and EU global markets continue to be the largest importers for RMG with a total of 1.3 billion and 504 million in 2022. Additionally, Egypt expanded its export within Africa to 17 million compared to 2 million in 2021. Nevertheless, the US and EU countries account for 50 per cent and 30 per cent, respectively, of the total garment and textile exports.

Garment exports have grown overtime, although there was a significant drop in exports during the height of the COVID-19 pandemic in 2020 (see Figure 3). The export value of ready-made garments from Egypt is valued at 2.5 billion in 2022 compared to USD 2.3 billion, USD 1.45 billion, USD 1.69 billion, and USD 1.6 billion in 2021, 2020, and 2019 respectively. According to the Chairperson of the Readymade Garments Export Council of Egypt (RMGEC), Egypt targets an export increase to 8 billion by 2027.

Figure 3. Egypt RMG exports 2018 - 2022 (USD billion)



Though the sector was nationalized in the 1950s, the Egyptian government adopted free economic policy in the 1970s and has been promoting foreign investment since the 1990s. In 1997, a law was established that permits foreign investors 100 per cent ownership. They can receive full profit of their investment, and are guaranteed against confiscation, sequestration, and nationalization. They are also provided with tax incentives, as the law provides tax exemptions over the first five years, or over twenty years for projects established outside the Cairo area. Since that time, Egypt has entered into several bilateral agreements with different countries.^{xi}

In 2004, Egypt signed the Qualified Industrial Zone (QIZ) multi-lateral agreement with the US and Israel. This included six free industrial zones in Cairo, Alexandria, Suez Canal, Central Delta, the Beni Suef and Al Minya governorate zones. Factories that export to the US under the QIZ agreement are exempted from US customs if the Egyptian products include 10.5 per cent of input originating from Israel. The Freezones in Egypt are tax-free, and the material is free from customs.

In addition to the typical challenges related to the garment industry, such as high absenteeism, high turnover, and access to qualified workers, findings from internal research conducted by BWEG in 2022 with 10 factory owners and managers record several challenges in 2022 related to cancellation or orders, sourcing, and auditing. Interviewed management highlighted that due to the ongoing recession in US & Europe, there are cancelled orders, and delayed payments, leading to many orders being stocked in warehouses, which resulted in increased liability, business expenses, and accordingly decline in profits. At the same time, the factories that receive new orders cannot import the needed raw material due to the Egyptian government's restrictions on imports and access to USD, to reduce the foreign currency spending. To cope with these challenging circumstances, some factories, suspended contracts for workers on probation (3 months or less), or agreed with workers to reduce working days per week through using one or two annual leaves during the work week. Factories opted to reduce working days to reduce transportation and plant running costs to prolong and maintain the business. Managers also expressed their concern with "chaotic and unstandardized" auditing and how most of third-party auditors contracted by brands take a punitive approach, identifying problems and penalizing the factories rather than working with them to address the areas of non-compliance.

Better Work Egypt

Better Work launched a pilot project in Egypt in 2017 after The Walt Disney Company announced that it would remove Egypt from its list of permitted sourcing countries due to the country ratings in the Worldwide Governance Indicators, unless a Better Work country programme was established. As a precondition for establishing the programme, the Government of Egypt passed a new law regulating trade unions (the Trade Union Law No. 213 of 2017) following discussions with the ILO and employer and worker organizations. Upon recommendations from the ILO Committee of Experts (CEACR), the trade union law was amended in 2019. Following discussion with the ILO and with national stakeholders, the Strengthening Labour Relations and their Institutions in Egypt (SLARIE) project was launched in 2020 to ensure activation of the trade union law and genuine social dialogue (see Box 1). BWEG is the third component of the SLARIE project and serves as its catalyst for improving labour relations and increasing compliance with ILS.

Box 1. SLARIE Project

In March 2020, the ILO together with its tripartite constituents in Egypt officially launched the “Strengthening Labour Relations and its Institutions” (SLARIE) project under the auspices and in the presence of the Prime Minister of Egypt. The ILO managed to secure internal seed funding and with the support of relevant ongoing projects started to launch activities and initiate the project start-up in 2020 until December 2022. The seed money was considered the inception phase of what is proposed to be a multi-year project (2023-2027).

The original project has three pillars: (i) Freedom of association and collective bargaining rights are promoted and effectively implemented in laws and practices; (ii) An enabling environment for sound labour relations and social dialogue is put in place; (iii) Enterprises in the Textile and garment sector can make better use of business opportunities due to improved labour relations and higher levels of compliance with international labour standards and national labour laws.

Despite delays in the inception phase due to Covid-19 and a challenge in securing funding in that period, some important accomplishments have been made. SLARIE has taken slow but steady steps to follow closely and support the application of the law and to build (i) the capacity of unions and those who want to organise and (ii) the awareness of government and employers of this fundamental human and labour right that really is a catalyst to a more democratic system.

SLARIE’s achievements to-date include:

- ▶ Standing Operating Procedures for trade union (TU) registration has been developed and validated with national stakeholders and recently approved by the Ministry of Manpower – Ministerial Decree No. 227/2022.
- ▶ Ministerial Decree No. 162/2020 was issued by the MOM to establish the TU Grievance Committee (TUGC). Accordingly, 55 TU organizations were registered through TUGC, 28 of them were included in ILO pre-prepared list.
- ▶ ILO-SLARIE project inclusive tripartite meetings were held annually to keep constituents aware of project progress, challenges and lesson learned.
- ▶ An integrated proposal to improve the High Council for Social Dialogue approved by MOM, submitted to the Prime Minister after being developed and validated in consultation with the tripartite constituents.

Improving human and labour rights for all workers will signal to international buyers such as those affiliated with the Better Work programme that Egypt is a country where economic investment can be made. Evidence from the ILO and from Better Work in other countries, has demonstrated that improved labour and human rights go hand in hand with increases in production, profits and exports at both a firm and country level.

In 2022, in consultation with national stakeholders and representatives from the garment industry, Better Work Egypt developed a detailed five-year strategy for addressing decent work deficits in the garment industry. This strategy was developed under the SLARIE framework and provides more details on the specific interventions planned in garment factories and at the sectoral level. This strategy was endorsed by national stakeholders in October 2022 and is guiding SLARIE’s current activities and operations.

Better Work Egypt has successfully engaged with stakeholders throughout different stages in the development of the 2022-2027 country strategy. Better Work Egypt conducted initial consultations to measure programme's effectiveness, gaps, and alignment with national stakeholders' goals. By 2027, BWEG Egypt aims to realize three outcomes:

- ▶ **Outcome 1:** Compliance and business outcomes will have improved in registered factories through applying Better Work's factory engagement model in collaboration with social partners.
- ▶ **Outcome 2:** Quality, gender transformative social dialogue at the enterprise and sectoral levels – including through workplace committees, unions, and sectoral meetings – will be achieved and sustained.
- ▶ **Outcome 3:** Increased transparency and knowledge of issues through data and evidence sharing and convening around results will improve evidence-based policymaking.

BWEG will continue to offer its factory engagement model (assessment, advisory, training) to the participating factories, and improve social dialogue on the factory and national levels. Increasingly, the programme will focus on stakeholder engagement and data sharing. Over the course of 2022, the programme's sustainability strategy was embedded within all its activities – both in stakeholder engagement and factory interventions. A significant focus was placed on the provision of technical assistance to the stakeholders. The results of this engagement are detailed below.

- ▶ **Factory Engagement.** By 2022, Better Work Egypt reached a total number of 61 active factories registered in the Better Work Egypt programme. The programme serves 57 garment factories and 4 non-garment factories with a total of 60,000 workers. The programme's impact extends to the governorates of Greater Cairo (Cairo, Giza), Alexandria, Behera, Beni Suef, Fayoum, Ismaelia, Minya, Menoufeya, Port Said, Qalyubeya, and Sharkeya. Better Work Egypt has applied Better Work's three factory engagement in its participating factories. Throughout the reporting period, Better Work Egypt EAs conducted over 400 online and on-site advisory visits to the 61 participating factories and over 50 industry seminars and trainings covering different topics related ranging from OSH, leadership, HR and to Gender for over 730 participants (30 per cent are women).
- ▶ **Improving Social Dialogue.** Social dialogue continues to be a core focus for Better Work Egypt work both at the factory level and the national level. Better Work EAs collaborate with OSH committees at the factory level to identify the root causes of the identified issues of non-compliance as well as the opportunities for sustainable improvements. BWEG reports 53 per cent completion rate for 2022 OSH improvements, 27 per cent in progress, and 21 per cent pending issues of non-compliance under the OSH cluster. Regarding gender mainstreaming as a crosscutting objective for Better Work Egypt's operations, the EAs continue to ensure that factories are advised on promoting gender balance in their existing committees. Additionally, several activities have been directed to promote Freedom of Association on the national level and on the factory levels.

- ▶ **Data Sharing and Stakeholder Engagement.** Better Work Egypt engaged in a series of meetings with the Ministry of Manpower to finalize the Zero Tolerance Protocol and increase the ministry's awareness regarding the transparency portal. Both reporting tools are scheduled to be utilized during the 2nd and 3rd quarters of 2023 respectively. Moreover, Better Work Egypt commenced two research activities covering the participating factories to increase knowledge regarding the gender challenges and opportunities for workers in the Egyptian garment industry.

Non-Garment Sector

Better Work Egypt has expanded to other industries such printing and food processing to pilot its service model beyond the garment industry. Between 2020 and 2021, four companies joined the programme, located in the industrial zones of 6th of October, 10th of Ramadan, and Obour regions. Three of the companies are in the printing sector, while the fourth does food processing. A total of 12 compliance assessments have been conducted by BWEG to-date in the four factories.

These four factories range in size from 21 to 560 workers and employ a total of 1600 workers between them. Unlike in garment factories, the majority of workers in the non-garment factories are men (99.7 per cent). Women tend to be employed administrative and managerial positions. The significantly low participation of women in employment in these factories is owed to nature of the industries that are not considered women-friendly according to legal requirements (see **Box 2**). The working conditions in the four non-garment factories, that usually entail rotational shifts between morning and night hours, dealing with chemical hazards, and occupational hazards, limit the prospects of women participation in the workforce.

Box 2. Legal Framework for Women's Work in Egypt

Egypt's Labour Law guarantees maternity leave, where women employees covered by social insurance are entitled to three months of paid maternity leave. Women workers are to utilize their maternity leave three times throughout their service period, given that they have contributed to the social insurance fund for the previous 10 months. Maternity benefits are paid at 100 per cent of women's total wage. Moreover, women are entitled to up to two years of unpaid childbearing leave per child as stipulated in the Labour Law. Women are also entitled to two half-hour nursing additional breaks per day, or one combined hour-long break, for 24 months after the date of birth of each child and reduced working hours starting their sixth month of pregnancy. However, the Labour Law does not include provisions for paternity leave.

Nevertheless, several articles place restrictions on women's work in certain jobs as means of protection. The law prohibits women's work in mining, squibs industry, asphalt (and its derivatives), loading and discharging, and gas manufacturing. The restrictions are also imposed to any industry that include severe chemical, biological, or physical hazards. Worktime restrictions were also placed on night work for women with women prohibited from working from 7:00 pm to 7:00 am according to labour law no. 2003. In 2022, the CEACR encouraged the Government of Egypt to denounce convention 89 of 1948 which focuses solely on night work for women, in favour of Convention no. 171, Night Work Convention of 1990 which protects all those working at night regardless of gender. In general, the CEACR has commented that any gendered restrictions should solely be limited to maternity protection and should be based on OSH risk assessments. These restrictions should not be obstacles for the employment or promotion of women.

In 2021, Egypt took positive steps towards promoting the principles of equality and non-discrimination at work. Decree no. 43 for 2021 eased restrictions on women's night work, thereby granting women workers the opportunity and choice to work in any facility while ensuring the necessary measures to protect their health, provide protection, and measures of safe transportation and health care. However, the third article enclosed that all night shifts for women must be in accordance with the controls and guarantees stipulated in law and that the employment of women at night shifts in any industrial establishment should be from 10 pm. until 7 am.

The Decree recognized the special conditions of nursing and pregnant workers, article 2 of Decree no. 43 stipulates that employers are obliged to provide daytime shifts as an alternative to night work for any working woman if they were pregnant, as their shifts must be modified during a period of at least sixteen weeks before and after a childbirth, of which at least eight weeks before the likely date of childbirth.

See Direct Request (CEACR) – adopted 2022, published 111st ILC session (2023), Discrimination (Employment and Occupation) Convention, 1958 (No. 111) - Egypt (Ratification: 1960)

Similar to garment factories, BWEG offers its complete service model of assessments, advisory services, and training to the four non-garment factories. During 2022, the factories received over 20 advisory visits, and 4 trainings covering topics related to OSH, effective grievance mechanisms, and freedom of association.

From the compliance assessments, BWEG found common areas in non-compliance related to OSH and working time. These issues can be seen in the internal systems and practices for OSH management (chemical handling), overtime recording, overtime daily limits and continuous work on rest days.

► Working Conditions in the Garment Sector

The following section focuses on working conditions in garment sector. This information is primarily based on data gathered during assessment visits, including binary compliance data and “information” questions which include varied information about things such as management systems and the workforce breakdown. Further context was provided by Enterprise Advisors and collected during the course of advisory visits to the field.

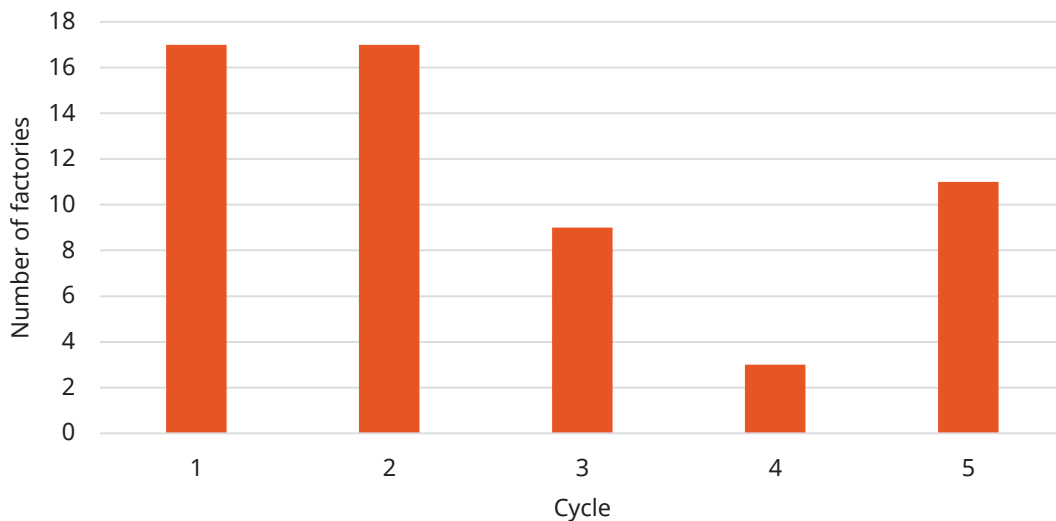
Methodology and Data

The Better Work Egypt Annual Synthesis Report focuses on non-compliance data to summarize working conditions in Egyptian garment factories in the last year. Better Work’s enterprise assessment is a key component of the programme’s core services. During assessments, factories are marked as non-compliant if it can be proven that they do not adhere to specific components of Egyptian labour law or core international labour standards. Assessments are conducted over the course of two days by a two-person team. Findings are triangulated based on document review, direct observation and interviews with workers and managers. A non-compliance finding indicates that a violation of the specific national labour law or international labour standard was found and proven during the assessment visit. However, a factory may still have issues that are not captured or proven during the assessment visit. For this reason, Better Work does not say that factories are ‘compliant’ rather, that ‘no non-compliance was cited.’ In some special cases, a third category is used – ‘compliance with note’. In such cases, the factory is marked as compliant, but a note is added that is then shared with anyone accessing the assessment report (such as buyers). This designation is used if there are issues uncovered in the assessment that cannot be conclusively proven as non-compliance.

The compliance data is divided into eight clusters: four designated as core labour standards (assessed against international labour standards) and four falling under working conditions (assessed according to national law and regulations). Core labour standards include child labour, discrimination, forced labour, and freedom of association and collective bargaining, while the working conditions include compensation, contracts and human resources, OSH and working time. (OSH was declared a fundamental principle and right at work in June 2022. Better Work is discussing how to adjust its approach to assessing OSH with ILO experts, and did not change its approach during 2022.)

This report covers **assessment findings from 57 factories**. While individual assessment reports allow Better Work, the factory, and buyers to identify and understand non-compliance in factories, the annual report presents an opportunity to analyse sectoral trends and put them in context. Data is presented on the percentage of factories that fail to meet the various compliance questions, out of the 57 factories in the sample.

Seventeen factories in the sample have only completed one Cycle of the Better Work model (see **Figure 4**). The Better Work model includes an assessment, advisory visits, and training on an approximately yearly cycle. The cycle variable therefore approximates how long a factory has been actively participating in the programme. The factories that have reached Cycle 5 were enrolled in the original pilot phase of Better Work Egypt.

Figure 4: Distribution of Factories per Cycle

In addition to the non-compliance data, this report draws on data from the following sources:

- ▶ **Data gathered by EAs over the course of advisory visits.** The advisory log has rich information, such as how many visits occurred and the topic of discussion.
- ▶ And finally, **team observations from factory visits** and conversations with tripartite stakeholders and buyers.

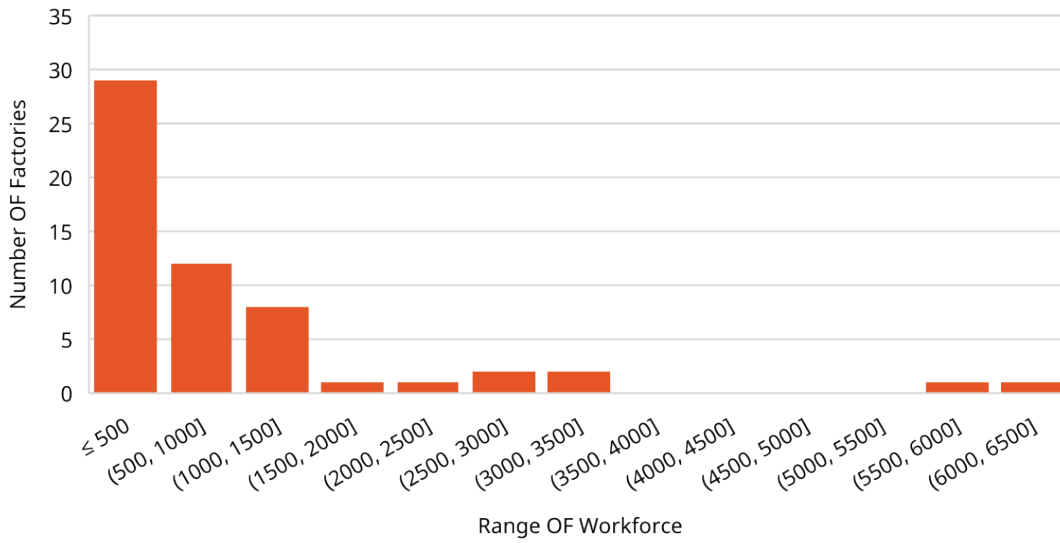
For more information on the data presented in this report and limitations of the various sources, see Annex C.

Demographics of the Workers and Supervisors Employed

There are 51,464 workers employed in the 57 factories covered in this report (94 per cent of all workers covered by the full Better Work Egypt programme).^{xii} The gender balance in the garment sector in Egypt is unlike most garment industries around the world which are dominated by women. Globally, 60 per cent of all garment workers are women, reaching nearly 80 per cent in some regions.^{xiii} In contrast, 54 per cent of the workers covered in this report are men. There is some variation in the percentage of women workers across factories (see **Figure 6a**). Almost all workers in the sector are Egyptian. There is a very small migrant worker group (764 workers) who are employed across 13 factories.

The participating factories vary greatly by size (see **Figure 5**). The majority of factories are small – 29 factories have less than 500 workers and eleven of these have 100 workers or less. There is also a substantial group of mid-sized factories. There are two very large factories in the programme that employ 24 per cent of all workers. It is important to note that all factories are weighted equally when presenting the non-compliance rates. Given the very divergent factory sizes non-compliance rates may not be a good indication of the percentage of workers facing different workplace violations.

Figure 5: Distribution of Workers Employed



There are approximately 4,000 supervisors employed in the participating factories. The majority of supervisors are men (70 per cent). However, factories diverge significantly in percentage of women supervisors (see **Figure 6b**). Small factories with low numbers of supervisors tended to have a low percentage of female supervisors – fourteen factories have less than 10 per cent female supervisors. On the other side, nine factories had more than 50 per cent female supervisors. Non-Egyptians are slightly more likely to be employed in supervisory positions than as workers – 3 per cent of supervisors are migrants.

Figure 6a: Distribution of Women Workers (%)

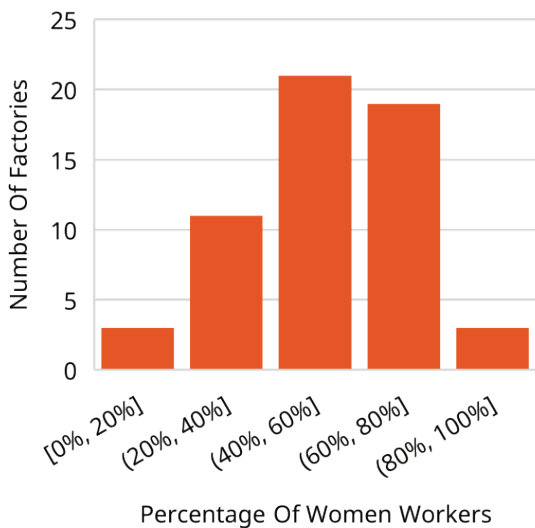
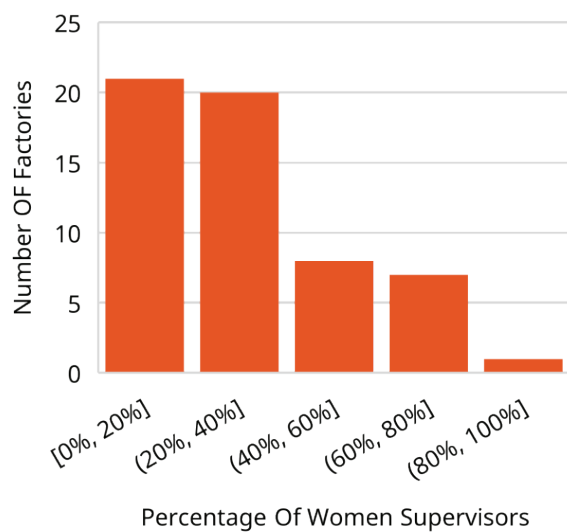


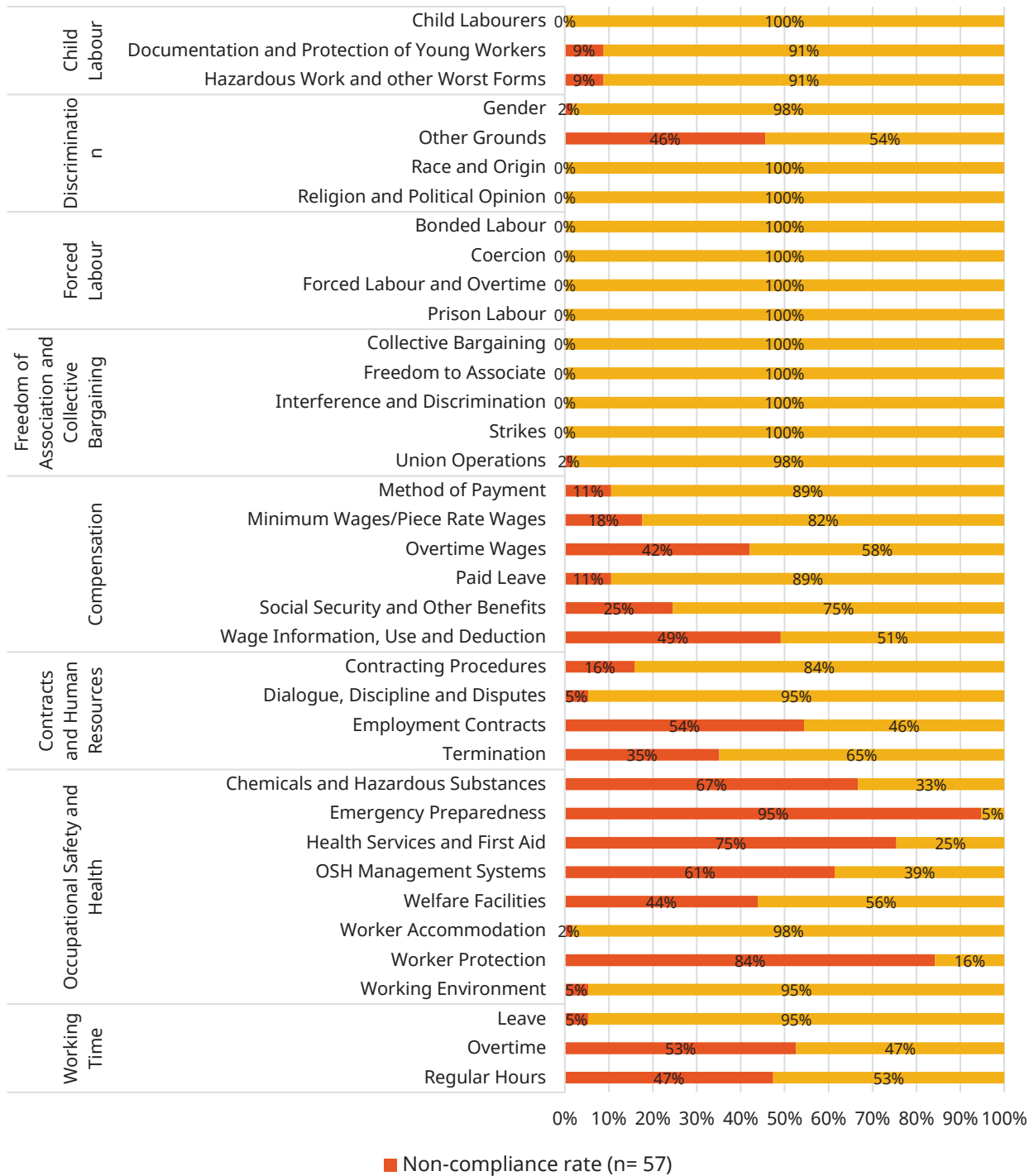
Figure 6b: Distribution of Women Supervisors (%)



Compliance Situation

Figure 7 summarises the non-compliance rate for the 57 assessed factories. Non-compliance rates are reported for each compliance point (CP) under the eight Core Labour Standards and Working Conditions clusters followed with detailed observations. The following sections present detailed findings by cluster.

Figure 7. Non-compliance rate by Compliance Point



Child Labour

In Egypt, the legal minimum age for employment is 15. Egyptian labour law allows 13-year-olds to train as apprentices if certain conditions are met. However, ILO Convention 138 on the Minimum Age for Employment sets the minimum age for training or apprenticeship at 14, which is the standard that Better Work Egypt follows. Accordingly, the updated Hazardous Worklist for Children issued by Ministerial Decree 215 for 2021 increased the minimum age for apprenticeship to 14 to be in full conformity with ILO Convention 138. In addition, Egyptian laws prohibit children under the age of 18 from certain hazardous work including long working hours. Employers must document and keep records for all workers under the age of 18 and follow the above guidelines.

No non-compliances were cited for child labourers (workers under the age of 15). However, six factories were non-compliant for some aspect of work for young workers (under 18). These included issues with lack of documentation, apprentices working for long hours, and hazardous work for workers under the age of 18 including long working hours and work on rest days. When these issues were found in factories, they were not isolated cases but rather systematic issues in the factory. For example, most factories had more than one case – a total of 41 workers were found to be working in violation of various child-related labour legislation. Non-compliances are more likely in small factories and in rural areas. The attitude from some managers in these settings is that they are supporting their communities by providing jobs for young people. However, the management may not be aware of the regulations and steps they must follow for employing youths between the ages of 16 and 18 safely. See **Box 3** for a discussion of how child-related labour laws have evolved in Egypt.

Box 3. Addressing Child Labour in Egypt

According to the recent National Child Labour Survey in Egypt conducted by the Central Agency for Public Mobilization and Statistics, there are 1.6 million children engaged in child labour, among the 1.8 million working children in Egypt. This represents 9.3 per cent of all children in Egypt, or one out of every ten children. Of the children working, an estimated 80 per cent are exposed to poor and unsafe working conditions, per ILO estimates.

Egypt ratified ILO Convention no. 182 on the Worst Forms of Child Labour in 2002 and Convention no. 138 on Minimum Age for Employment in 1999. The GoE made some progress on the national level with respect to legislation and policies for child protection. Labour Law no. 12 for 2003 sets the minimum working age at 14 years old, Child Law 126 for 2008 sets the minimum working age at 15 years old and in 2014, Egypt's new Constitution considers schooling compulsory until the completion of higher secondary education (i.e. until the age of 18).

The GoE has expressed strong political will in tackling child labour with endorsing the National Plan of Action for Combating the Worst Forms of Child Labour and Support Family (2018-2025) (NAP), which aims to provide timelines and identify roles of the Governmental agencies responsible for assisting children engaged in child labour.

Accordingly, MOM issued decree no. 35 for 2020 to establish a tripartite National Steering Committee (NSC) to activate and implement the NAP. NAP NSC meetings were held regularly to validate policies and regulations to address child labour including the hazardous work list, national child labour monitoring system, and amendment of the Labour Law and Child Law. As a result, the Ministerial Decree 215 for 2021 to update the Hazardous Worklist for children was issued by MOM after being validated by the tripartite NAP NSC. The decree was drafted and updated in accordance with ILO Convention 182 where the minimum age for employment and apprenticeship was set at 15 and 14 respectively. In addition, the new decree included specific professions, and considers industries, and work environments where children employment or training is prohibited.

On the employers end, the FEI in collaboration with ILO, produced an awareness booklet on decent employment and apprenticeship for dissemination to member companies to protect employers from committing unintentional violations to working children.

Legislative progress in addressing child labour also includes:

- ▶ Labour Code draft approved by the House of Senate confirming the increase of minimum age for employment and apprenticeship to be 15 and 14. In addition, approving amendment proposal of the Child Law by the NAP NSC with the same age. (January 2023)
- ▶ Ministry of Education and Technical Education issued decree no. 111 of 2021 to dictate the regulations and standards relevant to the Dual Education System service provider vis-à-vis the companies and industries in which children are carryout their on-the-job training

Better Work Egypt, in collaboration with ILO Accelerating Action for the Elimination of Child Labour (ACCEL Africa) Egypt ILO project joined hands to support the aforementioned efforts.

For more information, see "Working Children in Egypt: Results of the 2010 National Child Labour Survey" report, 1 May 2012.

Discrimination

Freedom from discrimination is a fundamental human right. **ILO Discrimination (Employment and Occupation) Convention No. 111, 1958** defines discrimination as any distinction, exclusion or preference made on the basis of prohibited grounds (i.e., race, colour, sex, religion, political opinion, national extraction or social origin), which has the effect of nullifying or impairing equal opportunity or treatment in employment and occupation.^{xiv} The Convention also allows for countries to identify additional grounds of discrimination requiring protection.

Egypt ratified ILO Convention No. 159 dealing with Vocational Rehabilitation and Employment (Disabled Persons). The most common discrimination finding is for the employment of people with disabilities, with 46 per cent of factories failing to meet the quota for employing people with disabilities. In addition, one factory was cited non-compliant for using gender as a factor in hiring decisions. Besides these two points, there were no non-compliances cited for discrimination in 2022, including on the basis of race and origin or on the basis of religion or political opinion.

Better Work Egypt assesses discriminatory behaviour in factories through observation, interviews, and review of documents. Identifying instances of discriminatory behaviour is more difficult in some areas than in others. Therefore, to get a full sense of the issues around discrimination in the workplace, the following sections go beyond traditional non-compliance data, which sets a very high bar for proving discrimination by supplementing these findings with information, data and observations gathered during assessments and advisory visits.

Gender

Gender-based discrimination comes in many forms and can be formal (part of a factory's rules) or informal (actions from individuals). Detecting informal gender-based discrimination is very difficult, so Better Work Egypt mostly observes instances of non-compliance on issues of formal discrimination, whether in the hiring phase or in the workplace.

One factory was cited as non-compliant for factoring gender into hiring decisions. Through interviews with management, assessors found that the company refuses to interview any married, pregnant, or nursing women. Management stated that women with such conditions usually take many leaves which impacts productivity and work efficiency. This is a clear case of gender-based discrimination in hiring.

Another factory was cited as "compliance with note," which indicates significant issues but does not rise to the level of non-compliance. The factory only hired male workers for production work, but a combination of factory production practices and Egyptian labour law constrained them from hiring women on the production floor. According to law, women were prohibited from working at night (see **Box 2**). The facility operates on a rotational three-shift basis, and all three shifts include hours that extend into the night (10 pm-7 am). Although the timing of the shifts and the practice of requiring all production workers to work all 3 shifts imposes a disproportionate negative impact on women, requiring the factory to accommodate women in the production work would require the company to change shift schedules which are set by the parent company. Women are employed in admin, HR, finance, and management, so they are employed in positions where the legal restrictions on night work do not pose an obstacle. During advisory services, Better Work Egypt will discuss with the factory the possibility of

adjusting the shifts or finding a way to include women in production in the upcoming year. The CEACR has encouraged the Government of Egypt to consider denouncing Convention No. 89 and ratifying the Night Work Convention, 1990 (No. 171), which is not gender-specific, and focuses on the protecting all those working at night. Accordingly, a ministerial decree No 44 of 2021 was issued by the Ministry of Manpower stating that; women may be employed – upon their request - to work night shifts at any type of establishment, provided that the establishment takes necessary measures to protect their health, assist them to fulfil their family duties, and that they receive the health care necessary to avoid work-related health issues.

Other cases of gender-based discrimination in hiring may not be as overt. However, if a factory only employs men, or employs a very small percentage of women, this may be an indication of gender-based discrimination in the hiring process. Better Work Egypt noted that two factories employed fewer than 10 per cent women.

Better Work also looks at training and promotion practices of factories from a gender lens. Equal access to trainings is not a compliance issue in any factories. However, from Better Work Egypt's training data from all 61 factories in the programme, seven factories trained no women, while 68 men were trained in these factories. Overall, out of 697 participants trained by Better Work Egypt, 33 per cent were women. In the past factories have chosen training participants with little input from Better Work. After a review of the aggregate training data from 2022 showed consistent underrepresentation of women, Better Work Egypt now recommends that factories send a proportional number of women for training. In terms of promotions, 17 factories had promoted a total of nearly 800 workers. Of these, 42 per cent were women, slightly lower than the representation of women in these 17 factories (54 per cent).

Finally, Better Work Egypt did not cite any factories non-compliant for sexual harassment. Sexual harassment is difficult to detect and prove during the course of the two-day assessment visit, and to report in a way that consistently protects the identity of workers. Given the difficulty of proving sexual harassment, the lack of non-compliance findings does not mean that factories in Egypt are free from sexual harassment. Sexual harassment happens in all Better Work countries and is common in the apparel industry worldwide.^{xv} Other methods for detecting sexual harassment may be explored, such as anonymous and confidential surveys.

Other Grounds

According to Egyptian labour law, employers who employ 20 or more workers must hire at least 5 per cent people with disabilities. They must be chosen from a labour authority registry which lists disabled workers and their qualifications. Twenty four factories were non-compliant for failing to hire the required quota of people with disabilities (see **Box 4**).

Box 4. Workers with disability

Beyond meeting the quota for hiring people with disabilities, Better Work Egypt has noted several factory practices that severely limit the inclusion of workers with disabilities in the sector. From data gathered by Better Work Egypt, there are 2,173 people with disabilities employed in participating factories. They are mostly male (69 per cent) and make up approximately 4 per cent of all employment.

However, in many cases people with disabilities are on the payroll but do not come to the factory. Once Better Work Egypt started noticing this trend, the programme began gathering factory level data on inclusion in the workplace. Based on detailed information for 16 factories that had 705 people with disabilities on the payroll, **only 21 per cent were actively working**. This is reflective of broader trends and observations in the sector. People with disabilities may be seen as charity cases that are hired to “tick the box”.

A study commissioned by Better Work on the inclusion of people with disabilities in the Jordanian garment sector provides useful insights for the sector in Egypt. Like Egypt, Jordan uses a quota system for people with disability, and similar trends have been observed in Jordan of people with disabilities not actively working. The study identified many accessibility issues including in the hiring process, in transportation to the factories, in the workplace itself, and in the inclusion in dialogue structures. Recommendations from the report included training for workers and employers on the rights of people of disabilities and the responsibility of employers.

For more information, see “Better Work Jordan: Workers with Disabilities in Jordan’s Garment Sector,” Report, November 15, 2022.

Forced Labour

The ILO Forced Labour Convention (C29) defines forced labour as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.” During assessment visits, Better Work looks for evidence of forced labour, bonded labour, forced overtime, prison labour, and various coercive practices such as threats of violence, withholding of wages, and withholding of personal documents.

No cases of Forced Labour were cited in the 57 participating factories in 2022. Better Work Egypt assessors have not seen much indication of potential issues. Previously, the use of toilet cards was cited as a forced labour issue, however, absent other indicators of forced labour, this is now cited under the access to welfare facilities.

Freedom of Association & Collective Bargaining

Egypt has ratified the two fundamental conventions related to Freedom of Association and Collective Bargaining – Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and Right to Organise and Collective Bargaining Convention, 1949 (No. 98). However, the CEACR has noted several gaps in the application of the conventions. In particular, Egypt has a history of restricting

union formation and repressing efforts to organize workers. In 2019, the Trade Union Law was amended (by Law No. 142 of 2019) to 1) lower the threshold for minimum membership required at the enterprise level and for those forming general unions and confederations 2) replace articles that penalized workers with imprisonment for certain activities with fines. When reviewing the country's progress in 2020, the CEACR noted these positive developments in the Trade Union Law, but requested further improvements on the registration requirements.

Under the cluster for freedom of association and collective bargaining, Better Work looks at several additional topics including interference and discrimination, employer reactions to strikes, and union operations.

With one exception, Better Work Egypt has not found evidence of factories violating labour laws or international labour standards related to Freedom of Association and Collective Bargaining. However, assessing non-compliance in this area has its limitations given the extremely low unionization rates and the institutional hurdles to trade union registration. Only one factory had an active union in 2022. In this factory, 24 per cent of workers were members of the union. The factory was cited non-compliant for failing to properly deduct union dues from the wages of workers. This was the only case of non-compliance in the FoA cluster. An additional factory previously had a union, but it dissolved.

Assessors have noted that there is limited worker awareness of unions, their potential role in the workplace, and how to form or join one. However, this is not a legal responsibility of the factory and is therefore not a compliance issue. All factories assessed have bylaws that allow for unions, and during worker interviews, workers did not report that management stopped them from forming or joining a union. Given the low levels of awareness, there is room for improvement in worker knowledge of unions. This is a gap that the ILO and other stakeholders can fill in the coming years.

Seven strikes were recorded across six of the 57 participating factories. All these strikes were classified as “wild cat” strikes as the workers who went on strike did not follow regulations for declaring a strike. The strikes were mostly related to payment issues, often due to late payment of wages.

Compensation

Compensation is at the core of the employment relationship. Workers have a right to the basic wage as stipulated in their contract, which must be at or above the national minimum wage. Better Work Egypt monitors many aspects of compensation beyond basic wage payments. These include overtime wages, paid leave, and other benefits such as social security. In addition, the method of payment and the information workers are given about wages are important aspects.

There are many non-compliances cited under the compensation cluster. These are across all aspects of wage payments. A common thread for many of the violations relates to adequate payment of minimum wages, which then affects calculations of overtime (see **Box 5**). In addition, 11 per cent of factories were cited non-compliant for failing to pay wages regularly and on time. Nearly half of factories did not properly inform workers about wage payments and deductions, while 14 per cent of factories failed to keep one accurate payroll record.

Box 5. Application of minimum wage rules

The first minimum wage in Egypt went into effect on 1 January 2022. Previously the country had only had a “minimum insured wage” of 1,200 EGP which was the minimum requirement for enrolling workers in social insurance. However, starting in 2022 the national minimum wage was set at 2,400 EGP monthly. The minimum wage was approximately 150 USD at the exchange rate at the beginning of 2022 but dropped to 97 USD by the end of the year.

In announcing the minimum wage decision, the Ministry of Planning and Economic Development also announced that companies had an option to apply for an exemption to the new minimum wage if they were “exposed to economic conditions that make it impossible to meet the minimum wage.” Labour inspectors in Egypt were instructed to not take any action against establishments if they had sent a letter requesting exemption, even if a response from the Ministry of Manpower had not been received. Accordingly, Better Work Egypt followed the same approach during 2022 assessments. Even if factories failed to implement the 2,400 EGP minimum wage, they were considered compliant if the management submitted a request for exemption from the obligation to apply the minimum wage as instructed in the decree.

Eighteen per cent of factories were non-compliant for paying accurate minimum wages. For the factories that were not cited as non-compliant, around half were appropriately paying the minimum wage of 2,400 EGP while the other half paid below minimum wage but had submitted a request for an exemption. In these cases, Better Work Egypt did not cite non-compliance. The factories with minimum wage non-compliance will also have violations for overtime pay and payments into social security as they are using an illegal base wage.

Looking forward to 2023, the minimum wage rules will change again. The minimum wage will be raised slightly to 2,700 EGP (87 USD). More importantly, there is no longer a possibility of applying for exemptions to the minimum wage. As previously approximately 39 per cent of factories used the letter application to say that they were following the law, these factories will likely be non-compliant in 2023 unless they raise wages.

During visits to factories Better Work Egypt has noted a new issue – factories are using “in-kind” payments (for things like transportation and meals) to calculate the basic wage of workers. For example, one factory paid a base cash wage of 1,500 EGP and said that they paid workers 900 EGP “in-kind,” therefore reaching the minimum wage. However, upon investigation of the transportation costs Better Work Egypt found the cost to be 470 EGP per worker per month, only half of the supposed “in-kind” amount. This experience reveals the difficulty of including in-kind payments in the wage calculation. The Protection of Wages Convention, 1949 (No. 95), which Egypt has ratified, provides some guidelines for in-kind payment of wages including that the “value attributed to such allowances is fair and reasonable.” Better Work Egypt is waiting on the MoM to provide legal clarity on some of these points for the 2023 assessments.

Overtime Wages

When performing overtime work, workers should be paid their regular wage increased by at least 35 per cent. Overtime rates should apply after 8 hours of work including one-hour break, or 42 hours in a week excluding breaks (for more information on overtime hours see *Working Time*). **42 per cent of factories were non-compliant with some aspect of overtime payment.** These included issues with ordinary overtime (16 per cent NC), public holiday overtime (28 per cent), and overtime hours worked at night (21 per cent). As several factories are not applying the minimum wage correctly, accordingly, they are paying overtime using an illegal base wage. While this was one reason for inaccurate payment of overtime wages, there were other problems as well. For example, for overtime on public holidays workers should be paid double their base wage but this was not always followed, while some factories granted additional rest days instead. Other common issues were related to the lack of proper documentation of working hours which made it impossible to verify correct payments.

Paid Leave

Better Work Egypt monitors many aspects of paid leave, including annual leave, sick leave, maternity leave, payment during breastfeeding breaks, and payment on public holidays. Most factories do not have compliance violations related to paid leave – overall 11 per cent of factories have some issue with paid leave. Public holiday payment and annual leave payments were the most common issues. One issue of note from a gender perspective is that one factory did not pay correctly for breastfeeding breaks.

Social Security and Other Benefits

One in four factories were non-compliant on some point related to social security and other benefits. Most of the issues stemmed from factories failing to enrol workers immediately in social security and instead waiting three months from their start of service. There is some variation in the non-compliance rates for the different issues (see **Table 1**).

Table 1. In Focus: Compensation for Social Security and Other Benefits

Compliance Question	NC Rate by Question
Does the employer collect and forward workers' contributions to social, health and unemployment insurance funds?	19%
Does the employer pay the legally required employer contributions to social, health and unemployment insurance funds?	18%
Does the employer pay contributions to the fund for social, health and cultural services for every worker?	14%

Contracts and Human Resources

Several key aspects of working conditions fall under the Contracts and Human Resources compliance point, including the employment contracts themselves, the way that contracts are enforced, relationships between workers and management, and termination policies. Employers must not only have contracts that comply with the basic laws, but they must also make a genuine effort to ensure that workers understand their contracts.

Finally, issues of worker-manager dialogue and treatment of workers on the factory floor are integral to working conditions. These issues not only affect workers directly (self-esteem, value in the workplace) but a lack of dialogue between workers and managers can lead to other issues and compliance violations. In contrast, factories with robust dialogue and grievance handling mechanisms can proactively address worker concerns and create a better workplace.

Employment Contracts and Contracting Procedures

There are several issues cited under employment contracts. Most common is that workers do not understand the terms and conditions of employment (49 per cent non-compliance). In most of these cases, workers had not received a copy of their contract. In 14 per cent of factories, Better Work Egypt found some workers who were working without a contract.

Under a separate compliance point, Better Work looks at contracting procedures for non-regular workers. Sixteen per cent of factories were non-compliant with applying the correct limits on the period of employment for probationary workers. In addition, one factory was non-compliant for not following legal recruitment practices for migrant workers. Several migrant workers in the factory had expired passports.

Dialogue, Discipline and Disputes

There were very few non-compliance violations cited under the “Dialogue, Discipline and Disputes” compliance points which includes whether disciplinary measures comply with legal requirements, if workers are subjected to verbal abuse, and whether grievances and disputes were resolved in compliance with legal requirements. Two factories were cited non-compliant for verbal abuse. Better Work Egypt looks at whether workers were bullied, harassed, or subjected to humiliating treatment. This is done through interviews and observations on the factory floor. In the factories where verbal abuse was found, it was mostly done by supervisors who shout at and publicly humiliate workers for failing to meet production targets. This practice was confirmed through worker interviews and direct observation. Management in these two factories indicated that they would provide additional training to supervisors to stop this practice.

One factory had disciplinary measures that did not comply with legal requirements. Two workers in the factory were sanctioned differently for the same violation and the sanction was not proportionate to the offence.

Termination

Finally, there are some issues with termination policies and practices. The most common violation is related to proper payment of severance pay (35 per cent of factories). Some factories were non-

compliant for incorrectly compensating unused paid annual leave upon termination (9 per cent non-compliance). No other issues were detected, including in the areas of valid termination, proper notice, and the ability of workers to defend themselves before they are terminated based on their conduct or performance.

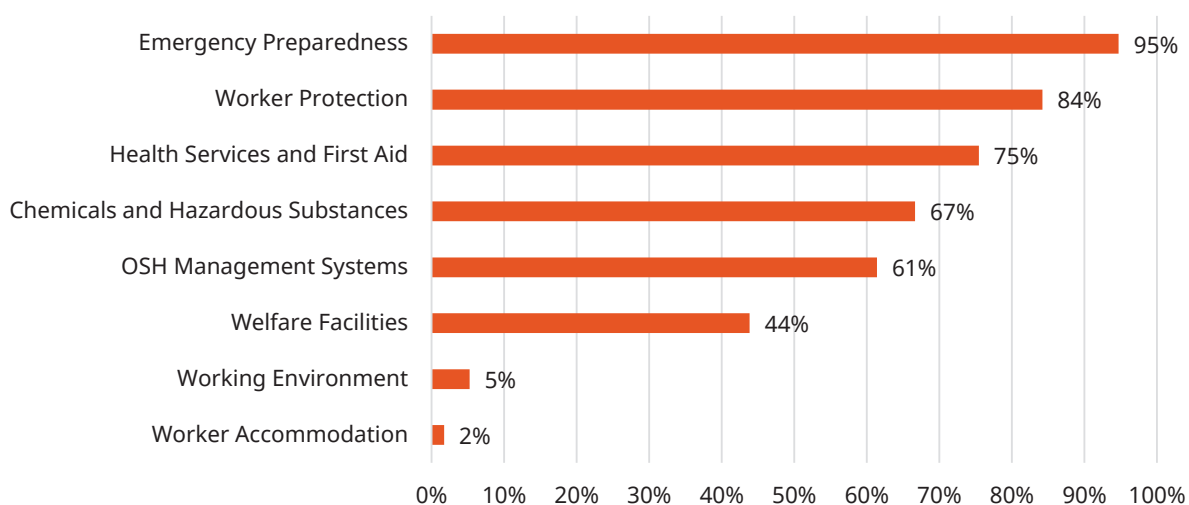
Occupational Safety and Health

Occupational Safety and Health is the largest cluster in Better Work Egypt's Compliance Assessment Tool (CAT), with 73 questions under eight compliance points. The compliance points include: Chemicals and Hazardous Substances, Emergency Preparedness, Health and First Aid, OSH Management Systems, Welfare Facilities, Worker Protection, Worker Accommodation, and Working Environment.

OSH has some of the highest non-compliance rates observed among factories. **Figure 8** presents the eight compliance points ranked by the highest rates of non-compliance. Factories are noted as non-compliant under the compliance point if they are non-compliant on any of the questions in that compliance point. There are multiple questions under each compliance point, ranging from four under Working Environment, to 15 under Accommodation.

Compliance violations are often cited for emergency preparedness, worker protection, and health services and first aid. The following sections review the main compliance issues for each compliance point in order of frequency of compliance issues. Working Environment and Worker Accommodation are not discussed at length as the non-compliance rates in these areas are relatively low. In general, few compliance violations with regards to the working environment in participating factories were found. This includes issues of noise, temperature, lighting, and cleanliness, which are assessed against specific requirements in Egyptian labour law and regulations. Information from annual environmental tests is used as well as direct observation during assessments. All four aspects of working environment are very dynamic and can change depending on time of day, time of year, and location in the factory. As there are not many migrant workers in the sector, violations in Worker Accommodation are uncommon. Some factories do not provide migrant workers with accommodations themselves, but rather give them money to sort out their own places.

Figure 8. Per cent of factories with one or more issues per compliance point



Emergency Preparedness

There are many issues related to emergency preparedness in participating factories (**Figures 9a and 9b**). Factories meet some of the requirements but not others. For example, when it comes to emergency exits, most factories have them (9 per cent non-compliance). However, most factories do not properly mark the emergency exits (54 per cent non-compliance) and many factories do not have adequate accessibility to exits (44 per cent). An additional point that is missing in many factories is having emergency plans that are developed and implemented (35 per cent).

Fire safety is also an issue in many factories, which can be particularly hazardous given the nature of work and layout of buildings. Nearly half of factories are missing adequate fire-fighting equipment. A similar number do not have a proper fire detection and alarm system. The need for improved fire safety – both in terms of prevention and quickly addressing issues – came to the fore in the Egyptian garment sector in 2021 when a fire in a garment factory outside of Cairo killed at least 20 people. Better Work Egypt will continue working at the factory level through OSH committees and safety officers to address these issues and to identify the actual root causes to ensure the sustainability of the remediated actions. The programme will also work at the national level to take a collective approach in coordination with the Ministry of Manpower.

Figure 9a. Emergency exits non-compliance

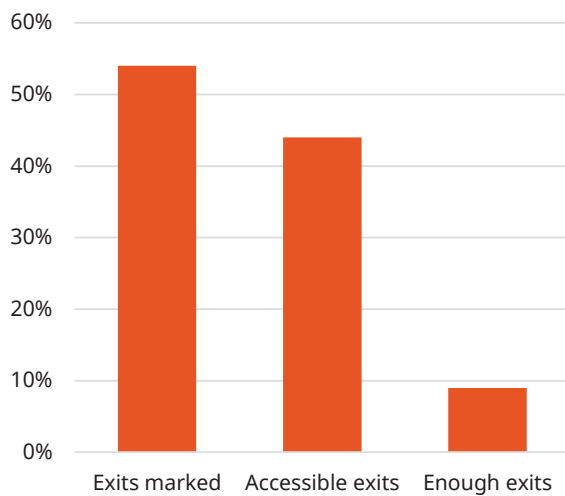
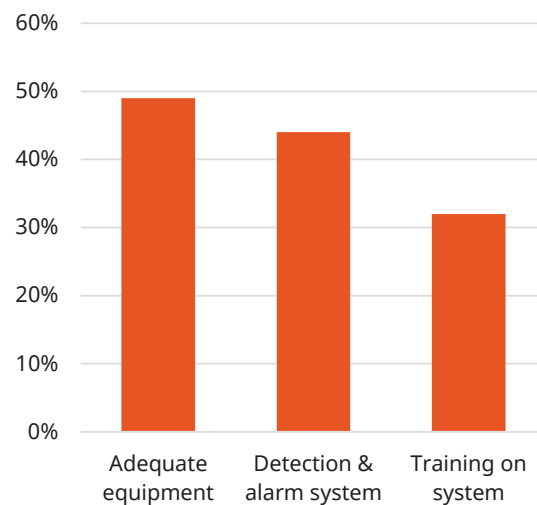


Figure 9b. Fire safety non-compliance



Worker Protection

The provision of PPE such as masks, metal gloves, glasses and hearing protection is essential in ensuring workers' safety, and employers are required to adequately train workers to use such equipment. Both workers and employers are responsible for ensuring the effective usage of PPE.

Eighty-four per cent of factories were non-compliant for some aspect of worker protection. The highest non-compliance is for effective training and encouragement for workers to use PPE (see **Table 2**). For this compliance question, Better Work looks at whether the employer has taken significant steps to ensure that workers use PPE properly and whether machines and equipment are used safely. This

joint responsibility to use protective equipment and observe other personal safety standards is a key area that Better Work focuses on through OSH committees. However, behaviour change takes time and workers often see PPE as a barrier to working efficiently.

Table 2. In Focus: Worker Protection

Compliance Question	NC Rate by Question
Are workers effectively trained and encouraged to properly use personal protective equipment and machines?	65%
Does the employer provide workers with all necessary personal protective clothing and equipment?	33%
Are proper guards installed and maintained on all dangerous machines and equipment?	33%

While proper use of PPE is a common violation, a third of factories failed to provide adequate PPE or proper guards on dangerous machines. These are basic issues that a factory must address first before tackling the more difficult issue of worker compliance with safety measures.

Health Services and First Aid

There are also many violations under the health services and first aid compliance point, which includes medical issues, first aid, and accommodations for pregnant and nursing workers. **Seventy-five per cent of factories are non-compliant on some aspect of health services.**

Half of factories fail to comply with the legal requirements regarding medical checks for workers. Medical checks are a complicated issue for factories, and this is an area with some ambiguity in the Egyptian labour law. There are also some aspects of medical checks that are outside of the factory's control. For example, some of the checks must be completed at governmental facilities while local governments may not have capacity for the checks. In addition, pre-employment medical checks are paid for by the worker, which raises questions about recruitment costs.

With regards to health services in the factory itself, 33 per cent of factories are non-compliant for not having the required onsite medical facilities and staff. There are also some issues with first aid – 14 per cent of factories failed to provide first-aid training for workers, while nine per cent of factories did not have enough accessible first aid boxes.

Finally, 12 per cent of factories failed to address safety and health risks for pregnant and nursing workers. Egyptian labour law addresses multiple occupational risks for pregnant or nursing workers, including chemical risks, physical risks, ergonomic risks, and overworking risks. If the work entails a significant risk to the health of the mother or her child, measures should be taken to eliminate the risk or to adapt the conditions of work. All non-compliance violations were related to working time for pregnant or nursing workers. Egyptian law requires that working hours for pregnant women are reduced by at least 1 hour per day, starting from the 6th month of pregnancy onwards, and prohibits women from working overtime during pregnancy until the end of the 6th month after the birth of the child.

Chemicals and Hazardous Substances

Non-compliance is high for the chemicals and hazardous substances compliance point and there are many different violations when it comes to chemicals and hazardous substances. These include issues of proper storage and labelling of chemicals, with one third of factories non-compliant on these two separate points (see **Table 3**).

The highest non-compliance rate is for not having proper safety data sheets. Most factories have safety data sheets for hazardous chemicals, but some aspect of the safety sheet is incorrect. There are many requirements for the safety data sheets. Chemical safety data sheets identify the chemical, its supplier, classification, hazards, safety precautions and emergency procedures. If the safety data sheets are missing any of these requirements, they will be cited as non-compliant.

Table 3. In Focus: Chemicals and Hazardous Substances

Compliance Question	NC Rate by Question
Does the employer have chemical safety data sheets for the hazardous chemicals used in the workplace?	42%
Are chemicals and hazardous substances properly stored?	32%
Are chemicals and hazardous substances properly labelled?	33%
Does the employer provide adequate washing facilities and cleansing materials in the event of exposure to hazardous chemicals?	25%

Employers must also provide training for workers who handle chemicals and hazardous substances. Eighteen per cent of factories failed to provide adequate training for workers. Better Work Egypt has offered training on this area in the last year.

OSH Management Systems

OSH management systems have the potential to enable improved OSH conditions and compliance. OSH management systems include the technical OSH teams employed by the factories, OSH assessments conducted by factories, and mechanisms for cooperation between workers and managers. However, factories have substantial problems in OSH management systems – 61 per cent of factories are non-compliant on some area of OSH management systems.

Nearly half of factories do not have effective mechanisms for cooperation between workers and managers on OSH topics. According to Egyptian labour law, factories with 50 or more employees have to establish an OSH Committee that includes both management and worker representatives. The Committee should evaluate OSH at the factory and develop OSH regulations. It must meet at least once a month, follow regulations for committee formation and member approval, and all committee members should be sufficiently trained. All factories that have 50 or more workers have a committee (52 factories), but 26 of these are missing at least one of requirements for OSH committees in Egypt.

Missing any one requirement triggers a non-compliance finding which obscures the progress made in this area.

Better Work Egypt focuses extensively on OSH issues and supports factories to remediate problems identified during assessments. At least two of the six yearly advisory visits are focused on OSH issues, and Better Work Egypt often addresses these issues through OSH committee meetings. As OSH committees are the only legally mandated dialogue structures at the factory level, OSH committees provide a testing ground for developing and improving communication and dialogue in the workplace. From the factory improvement plan that is completed during advisory services Better Work Egypt notes 53 per cent completion rate for 2022 OSH improvements, 27 per cent in progress, and 21 per cent pending issues.

Better Work Egypt has noted that women are often underrepresented in OSH committees. Most factories have fewer than 20 per cent women on their committees (see **Figure 10**). No factories had women in the majority. Gender representation in OSH committees is an important factor to take into account for many reasons, including that female committee members may raise different issues than their male counterparts.

Figure 10. Percentage of women in OSH committees



Beyond the committees, many factories do not employ the required numbers of OSH technicians and specialists (40 per cent NC). In addition, 32 per cent of factories have not done an adequate assessment of general occupational safety and health issues in the factory. Most factories do, however, keep a record of accidents in the workplace (5 per cent NC). All factories assessed in 2022 had the correct permits – an improvement from 16 per cent non-compliance in 2021.

Welfare Facilities

Per Egyptian labour law, factories employing 50 or more workers should provide transportation for workers in remote areas, and equipped eating facilities. Factories employing 100 or more women workers are required to provide access to nursery services for women with children up to six years of age (see **Box 6**). One in four factories is missing a welfare facility, and the most common issue is lack of nurseries. Factories with 100 or more female employees must provide a nursery or contract one, and

40 of the 57 factories trigger the requirement. This means that the effective non-compliance rate is 35 per cent, as 14 of the 40 factories that trigger the requirement are missing some aspect of nurseries. In several cases factories were cited as non-compliant because, although they contracted a nursery, workers were not aware that they did so and did not avail themselves of the nursery.

Box 6. Nurseries in Egypt – The application of Nursery Law

According to legal requirements, establishments with 100 or more women workers are to provide nurseries to shelter the children of the women workers. The law specifies that if several factories with less than 100 workers are located within a radius of 500 meters, they should establish a joint nursery with the recommendation of ensuring proximity to the facility while preserving children's safety from significant hazards such as air pollution, smoke and dust, waste disposal, noise, etc. Children are also prohibited from accessing the factory. According to the law, the nursery has to comply with general sanitary and safety requirements for nurseries (Law no. 50 of 1977). The law dictated the limit of 5 per cent for the first child and 4 per cent for the second child to be deducted from women workers' salaries as a contribution for utilizing the nursery services.

However, the legislation remains not fully enforced. According to the Business Case for Employer Supported Childcare in Egypt study report, a significant number of organizations subject to the Labour Law nursery requirement do not provide nursery services for their employees. The study also highlighted the positive outcomes of providing adequate childcare benefits on business performance. The study found that companies that provide childcare services are favoured during recruitment compared to their peers, turnover rates decreased from over 60 per cent to less than 10 per cent, in addition to significant increase in employee's satisfaction, loyalty, productivity. Finally, business owners and managers reported a significant impact on women workers motivation and attitudes leading to enhanced work environment and team dynamics.

Women workers in garment factories are considered at disadvantage given their concentration in low-paying jobs. Accordingly, the effective implementation of the legal requirements is necessary to ensure women pursue employment opportunities that preserve their social rights and considers their gendered realities. For example, evidence from Jordan indicate that childcare duties interfere with work, especially for women workers. Results showed that around 50 per cent of workers took unpaid leaves and 50 per cent considered quitting their job due to childcare duties, with females being more affected.

For more information see "Business Case for Employer Supported Childcare in Egypt," MOSS, UNICEF, ILO and "Assess Access to Child Care Services and Facilities for Jordanian and Syrian Garment Workers in Al-Hassan Industrial Estate / Irbid," October 2022, ILO Report.

Use of the nurseries is very low. Across 14 factories that employed nearly 5,000 women, all with contracted nurseries, only 35 women used these nurseries. This shows a significant gap in the services being provided by the factories and their use. It may be the case that workers do not want to use the nurseries contracted by the factories as they may prefer informal care arrangements or might be unsatisfied with the location or services in the contracted nursery. This is a key area where factory management can better engage with workers to see what their expectations and desires are for nurseries.

Other aspects of welfare facilities include adequate eating areas, restrooms, and drinking water. There are some non-compliance issues with these aspects (see **Table 4**).

Table 4. In Focus: Welfare Facilities

Compliance Question	NC Rate
Does the workplace have all required facilities?	25%
Does the workplace have an adequate eating area?	18%
Does the workplace have adequate accessible toilets?	14%
Does the employer provide workers enough free safe drinking water?	2%

Working Time

Better Work looks at three aspects of working time – regular hours, overtime work, and leave. Around half of factories are non-compliant with some aspect of both regular hours and overtime. In contrast, there are very few violations when it comes to properly providing leave.

Regular working time under Egyptian labour law is complex and varies by industry. According to the unified Labor Law 12/ 2003, the maximum daily working hours per day are 8 hours, or 48 hours per week in case of a six-day work week. However, for industrial establishments, regular working hours are limited to 42 hours per week, not including the meal and rest hours. The working hours should include one or more break periods, totalling not less than one hour and workers should not be made to work more than five continuous hours. Occasionally, an employee may be required to work additional hours based upon need, but these hours are limited to 10 actual working hours per day including overtime hours. Additionally, the Law allows establishments to work on weekly rest day and public holidays against compensation for these additional working days.

Non-compliances related to regular working time are varied. They include practices related to break periods (23 per cent NC), to daily or weekly working hours exceeding the legal limits (21 per cent NC) and to inaccurate working time records (11 per cent NC). In addition, 19 per cent of factories failed to reduce working hours for workers with disabilities. Per Egyptian labour law, working hours for people with disabilities, or for workers who care for a disabled relative, should be reduced by one hour per day.

For overtime work, half of factories did not comply with the legal limits on overtime hours. Most of the violations on overtime work do not come from the sewing sections (the main part of the production floor), which generally operate according to the guidelines on overtime hours with no more than 10 hours per day. Violations are more common in the supporting sections, such as knitting, ironing, packing and warehouse. In addition, 19 per cent of factories failed to get written approval for overtime work, and 16 per cent of factories did not provide compensatory days off for workers who worked on a weekly rest day.

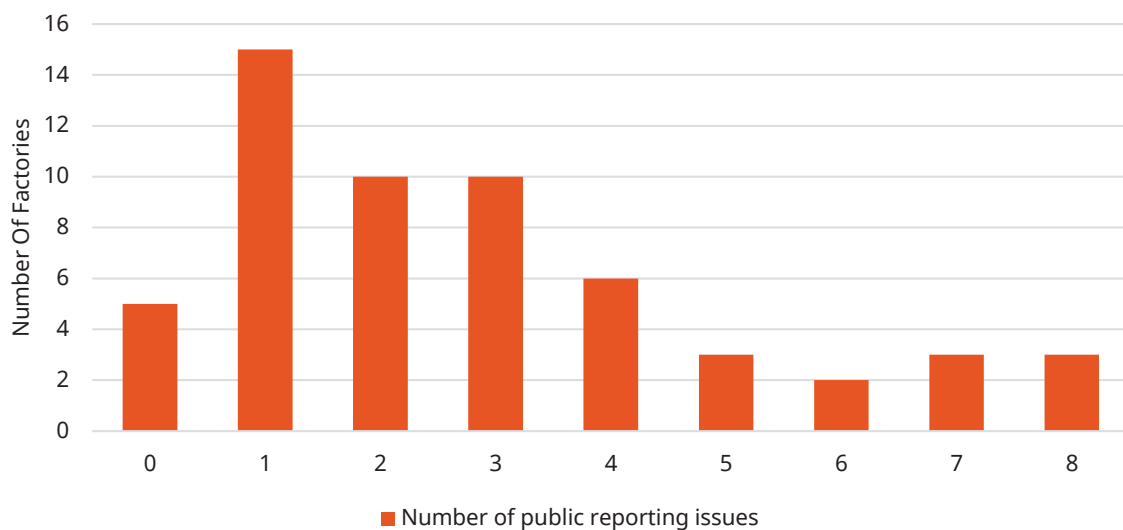
Public Reporting

Greater transparency is expected to increase accountability and consequently, compliance. Better Work uses a transparency portal to report factory-level compliance with key publicly reported issues.^{xvi} A 2019 study in Jordan showed that the transparency portal lowered non-compliance rates on publicly reported issues.^{xvii} Better Work had initially provided public reporting on selected compliance questions in Cambodia and Haiti and had observed positive results.^{xviii} Based on this evidence, Better Work expanded transparent reporting to other countries. The Better Work Transparency Portal currently posts compliance on selected issues from five countries (in addition to Cambodia, which posts compliance information on a separate site).^{xix} A factory's compliance findings remain on the portal until a new assessment report is published. Better Work is currently in the process of revamping the transparency portal to increase accessibility and usability of the data especially among in-country representatives.

Better Work Egypt is in discussions with stakeholders for expanding the transparency portal to include compliance information from Egypt. Better Work Egypt has introduced the portal to stakeholders in the sector and explained that public reporting would occur in the second year of the programme; however, this has not been activated yet. Better Work Egypt's public reporting issues will be available on the transparency portal starting third quarter 2023. For 2022, a list of 26 publicly reporting issues in Egypt has been identified. The following sections provide information on the average non-compliance rates for the 26 questions to give a preliminary understanding of what public reporting results would look like in Egypt.

Only nine per cent of factories are fully compliant with all publicly reported issues.^{xix} The average non-compliance rate on the 26 publicly reported issues was 11 per cent non-compliance. This means that factories were non-compliant on 2.8 questions on average. Most factories only had one non-compliance finding, but some factories had more (see **Figure 11**). The most common NC findings were for properly informing workers about wages, management-worker cooperation for OSH issues, and proper emergency exits and fire alarms. Fourteen of the questions had zero non-compliances. For a detailed look at all non-compliances, see **Annex D**.

Figure 11. Number of non-compliance violations on publicly reported issues



► Next Steps

This report is the first to be published by Better Work Egypt and provides a snapshot and baseline for working in the sector in the years to come. By highlighting trends in the sector, common violations, and key challenges, the report provides many opportunities for sectoral collaboration to address the identified issues.

Better Work Egypt will continue to support factories to address compliance violations, including through regular advisory visits and trainings offered on various subjects to workers, supervisors, and managers. The programme has prepared a training plan in response to the factory's needs and the assessment of non-compliance trends. These include more capacity-building activities for workers and managers to strengthen their HR and OSH management systems. It also includes training on workplace communication, grievance mechanisms and supervisory skills, as well as capacity-building activities to address gender, inclusion, and freedom of association and collective bargaining gaps.

While Better Work Egypt can share best practices, explain the rationale for adopting them, and provide training, it is ultimately the responsibility of employers to comply with national labour laws. Given the range of issues identified in this report, Better Work Egypt will work with stakeholders to prioritize areas to focus on at the sectoral level in the coming years.

In addition to the broad focus on improving working conditions through increased compliance with national labour laws and international labour standards, Better Work Egypt will focus on four thematic areas during 2023. Many of these areas go beyond typical compliance and the traditional core service delivery. These thematic areas include:

- **Labour inspection:** Building on the introductory meetings that aimed to increase trust, ownership, and technical cooperation vis-à-vis Better Work Egypt programme under the umbrella of SLARIE project, Better Work will start to extend its cooperation to the OSH and Labour inspection units in the different labour offices across the 27 governorates. Better Work Egypt will engage with the Labour Inspection unit in the Ministry of Manpower to establish a common understanding on ILS and the legal framework followed for the compliance assessments. Finally, Better Work Egypt will prepare to participate in joint advisory visits with the labour inspectors in 2024 to a selected group of factories. Paving the road for such collaboration will require a thorough understanding of legal standards, Better Work service model, tools, and methodology.
- **Gender and Inclusion:** BWEG will work in accordance with BW global gender strategy to increase women representation within factory structures, promote women's career advancement, and advance access to opportunity and learning. BWEG is laying groundwork for its gender interventions by analysing the gender gap in the participating factories through examining women's participation in the workforce, supervisory roles, and leadership positions, in addition to measuring women's access to training opportunities and promotions. Findings from the gap analysis shall inform BWEG gender interventions for the upcoming year, and subsequent capacity building activities will be offered to the EAs by Better Work Global experts to facilitate the delivery of the interventions. The programme will map and collaborate with other ILO projects with shared goals of advancing principles of gender and inclusion to offer additional support and services to

the women and special groups in the participating factories. Finally, gender mainstreaming is regarded as a crosscutting aspect in all of BWEG interventions, particular focus will be given to equitable representation of women and special groups in training, advisory activities, committee representation, and meetings on the factory level.

- ▶ **Social dialogue:** Better Work Egypt continues to recognize multiple gaps in the OSH committees, which serve as the legally mandated joint worker-management committee for factories with 50 or more workers. Accordingly, the programme will continue to tailor and deliver tools that strengthen the participating factories' existing committees and support factories that are yet to establish functioning OSH committees, to ensure effective implementation of OSH systems through social dialogue. Additionally, in collaboration with ACTRAV and ACTEMP, BWEG will conduct TU awareness raising sessions on the national and enterprise levels.
- ▶ **Data and evidence:** The programme will ensure that necessary data related to public reporting issues are shared with the factories in preparation of the launch of the transparency portal. Additionally, close collaboration with MoM will ensure that the identified zero-tolerance issues are adequately monitored and addressed. Finally Better Work Egypt will engage with research partners on key thematic research areas related to Gender, OSH, among others.

► Annexes

Annex A. Garment factories covered in this report

ACE APPAREL EGYPT	Inheritors of Mohi El Din Mohamed Hashem El Ulabi and Partners Tricot Morinella
Ahmed Ahmed Abbas Co. for Readymade Garments	Jade Apparel industries
AL MASREYA AL SAUDIA FOR READY MADE GARMENTS & TEXTILES - MERGHEM	Jade Textile Egypt
Alex Apparels 6, 7 & FGW	Jade Textile Ismailia
ALPHA TEXTILE	Kazareen Textile Company - 6th of October
Ask Clothing Company	Kazareen Textile Company - Faiyum Branch
Beauty N for Readymade Garments	Kazareen textile company -10th of ramadan
Bostik Egypt SAE	Lakers for Manufacture Garments
CAIRO MALAGA FOR MANUFACTURING & EMBROIDERY READY MADE GARMENTS	Lotus Garments Co.
CANON GLOBAL INDUSTRIES	Lotus High Fashion Garments Co.
Delta textile Egypt-Cairo	Lotus High Tech Garments Co.
Delta Textile Shamal El Saeed	Mass Co for Ready-made Garments
Egyptian Textiles for Dyeing and Finishing	Mecca Co. for Readymade Garments
EGYTex for Ready Made Garments	Nazmy CO. For Tricot & Fit-Out
El Helal Company for Knitting, Dyeing & Readymade Garments	RAMSES FOR INDUSTRY AND DISTRIBUTION S.A.E
El Rawda for spinning and ready made garment	Sabrina For Ready Made Garments
El Safwa Garment	SAF Garment
El Shamy Textile for Readymade Garment	Safytex
Elite Merchandising Corp.	Sheeba International Garments Company
Embee International Industries	Sheng Da Egypt International Textile
FABULOUS KNIT WEAR	Sweet Girl Egypt
Firestone Apparel	T&C Garments SAE
Friend Textile For Garments	Three Stars Fashion
Giza Co. For Upper Egypt Development	TIE
GIZA SPINNING AND WEAVING CO.	Timeline Egypt Free Zone
Giza Spinning and Weaving Co. (Matriya Branch)	TMI EGYPT
Golden stars textile	Trans Africa Garments
Hela Clothing Egypt	United Print Clothing company
	Velocity Jeans Egypt for Readymade Garments ESC

Annex B. List of participating buyers

Ascena Retail Group Inc.	Jerry Leigh of California
Asda	Kidz Concepts LLC
Bel Egypt Expansion for Cheese Production S.A.E (licensee account)	Levi Strauss & Co
Bentex Group Inc.	Li & Fung (Trading) Limited
BUNSHA SAS	Marks and Spencer
C&A Buying GmbH & Co. KG	Matalan Ltd.
Centric Brands LLC	Nahdet Misr Journalism
Children's Apparel Network	New Balance Athletics, Inc.
C-Life Group, Ltd.	NIKE, Inc
Columbia Sportswear	PUMA SE
Disney Worldwide Services	PVH Corp
E plus M sp. z o.o.	Ralph Lauren Corporation
El Ulabi and Partners for Trade (vendor account)	Ramses Youssef Atteya Sons
Fanatics Apparel	Tally Weijl Trading AG
GAP Inc	Target Corporation
Hybrid Promotions LLC	The Children's Place
Inditex	Under Armour, Inc
Isaac Morris Ltd	

Annex C. Methodology and limitations

Factory Assessments: Better Work conducts factory assessments to monitor compliance with core International Labour Standards and the national labour law. Assessment reports highlight non-compliance findings, which are then used to help factories identify areas in need of improvement. Collecting and reporting these data over time help factories demonstrate their commitment to improving working conditions.

Better Work organizes reporting into eight clusters. The first four clusters comprise the core labour standards – Child Labour, Discrimination, Forced Labour, and Freedom of Association and Collective Bargaining. These standards protect the fundamental rights at work under the ILO's eight Core International Labour Conventions, and International Labour Standards are used as a baseline for compliance in these four clusters. The remaining clusters – Compensation, Contracts and Human Resources, Occupational Safety and Health, and Working Time – fall under Working Conditions. The compliance points for these areas incorporate differences in national legislation depending on the country of operation. Better Work establishes a benchmark based on international standards and good practices in areas where national laws do not cover or sufficiently address an issue regarding working conditions. The eight clusters are then divided into compliance points, and each CP includes a number of questions, which may vary by country.

Limitations of Better Work Assessment: Detailed factory assessment reports are based solely on what is observed, investigated and analysed during assessment visits. Before the reports become official, factories are given five working days to provide feedback and clarifications, which in some cases impacts the language in the final report. Certain issues remain difficult to assess and verify independently, and non-compliance with complex and sensitive issues is likely to be underreported. For example, assessing non-compliance with freedom of association at enterprise level has its limitations, given the challenges with trade union registration. In addition, sexual harassment is one of the most sensitive and difficult issues to detect during factory assessments.

Calculating Non-Compliance: Better Work calculates non-compliance rates for each factory and reports them in individual factory reports. The non-compliance rate is reported for each compliance point, and a CP is reported as non-compliant if one or more of its questions show evidence of non-compliance. In public annual reports, Better Work uses the average compliance rates across all participating factories within the reporting period. For instance, an average non-compliance rate of 100 per cent under a question indicates that all participating factories had violations in that area.

Limitations of Calculating Non-Compliance: The binary 'yes or no' structure of the answers to compliance limits the ability of Better Work to numerically present the severity of non-compliance and is not conducive to capturing the 'levels of non-compliance'. For example, a factory may significantly improve in a particular area but may still not qualify as compliant. While an aggregate and strict indicator, the non-compliance rate is useful for Better Work to compare data across countries and have a general idea of areas of non-compliance in the industry. It is often beyond the capacity of such numbers to fully capture the specific issues observed during factory assessments. Accordingly, it is important to examine the Clusters and CPs in further details to create a more comprehensive understanding of the industry and the overall non-compliance rates, and to understand the specific reasons for violations (as presented).

Annex D. Public reporting non-compliance rates

Table 5. Publicly reported issues - core labour standards

Compliance point	Question Label	NC Rate (N=57)
Child Labourers	Have you found any workers under the age of 15?	0%
Gender	Is gender a factor in decisions regarding conditions of work?	0%
	Are workers subject to sexual harassment?	0%
	Does the employer terminate workers who are pregnant or on maternity leave or force them to resign?	0%
Coercion	Does the employer restrict workers from leaving the workplace?	0%
Forced Labour and Overtime	Are workers forced to work overtime under threat of penalty?	0%
Freedom to Associate	Does the employer require workers to join a union?	0%
	Can workers freely form and join the union of their choice?	0%
Interference and Discrimination	Has the employer tried to interfere with, manipulate, or control the union(s)?	0%
	Does the employer punish workers for joining a union or engaging in union activities?	0%
	Has the employer terminated workers or not renewed their contract due to the worker's union membership or activities?	0%
Collective Bargaining	Has the employer failed to implement any of the provisions of the collective agreement(s) in force?	0%
Strikes	Has the employer punished any workers for participating in a strike?	0%

Table 6. Publicly reported issues - working conditions

Compliance point	Question Label	NC Rate (N=57)
Minimum Wages/Piece Rate Wages	Does the employer pay at least minimum wage for ordinary hours of work to regular full-time workers?	18%
Overtime Wages	Does the employer pay workers correctly for all ordinary overtime hours worked?	16%
Wage Information, Use and Deduction	Does the employer properly inform workers about wage payments and deductions?	47%
Paid Leave	Does the employer pay workers correctly for maternity leave?	0%
Employment Contracts	Do all persons who perform work for the factory, both on the premises and offsite, have a contract?	14%
Dialogue, Discipline and Disputes	Have any workers been bullied, harassed, or subjected to humiliating treatment?	4%
OSH Management Systems	Has the employer formed a joint worker/management OSH committee?	46%
Chemicals and Hazardous Substances	Are chemicals and hazardous substances properly stored?	32%
Welfare Facilities	Does the employer provide workers enough free safe drinking water?	2%
Emergency Preparedness	Does the workplace have a fire detection and alarm system?	44%
	Are there enough emergency exits?	9%
	Are the emergency exits accessible, unobstructed and unlocked during working hours, including overtime?	44%
	Does the employer conduct periodic emergency drills?	12%

Endnotes

- I. El Behairy Hala et al, "The Impact of Covid-19 on MENA Labor Markets: A Gendered Analysis from Egypt, Tunisia, Morocco and Jordan", ILO/ERF Report, August 2022, https://erf.org.eg/app/uploads/2022/08/1661085904_542_807269_1559.pdf
- II. Assaad Ragui et al, "Egypt COVID-19 Country Case Study," ILO/ERF Report, February 2022, https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/---sro-cairo/documents/publication/wcms_838226.pdf.
- III. Ibid.
- IV. FEI takes measures to boost Egyptian industry against coronavirus: <https://www.dailynewsegypt.com/2020/03/29/fei-takes-measures-to-boost-egyptian-industry-against-coronavirus/#:~:text=The%20FEI%20has%20also%20highlighted,a%20maximum%20of%20three%20months>.
- V. FEI Covid-19 guidelines and publications, see: <https://www.fei.org.eg/index.php/en/media-center/guides-covid-en>
- VI. CAPMAS, "Poverty rates in Egypt decline to 29.7% within year," State Information Service, 19 October 2021, <https://www.sis.gov.eg/Story/159611/CAPMAS-Poverty-rates-in-Egypt-decline-to-29.7%25-within-year?lang=en-us>
- VII. Decline in Ukraine Wheat Imports Drives Egypt to Diversify its Suppliers, report by the United States department of Agriculture: https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Decline%20in%20Ukraine%20Wheat%20Imports%20Drives%20Egypt%20to%20Diversify%20its%20Suppliers%20_Cairo_Egypt_EG2022-0015.pdf
- VIII. The Russia Ukraine War has turned Egypt's Food Crisis Into an Existential Threat to the Economy: <https://www.mei.edu/sites/default/files/2022-03/The%20Russia-Ukraine%20War%20has%20Turned%20Egypt%27s%20Food%20Crisis%20%20into%20an%20Existential%20Threat%20to%20the%20Economy%20.pdf>
- IX. Worldwide Governance Indicators, Egypt, <https://datacatalog.worldbank.org/search/dataset/0038026>
- X. Egypt Textile Manufacturing Market Analysis: <https://www.mordorintelligence.com/industry-reports/egypt-textile-manufacturing-industry-study-market>
- XI. Including, for example, Jordan, Lebanon, Morocco, Tunisia, Libya and Syria (1999) and Iraq (2001). They also signed the Trade and Investment Framework Agreement with the US (1999), and an association agreement with the EU (2001) which aimed to establish a free trade zone and eliminate quotas between the EU and 12 Mediterranean countries by 2010.
- XII. All demographic data in this section is aggregated from yearly assessment reports which include demographic data gathered from factory payrolls. As assessments are conducted throughout the year, the numbers may not reflect the exact situation at the end of 2022 and should be seen as an approximation.
- XIII. "How to achieve gender equality in global garment supply chains," ILO Info Stories, March 2023.
- XIV. For more information on International Labour Standards on Equality of opportunity and treatment, see: <https://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/equality-of-opportunity-and-treatment/lang-en/index.htm>.
- XV. "Sexual harassment at work: Insights from the global garment industry," Better Work Thematic Brief, June 2019, <https://betterwork.org/wp-content/uploads/2020/01/SHP-Thematic-Brief.pdf>
- XVI. The Better Work Transparency Portal can be accessed here: <https://portal.betterwork.org/transparency>
- XVII. Raymond Robertson. November 2019. Discussion Paper 32 – Working Conditions, Transparency, and Compliance in Global Value Chains: Evidence from Better Work Jordan. <https://betterwork.org/portfolio/discussion-paper-32-working-conditions-transparency-and-compliance-in-global-value-chains-evidence-from-better-work-jordan/>.
- XVIII. Better Work's Discussion Paper 29: Lights On: Transparency and Compliance analyses factory-level compliance from Cambodia to evaluate the effect of reintroduction of public reporting in Cambodia. To access the paper, visit: <https://betterwork.org/blog/portfolio/discussion-paper-29-lights-on-transparency-and-compliance-evidence-from-cambodia/>.
- XIX. To access the Transparency Portal, visit: <https://portal.betterwork.org/transparency/compliance>.
- XX. Factories are only publicly reported on the transparency portal after Cycle 1. However, the analysis presented here includes all 57 factories assessed in 2022, including 17 factories that were in Cycle 1. These factories would not be included on the Transparency Portal until Cycle 2.

Better Work programme is supported by the following development partners:

- ▶ Australia (Department of Foreign Affairs and Trade)
- ▶ Denmark (Ministry of Foreign Affairs)
- ▶ European Commission (International Partnerships)
- ▶ Germany (Federal Ministry for Economic Cooperation and Development)
- ▶ The Netherlands (Ministry of Foreign Affairs)
- ▶ Switzerland (State Secretariat for Economic Affairs)
- ▶ United States (Department of Labor)

