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ADVANCING DECENT WORK AND
INCLUSIVE INDUSTRIALIZATION
IN ETHIOPIA

IMPROVING WORKER WELLBEING IN ETHIOPIA'S GARMENT INDUSTRY THROUGH THE MODEL OF SHARED RESPONSIBILITY



MADE IN ETHIOPIA



INTRODUCTION

The aim of this report is to facilitate a collaborative approach for stakeholders to improve worker well-being in Ethiopia’s garment sector. In the context of the International Labour Organization’s Vision Zero Fund (VZF), this collaborative approach is implemented through the model of ‘Shared Responsibility’.

The model of shared responsibility implies that in order to address the root causes of the most serious and entrenched violations of labour rights, a new paradigm is required – one that involves the collective action, influence and resources of all major stakeholders in global supply chains, including employer organizations, global buyers, their local business partners (suppliers), home and host governments, workers and trade unions, international institutions, civil society organizations, as well as private philanthropies. This collaborative industry-wide approach involves a wide range of stakeholders and is viewed as the most effective way to assess, mitigate, and prevent risk along a supply chain.¹

This report therefore provides stakeholders with key policy and programme insights regarding the state of the garment sector; describes the main factors that could adversely affect worker well-being, safety and health in Ethiopian Industrial Parks; and identifies opportunities for private and public sector engagement to reduce safety and health risks and accidents in the sector, specifically in and around Ethiopia’s flagship industrial park in Hawassa (hereafter HIP).

To date, research on worker well-being has largely focused on physical safety and health at work. Well-being, however, is a much broader concept. Recognizing work as a social determinant of health and well-being means that protecting the workforce of today and the future requires taking a holistic and interdisciplinary approach. A more integrated approach to health and safety of workers shift the focus beyond a narrow attention to physical safety and health at work to a more comprehensive look at both work-related factors and circumstances beyond the workplace that act to threaten or enhance the well-being of workers. This broader perspective informed the development of this report.

This report was developed by the International Labour Organization’s “Advancing Decent Work and Inclusive Industrialization” Programme (“SIRAYE”). SIRAYE is a comprehensive ‘One ILO’ initiative that brings together selected ILO Programmes – including VZF, Better Work, SCORE, LABADMIN/OSH and INWORK – to improve workers’ rights, productivity, and income, enhance workplace safety, and facilitate greater worker equality, voice, and representation.

THE DOCUMENT IS STRUCTURED AS FOLLOWS:

- **Section 1 provides an overview of the Ethiopian industrial sector, including the textile and apparel sector;**
- **Section 2 identifies the key factors affecting workers’ OSH, as described in the existing and ongoing research, as well as gathered in site visits, including identification of key stakeholders and the OSH issues and challenges that emerged from meetings with stakeholders; and**
- **Section 3 identifies a range of opportunities for collaboration through the VZF to address priority OSH challenges.**

The report was prepared on the basis of a desk review, meetings with key tripartite stakeholders, and field visits to Hawassa and Hawassa Industrial Park. In addition, the report benefited from the results of a baseline survey conducted for the ILO’s SIRAYE programme in 2019.²

SECTION 1

ETHIOPIA'S INDUSTRIAL SECTOR

1.1 ECONOMIC BACKDROP

Ethiopia is a landlocked country that has experienced double-digit growth in the past decade. Gross domestic product grew on average more than 10.3 per cent per year from 2006/07 to 2016/17, higher than the average for the region (5.4 per cent) and exceeding that of other low-income countries.³ The government's accelerated and broad-based economic development plan paved the way for significant reductions in poverty – from 44 per cent in year 2000 to 30 per cent by 2011⁴ – accompanied by improvements in access to education and healthcare.

Although Ethiopia's 2017 Human Development Index (HDI) ranking of 174/188 places it in the lowest decile of countries, Ethiopia's HDI value increased from 0.283 to 0.463 over the past decade, an increase of 63.5 per cent (UNDP, 2018). Most of Ethiopia's growth can be attributed to agricultural growth and significant public investments, which have included large-scale safety net programs and expansion of basic services. The agricultural growth alone has been responsible for a reduction of poverty by 4 per cent a year, which is dictated by consistent agricultural growth strategies that have been pursued since 2005. Ethiopia has comparatively low levels of inequality. According to the UNDP, the human inequality coefficient for Ethiopia is 27.3 per cent.⁵ However, Ethiopia is one of many low-income countries challenged to create employment opportunities for its growing youth population.

1.2 ETHIOPIA'S TEXTILE AND GARMENT INDUSTRY

While Ethiopia's first industrial textile factory catering to the domestic market was established in 1939, Ethiopia's textile and garment sector has only recently experienced a boom in export-led growth. Ethiopia is now set on implementing strategies that would enable it to become one of the most-competitive locations for light manufacturing. With the third highest public investment rate in the world, the government has invested heavily in areas such as transport, trade logistics, power, and industrial park development. Trade agreements with the European Union through the Everything but Arms Act, and with the United States through the African Growth and Opportunities Act (AGOA), provide preferential trade access for Ethiopian goods.

Ethiopia is using these advantages to attract investments and generate jobs. Foreign Direct Investment in Textiles has increased over the past decade, and grew by 4.4% in 2018 alone.⁶ According to the UN Conference on Trade and Development⁷ Ethiopia attracted the most foreign direct investment in Africa (USD 4.1 billion as of August 2018, according to a report prepared by the Ethiopian Ministry of Foreign Affairs). The country is perceived as an attractive investment destination, and investors have seized the opportunity to set up production facilities in the Industrial Parks.

According to recent data from the Ethiopian Government, more than 200 garment and textile factories are currently operating in the country; the industry has expanded with an average growth rate of 51 percent from 2013 to 2018. Textile and garment products represent 17 per cent of total manufacturing value, and 0.6 per cent of total GDP. According to second phase of Ethiopia's Growth and Transformation Plan (GTP II), the sector is expected to grow by around 40 per cent per year in the next few years. The top three destination countries of the exported textile and apparel products are Germany, the United States and Turkey.

Presently, the garment sector employs approximately 62,000 workers nationwide, representing 17.5% of the entire manufacturing labour force. The majority of workers in the industry are women. For example, women make up 60% of all workers in the cutting stage of production, while 85-90% of all workers in the sewing stage of production are female.

1.3 KEY CHALLENGES

Despite these successes, Ethiopia continues to have a challenging business-enabling environment that offsets its other comparative advantages. A recent report revealed that taking capital intensity (or total factor productivity) into account, Ethiopian firms are less well equipped than those in peer countries.⁸ Increased private sector productivity and competitiveness can unlock long-term growth in investment and jobs but first significant overall constraints need to be addressed.

Private sector development constraints that need to be addressed for investment and job growth include: shortage



of skilled and productive labour force, access to finance, including foreign exchange; trade logistics inefficiencies; low labour productivity; limited institutional capabilities; poor small and medium enterprise (SME) linkages; and lack of quality inputs in the domestic market. Addressing the challenges linked to Ethiopia’s enabling environment will require policy interventions, investment, and technical assistance to promote improvements in trade logistics, a more-skilled and productive workforce, enhanced linkages to markets, and a better business environment.

The Ethiopian Growth and Transformation Plan (GTP II) identifies the garment and textile sector as a priority sector to help transform Ethiopia into a middle-income country by 2025. GTP II also prioritises the establishment of eco-friendly industrial parks as a means to expansion of the programme across the Country, contributing to achieving the vision 2025. GTP II incorporates several crosscutting themes, one of which is labour affairs. The labour affairs strategic directive under GTP II includes closer monitoring of working conditions, expanding OSH services, and strengthening bilateral and multilateral cooperation in support of OSH and industrial relations.

The expansion of industrial parks (and of factories outside industrial parks), needs to be accompanied by stronger labour law enforcement, strengthened social dialogue and collective bargaining, and national reform on wage policies. National OSH inspection and advisory services currently fail to address the needs of the sector and few factories have functional OSH management systems.

1.4 ETHIOPIA’S INDUSTRIAL PARKS

Six government-built industrial parks are currently in operation: Bole Lemi, Hawassa, Mekelle, Jimma, Adama and Kombolcha. They all focus on the garment and textile sector with the exception of Adama Industrial Park, which also incorporates investments in the machinery and equipment sectors.⁹ Collectively these industrial parks have created

45,000 jobs for Ethiopians primarily aged between 18 to 28 years. According to a survey conducted by the ILO¹⁰, the sector provides formal jobs primarily to first-time and young job seekers.

An additional six government-planned industrial parks are also in development covering a range of sectors including garment and textiles, heavy industry, food processing, vehicle assembly, paper, pharmaceuticals and chemicals.

1.5 HAWASSA INDUSTRIAL PARK SETTING

Hawassa Industrial Park (HIP) opened in July 2016. It is located on the eastern side of Hawassa city, 275 kilometres south of Addis Ababa.

Sources estimate that the current combined rural and urban population of Hawassa is around 400,000, with the urban-based population being around 70 per cent, and women accounting for 50 per cent.¹¹ It is a relatively young population, mirroring Ethiopia’s youthful working age population, with approximately 65 per cent of the population under the age of 25.¹² The percentage of population at working age (between 15 and 60 years) is 62%.

Hawassa city has experienced considerable growth in the past 10 years, with the population doubling during this time, and expected to double again in the next 10 years. This has contributed to significant influx pressure on a range of public services, including housing, utilities and health. HIP is adding to this pressure as the city struggles to house a growing HIP workforce.

HIP houses “zero liquid discharge” facilities and offers some purpose built sheds. Currently, 22 textile / apparel firms have invested in the site employing approximately 25,000 workers, of which 95% are women aged between 18 and 35 years of age.¹³ Once HIP is at full capacity, it is expected to employ up to 60,000 workers and the government estimates that the HIP at full capacity could generate up to USD 1 billion in exports annually.¹⁴

SECTION 2

KEY FACTORS AFFECTING WORKERS' OSH IN ETHIOPIA'S INDUSTRIAL PARKS

This section summarises the findings from the literature review, a site visit to HIP in May 2019, the baseline report for the ILO programme “Advancing Decent Work and Inclusive Industrialization in Ethiopia”, and interviews with key stakeholders.

The key factors affecting worker well-being in Ethiopia's industrial parks have been clustered around the following nine themes:

1. Wages and high cost of living
2. Decent housing
3. Female workers' personal safety
4. Workers' occupational health
5. Education and training
6. Freedom of Association and Collective bargaining
7. Grievance mechanisms
8. Compliance with legal provisions on OSH
9. Environmental and social governance challenges

THEME 1

WAGES AND HIGH COST OF LIVING

Low wages have been a structural issue for workers of the garment sector in Ethiopia, and are often cited as a key driver behind the development of the Ethiopian garment sector and its industrial parks, explaining the recent shift from Asian factories towards the Horn of Africa. The baseline survey demonstrated that the monthly basic average salary of the sampled workers surveys was 1,789 Ethiopian Birr (ETB) per month, before tax. Workers were asked to report only their base salary, excluding bonuses and in-kind incentives that are common in the industry. It is conceivable that the reported base salary may be inflated, since workers may have inadvertently self-reported their base pay plus some bonuses. The figure may also be biased upward for the typical average worker in Ethiopia, as workers in the current sample have an above-average tenure in the factory (two years). The sample also included a mix of low and high skilled workers. There is substantial difference in monthly total net income earned by female and male workers: male workers earn on average 1,002 ETB more (or 66 per cent higher) income than their female counterparts. It is not clear to what extent the gender pay differential is attribut-

able to seniority, productivity, skill level, gender discrimination or a combination of these factors. Male workers tend to have relatively greater tenure at HIP and have somewhat higher educational levels than female workers.

Wages levels have increasingly drawn attention as they severely affect workers' living conditions.¹⁵ Even with the addition of attendance bonuses, food and transport allowances, many workers struggle to get by.¹⁶ Low wage rates implicate broader worker health issues including adequate diet, clothing, sanitation, living conditions and the risk of contracting a communicable disease.

THEME 2

DECENT HOUSING

Access to affordable, decent housing is one of the most pressing problems faced by workers. The fast-paced economic development of the regions surrounding industrial parks as well as the sudden influx of workers from the neighbouring countryside have created significant decent housing deficits. In Hawassa, workers are drawn predominantly from the rural villages and small towns within a 100 km radius of HIP, and tend to reside on the periphery of the city in informal neighbourhoods that have sprung up since the establishment of HIP.¹⁷ The housing deficit is currently estimated at approximately 40,000 units, and will be expected to worsen as HIP expands to its full capacity of 60,000 workers.¹⁸

The majority of women working in the factories are forced to share rental rooms with up to seven other workers, in order to afford housing. Sub-standard housing has been developed on farmland, with farmers selling plots and / or building rental units in an informal and unplanned manner, often with poor sanitation.¹⁹ These factors result in a living environment that exposes workers to greater risk of illness through living conditions with poor sanitation. Attrition rate of workers due to these factors and others is quite high and adversely affects employers.²⁰

Several initiatives are being developed to improve workers' living conditions. In HIP these include the development of subsidised worker dormitories to improve the living conditions of workers (led by IPDC) and low cost housing alternatives (led by UN HABITAT). While these initiatives will offer a short-term solution to the situation, longer-term sustainable solutions need to be explored.

The Hawassa Sustainable Urban Development Partners' Platform, a multi-stakeholder initiative that involves public, private and international development organizations²¹, has been tasked with identifying solutions for sustainable urban development, and housing is a key element in this initiative.²² UN Habitat is developing a strategy for housing solutions to meet the needs of HIP workers by providing affordable, shared apartment units, while increasing the availability of affordable housing. The strategy includes a financial plan with an invitation for the City Administration and other stakeholders to invest in housing and generate a financial return.

THEME 3

FEMALE WORKERS' PERSONAL SAFETY AND HARASSMENT AND VIOLENCE AT WORK

Workers' personal safety

Workers' safety is a priority concern for all stakeholders engaged in this study. Health and safety in the world of work should not be confined to hazards and risks in the workplace, but should include consideration of immediate workplace surroundings and the commute to and from the workplace.²³

The 2019 ILO Advancing Decent Work baseline survey echoes this finding, indicating that close to half of workers (45 per cent) on average say they are concerned about their safety when traveling to or from work. This level of concern rises to 54 per cent of workers in factories located in industrial parks, versus just 39 per cent of workers whose factories are outside an industrial park.

A survey conducted in 2017²⁴ found that only 60 per cent of workers in HIP felt safe, with the biggest concern related to night shifts, which tend to conclude between 22:00 and 23:00. Close to half of workers surveyed for this study, expressed concern for their safety when traveling to and from work. All stakeholders interviewed highlighted the incidence and continued risk of sexual assault, violence, mugging and other crimes experienced by the workers, indicating there has been no significant improvement in community safety since then.

To reduce the risk of workers to violent crime, some companies in HIP decided to eliminate the night shift on Saturdays (when the risk is considered to be higher), or to prioritize the appointment of men to those shifts. Several factories also provide a transport service / buses to and from the factories to housing locations for all shifts while four factories provide transport allowances in cash. The City Administration provides a service of four public buses to the factory per day, which workers must pay to use. According to the IPDC, all factories provide buses for night shift workers. However, the worker buses do not reach all housing areas.

Harassment and violence at work

The ILO Advancing Decent Work Baseline survey found that workers experience instances of sexual harassment and verbal abuse. Close to half of the respondents reported that there has been joking or flirting in the factories that make them feel uncomfortable; two-third of them reported that supervisors or managers talked to them or touched them in ways that made them uncomfortable. There were no significant gender differences in workers' reports of these experiences. Regarding sexual harassment, a larger percentage of employer representatives than workers reported sexual harassment in the factories. This may be explained by the fact that firms receive complaints about sexual harassment from the victims and co-workers, but further investigation is required. Although sexual harassment in any workplace is unacceptable, strong management and organizational awareness of the issue, combined with targeted interventions, has been shown in other countries to contribute to a reduced prevalence.

Communication and interpersonal relations at the workplace show clear room for improvement. Over half (51 per cent) of workers reported that verbal abuse is a concern in the factory. Managers are known to resort to shouting at workers when they face production pressure. Prior research in the garment sector has shown such tactics to inhibit productivity, and elevate psychosocial stress, in addition to contributing to a degrading work environment.

THEME 4

WORKERS' OCCUPATIONAL HEALTH

Ensuring occupational safety and health (OSH) is a major challenge throughout the world of work, including in the garment sector. Survey responses from garment and textile workers regarding their working environment confirm this in the Ethiopian context.

Overall, occupational safety is a reported concern for 44 per cent of the workforce surveyed. A larger percentage of workers from foreign-owned firms, located in industrial parks, and with exporting firms confirmed adequate enabling environments for OSH conditions, relative to their counterparts in firms that are locally-owned, non-exporting, and/or located outside industrial parks. Workers in industrial parks working for foreign-owned exporting firms are more likely to report receiving training on OSH issues, having adequate sanitation facilities and personal protective equipment (PPE), having access to free drinking water and having onsite medical staff and facilities. Yet even in industrial park firms where reported PPE use is highest, only 52 per cent of workers say they have received such equipment.

Despite reporting better outcomes for individual OSH issues, however, overall concern with OSH issues is higher for workers employed in foreign-owned firms, industrial parks, and exporting firms. It is possible that workers in these types of firms are more aware of OSH issues or empowered to report deficits in OSH conditions, but this finding requires further investigation.



Workers across the sector also express concern about the ambient working environment: just 44 per cent of workers say noise levels are acceptable, and 57 per cent say the temperature and ventilation is acceptable to them. Conditions are more favourable for workers in industrial parks.

Data from the baseline report indicate that 26 per cent of workers report witnessing or experiencing a workplace accident in the past year.

Workers in factories in industrial parks are more likely to confirm the availability of on-site medical facility and staff (82 per cent of respondents, versus 49 per cent of worker in factories outside an industrial park).

Provision of health services

The Vision Clinic²⁵, the only health service provider in HIP, cited the most common illnesses affecting factory workers in HIP to be malaria, typhoid and urinary tract infections as well as non-communicable illnesses such as hypertension, diabetes, kidney infections and skin infections. The main accidents and injuries occurring on site, as reported by the Clinic, were those associated with needle puncture wounds, working with cutting equipment and grinders, and slips, trips and falls. The Clinic also reported having treated chemical injuries.²⁶

Workers have reported ergonomic problems such as knee and thigh pains, back and spinal problems, leg pains for cutters who spend their whole day standing up, and neck, arm, and back pain for operators who spend their working day at the sewing machines^{27,28}. Many workers complain about the tiresome and redundant nature of the work.

Health issues in the Factories

Female workers reported limited access to toilets²⁹, which leads them to drinking less water to avoid the need to use toilets.³⁰ They also reported long hours spent either standing or sitting, having to lift heavy sacks of clothing, pile a

large size of fabric, and push carts full of clothing. Factories do not have cooling systems and workers report that the work environment can be hot and uncomfortable, contributing to fatigue and discomfort. Factory doors are often left open to let in cooler air.

Health issues are also of particular concern in relation to sexual and reproductive health. Low levels of knowledge of these topics, combined with the abrupt transition from living in traditional home settings to living alone in areas with more men, creates higher potential for risks such as sexually-transmitted infections, HIV, and unwanted pregnancy.³¹ While the national HIV prevalence rate reduced from 3.3% in 2000 to 0.9% in 2017³², in Hawassa, the HIV prevalence rate is now 1.18%. The Federal HIV AIDS Prevention and Control Office estimates that 61% of those tested positive are women.³³ Nationally, the HIV prevalence rate amongst adolescent girls and young women aged 15 -24 is three times higher than for boys the same age.³⁴ Many of the women working in HIP factories struggle with period poverty, defined as the lack of access to sanitary products, menstrual hygiene education, toilets, hand washing facilities, and, or, waste management. Many reported that they do not have easy access to basic sanitary products, neither outside nor inside the workplace.³⁵

Another challenge that affect pregnant workers is the fact that they do not always have conducive working hour arrangements.³⁶ They are also expected to handle chemicals and waste without adequate Personal Protective Equipment (PPE), which can have a negative impact on their health.³⁷ According to the baseline report, even in industrial park firms where reported PPE use is highest, only 52 per cent of workers say they have received such equipment.

Addressing the health issues

Concerns have been raised about the capacity of Vision Clinic to service the HIP, since most factories refer serious

cases to other hospitals in the Hawassa city. There are current discussions to establish a stronger health care provider in HIP. The City Administration Health Department will provide the new enhanced health services. This is in response to the continuous increase in the number of workers in the industrial park and high demand of health services required by the clients in the industrial park.

By and large, factories are well aware of these problems, and have started to take action, including (i) providing training to workers in personal hygiene, which is having a positive impact on health; (ii) providing free sanitary products to reduce worker absenteeism and reduce the risk of urinary tract infections; and (iii) supplying uniforms to ensure workers have a change of clothing to wear to work, acknowledging that many workers cannot afford new sets of clothing to change into through the week.

Some factories are also providing meals and snacks to workers.³⁸ Information on drinking water is mixed at the factories. Water is now provided by Hawassa City Administration and carried to factories in containers, which has improved water provision. Many factories have additional filtering technology and provide cups for workers; in other factories, workers bring their own cups.³⁹

An assessment on health needs by USAID found that health prevention and provision in HIP was falling short. Training for nurses in factories needed strengthening, while the Vision Clinic could be improved through the provision of a clearly defined package of health services, including family planning.⁴⁰ The City Administration also raised similar concerns. While the provision of first aid is in compliance with Article 8 of the Council Directive of 1989 on “the introduction of measures to encourage improvements in the safety and health of workers at work”, further capacity is required. An agreement has now been reached between Hawassa City Administration and the IPDC to replace the Vision Clinic with a larger health centre that is under the management of the City Administration.

THEME 5 EDUCATION AND TRAINING

The ILO Advancing Decent Work baseline reveals that two-thirds of workers have received some in-house training. Skills training in industrial parks is common though not universal. Sixty-four per cent of workers report to have received in-house training, and 31 per cent received training through formal programmes. There are statistically significant differences in terms of provision of formal and in-house trainings by the types of firms. Foreign-owned firms, firms in industrial parks, and exporting firms provided for in-house and formal trainings for larger percentages of workers than their counterpart firms.

Regarding the type of skill training received, slightly more than half (52 per cent) of the respondents reported that they learned production techniques such as weaving, knitting, braiding, stitching and the like from the formal trainings arranged and sponsored by the employers. Around 22 per cent received training about quality control of products,

six per cent learned about marketing management, five per cent acquired knowledge about financial management, and the remaining 15 per cent of the respondents learned other types of skills from the formal trainings they received.

In respect of OSH, engagement with stakeholders, both regulators and factory managers, demonstrated that OSH awareness amongst workers was still low, despite initial induction training, which is often more focused on the technical requirements of the job than on OSH. Workers from foreign-owned firms, firms located in industrial parks, and exporting firms are more likely to report receiving trainings on OSH issues.

THEME 6 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

The union leaders interviewed for this study stated that many employers, especially in the industrial parks, resist workers’ efforts to unionize at the factory level. In some factories, unionization depends almost entirely on the willingness of the owners and managers of the factory. In some cases, workers are also reluctant to join unions due to limited understanding of their role.

A meeting with a worker focus group indicated that workers are not always fully aware of their rights. While written contracts in English and Amharic are provided to all workers, the content differs between companies and it is not clear whether the workers fully understand the content of their contracts or their rights.

The ILO Advancing Decent Work Baseline survey also revealed mixed views of workers regarding the union environment in garment workplaces. A relatively high percentage of workers report belonging to a union, but many report a difficult environment for prospective and current members of unions at the workplace. Among worker respondents, 41 per cent report being a member of a trade union. This is much higher percentage than the national 10 per cent union membership estimate of the Confederation of Ethiopian Trade Unions. It is possible that this discrepancy can be explained in part by worker respondents not differentiating between trade union memberships and membership of a worker council.⁴¹

However, improving freedom of association and collective bargaining require the full engagement of the three tripartite constituents as stipulated in the labour proclamation. However, it appears that there is limited awareness of the provisions of the law related to collective bargaining as well as its applicability in Ethiopia’s industrial parks. The one-stop shop⁴² that has been established in Hawassa by the Industrial Parks Development Corporation (IPDC) could improve knowledge and awareness, but it appears that the Ministry of Labour and Social Affairs does not have a designated officer on site. This needs to be addressed if the one-stop shop is to serve as source of information on the labour law legal framework, including the provisions related to collective bargaining and freedom of association.

THEME 7 GRIEVANCE MECHANISMS

The baseline report reveals not only the existence of grievance mechanisms in workplaces, but also significant awareness and use of such mechanisms by workers. About half of the sampled workers noted the existence of grievances and dispute resolving procedure in their factories. Workers in factories located in industrial parks, in exporting firms, and in foreign-owned firms were more likely to report the existing of a formal grievance mechanism at their workplace. Among the workers that reported having access to a formal grievance mechanisms, 56 per cent had used the procedure to present a case or complaint. When asked to report on their satisfaction of the outcome of the complaint, worker opinion varied: 64 per cent of workers stated they were satisfied, 23 per cent were dissatisfied, and 13 per cent were neutral.

Failure to resolve grievances and disputes through discussion could conceivably lead to strikes. The baseline survey asked respondents if they had witnessed strikes in the last five years in the enterprises in which they work. Almost half (44 per cent) of the respondents replied that they had.⁴³ The availability of formal grievance handling procedures does not seem to correlate with lower strike rates. A larger percentage of workers from foreign-owned firms (53 per cent) than from domestic firms (35 per cent) reported that they witnessed at least one labour strike in their firm in the last five years, despite the greater likelihood that foreign-owned firms have a formal grievance procedure in place. Across all firms, the top three reasons identified by workers for the cause of the strikes were low pay, salary payment delay, and extended hours of work.

In addition to the factory level system, workers can raise grievances with the City Administration if they do not feel comfortable lodging grievances with factory supervisors. However, BOLSA and City Administration staff believe that workers are generally fearful of challenging working conditions in case they lose their jobs or are assigned to the night shift.

THEME 8 COMPLIANCE WITH LEGAL PROVISIONS ON OSH

Stakeholders consulted (including the Ethiopian Investment Commission and the Bureau of Labour and Social Affairs) confirmed that while there is general compliance with Ethiopian Law on OSH, performance is inconsistent across factories operating in HIP and performance is not necessarily aligned with international best practice. Most factories and suppliers assessed by BOLSA, for example had codes of conduct and an OSH policy in place, but few had effectively implemented them.

Key stakeholders cited several companies and initiatives for particularly good performance on OSH and general working conditions, and at least one company was commended for providing a day care centre for working mothers.

The accommodation of a “one-stop-shop” in the HIP is an opportunity for government officials to work more closely with HIP and IPDC. BOLSA has plans to assign a representative to the one-stop-shop to oversee OSH and other labour issues. A place is also available for an Environment Commission officer that is yet to be filled.

THEME 9 ENVIRONMENTAL AND SOCIAL GOVERNANCE CHALLENGES

HIP lacks a comprehensive Environmental and Social Management System (ESMS). As a result, there is no regular oversight or monitoring of the environmental performance of the HIP, including the individual factories or common facilities such as the wastewater treatment plant.

Although IPDC is responsible for HIP environmental governance and safeguards, it does not have an officer on site. IPDC environmental officers are based in Addis Ababa, and they only visit HIP when environmental or social issues are brought to their attention. The IPDC office in Addis Ababa is currently working on an organisational structure that would establish an Environmental Unit in each Industrial Park, including HIP, to support their role in the implementation of ESMS monitoring activities. The IPDC management based at HIP emphasized the need for environmental expertise on site to support in managing environmental governance and safeguard issues.

At present, groundwater intake by HIP is not measured, and there is no monitoring of groundwater levels.⁴⁴ As a result, there is no information on the balance between water consumption and recharge rate of the aquifers in the Hawassa area. The proposed extraction rate for the expansion of the HIP will impact the water table without adequate mitigation measures and water management. There is also a high risk that the consumption and discharge of improperly treated wastewater will have a deleterious effect on groundwater.⁴⁵ This is also a potential public health risk.

At present, there is no proper disposal system for sludge generated by the HIP wastewater treatment plant. As a result, the sludge is temporarily stockpiled in space available within the Industrial Park, and at present, there is no well-defined plan for handling the waste before it causes undesirable environmental and/or social impacts.⁴⁶

There is weak collaboration between IPDC and the Regional and City Environment Protection Offices; the IPDC did not share the Environmental Impact Assessment (EIA) or Environmental and Social Management Plan (ESMP) with the Regional and City Administration Offices.

Finally, from an environmental governance and safety perspective, IPDC is still developing understanding of ESG. IPDC would therefore benefit from the presence of an ESG officer based on site at HIP, to support their role in ESMS oversight.

SECTION 3

IMPROVING WORKER WELLBEING THROUGH SHARED RESPONSIBILITY IN ETHIOPIA'S GARMENT INDUSTRY: OPPORTUNITIES FOR ACTION

As highlighted in the introductory section, in order to address the root causes of the key factors affecting worker well-being, as outlined above, the collective action, influence and resources of all major stakeholders in that GSC, including global companies, national-level suppliers, governments, international financial and labour organizations, workers and trade unions, civil society, private philanthropy, and development agencies is required.

Based on the identified challenges, opportunities are presented and ranked in Table 1, with a link to the Sustainable Development Goal (SDG)⁴⁷ that they may support. This report identifies investment opportunities for the private sector as well as other opportunities for implementation by other stakeholders through collaboration and public / private sector engagement, with an emphasis on high or medium-high opportunities.



TABLE 1
OPPORTUNITIES ANALYSIS

INVESTMENT OPPORTUNITY	OSH RISK	OPPORTUNITY FOR CHANGE	POTENTIAL LEAD ACTOR/S	RELEVANT SDGS
Private Sector (including HIP factories) Investment Opportunities				
Invest in cooling systems in factories	Raised as a concern by stakeholders; heat contributes to fatigue.	This would require additional works in all factories to install air conditioning units. The design of the second phase factories should include air conditioning as part of the design.	Private sector companies	SDGs 8 and 9 including 8.8 and 9.1
Investment in sustainable housing solutions and collaboration on the Hawassa Sustainable Urban Development Partners' Platform	Housing shortage is a priority for workers as well as Hawassa city in general.	This will only bring about long term solutions and will take time and effort. However, collaboration is still strongly recommended.	Private sector property developers Public sector urban planning	SDGs 11 and 17 including 11.1 and 17.7
Transport system review and investment in new transport network for HIP	Workers are exposed to risk largely due to inadequate transport systems	This is a challenging issue to address given workers commute from a range of locations. However a risk assessment can be undertaken to identify most at risk workers. Opportunities can be explored for smaller transport to reach closer to accommodation, creating potential opportunities for the private sector and / or SME development. Collaboration will be critical for this to be realised.	Private sector actors Public sector actors Local business community Individual business people	SDGs 5,11 and 17 including 5.2, 11.2 and 17.17
Provision of hospital equipment and supplies to strengthen the capacity of the Vision Clinic	While the capacity of Vision Clinic is considered low and has been earmarked for an upgrade by the Hawassa City Administration, it is still managing to care for the majority of minor injuries of workers.	The provision of necessary equipment could be implemented quickly and will ensure that workers have access to improved medical care.	Government to establish PPP initiatives	SDG 8 and in particular 8.8
Enhance the capacity of BOLSA and City Administration inspectorates through the provision of inspection equipment and training	BOLSA and the City Administration do not feel they can perform their responsibilities fully in terms of OSH and labour inspections.	The provision of necessary equipment could be implemented quickly, although management measures will need to be agreed upon, to ensure equipment is used / managed appropriately.	Development partners Government through MoLSA and BoLSA	SDG 17 and in particular 17.9 and 17.17
Provision of environmental technical support to the IPDC ED and review of the ESMS	Poor ESG increases the risk of weak OSH management at HIP, therefore strengthening capacity and implementing an ESMS for HIP will contribute to risk mitigation.	Expertise on ESMS development and ESG capacity building is widely available in Ethiopia and internationally to support this intervention.	Private sector actors Public sector actors Local business community	SDGs 3, 9 and 17 including 3.9, 9.1 and 17.7
Enhance OSH awareness amongst workers through training and provision of appropriate PPE	Many workers still do not understand the importance of OSH or PPE and training needs to be strengthened to change OSH behaviours	A "quick-win" opportunity. The framework for delivery is available through existing ILO programmes including Better Work and IN Work, but needs expanding to HIP	Development partners Public sector actors Private sector actors	SDGs 3 and 8 including 3.3, 8.5 and 8.8

INVESTMENT OPPORTUNITY	OSH RISK	OPPORTUNITY FOR CHANGE	POTENTIAL LEAD ACTOR/S	RELEVANT SDGS
Fix water meters to each borehole to measure the volume of water abstracted from each well	While a high priority for water management, in terms of OSH, this is probably one of the lower risk areas. However, in implementing this opportunity, HIP will be able to monitor water availability risk and potential impacts on Hawassa residents.	Stakeholders, including SIWI believe that meters can be installed relatively easily.	Development partners Public sector actors Private sector actors	SDG 6 and in particular 6.3
Technical assessment of the sludge disposal facility with the option to install a new facility	While a high priority for environmental management and wider public health, this is a lower direct OSH risk for workers.	A new sludge disposal facility would require significant investment.	Development partners Public sector actors Private sector actors (establishing a waste to energy facility)	SDG 6 and in particular 6.3
Provision of contracts in languages understood by workers	In terms of worker rights, it is critical that workers fully understand the terms of their contracts through an accessible language.	Identification of priority languages and translations of contracts could be organised relatively quickly.	Development partners Public sector actors Private sector actors	SDG 8 and in particular 8.8

Recommendations for Government

Capacity building for Hawassa City Police Office	In the short to medium term, while adequate transport solutions are being identified, this could be an important short term measure for improving safety.	It requires the participation and willingness of the Police Office, which has not been tested.	Government Development partners	SDGs 5 and 16 including 5.2 and 16.a
IPDC and the City Administration to strengthen cooperation	While the City Administration has no official jurisdiction over HIP, they are tasked with addressing many of the resulting OSH issues. Closer collaboration could bring about a more coordinated approach to OSH management.	The VZF can convene dialogue between the two authorities and find opportunities for mutual collaboration.	Development partners Private sector actors Government	SDG 17 and in particular 17.9 and 17.17
Review of salaries / introduction of a minimum wage	Underpinning many OSH risks for women, this is a high priority for improving OSH outcomes	Requires significant dialogue with the Ethiopian government and investors in HIP. However this issue has been raised in several reports and many government officials acknowledge its importance.	Development partners as facilitators of dialogue between and among government and private sector actors	SDGs 1 and 8 including 1.1, 1.2, 1.2 and 8.5
HIV / AIDS awareness training	Due to the increase in HIV/AIDS prevalence and the risk exposure of workers	Another “quick-win” opportunity to develop training packages for workers and roll out across all factories.	Development partners Public sector actors Private sector actors	SDG 3 and in particular 3.3

INVESTMENT OPPORTUNITY	OSH RISK	OPPORTUNITY FOR CHANGE	POTENTIAL LEAD ACTOR/S	RELEVANT SDGS
Collaboration on the Hawassa Sustainable Urban Development Partners' Platform to identify solutions to housing in Hawassa	Housing shortage is a priority for workers as well as Hawassa city in general.	This will only bring about long term solutions and will take time and effort. However, collaboration is still strongly recommended.	Development partners Public sector actors Private sector actors	SDGs 11 and 17 including 11.1 and 17.7
Collaboration with respect to World Bank research on the economic, physical and social wellbeing of workers	World Bank research is one of many research programmes ongoing. However, the focus is specifically on worker wellbeing, which underpins OSH risk for workers.	There is a willingness for stakeholders to collaborate and identifying funding sources for the implementation of research recommendations. However, outcomes will not be immediate.	Development partners Public sector actors Private sector actors	SDGs 8 and 17 including 8.5, 8.8 and 17.17
Collaboration with UN Women on gender based violence (GBV) initiatives	High: Workers are exposed to significant risk of GBV on route to and from work	High: Although the UN Women study on GBV and HIV had not produced any findings at the time of writing this report, collaboration with UN Women on their findings is considered to be an important opportunity for addressing the security and safety risk of workers.	Development partners Public sector actors Private sector actors	SDGs 5, 8 and 17 including 5.2, 5.5, 8.8 and 17.17
Collaboration with USAID on the implementation of recommendations for improved healthcare provision	There have now been several studies highlighting the need for improved healthcare provision in HIP	Much of the groundwork has been done and USAID are seeking partners to collaborate on the implementation of a wide range of recommendations focused on healthcare provision.	Development partners Public sector actors Private sector actors	SDGs 3 and 17 including 3.8 and 17.9 and 17.17
Support the Hawassa HIV / AIDS Prevention Core Process in the delivery of HIV prevention campaigns	This is considered a high OSH risk for workers due to their risk exposure to GBV, inadequate family planning and increasing HIV prevalence in Hawassa.	Supporting HIV/AIDS prevention campaigns and building the capacity of staff would be relatively easy to implement quickly.	Development partners Public sector actors Private sector actors	SDGs 3 and 17 including 3.3, 17.9 and 17.17

Recommendations for the ILO and VZF

Continue to implement ONE ILO programmes specifically targeted towards OSH in the entire garment sector	These programmes are aimed at improving OSH performance and awareness of regulators and employers, directly addressing OSH risk. Considered a medium rather than high risk as programmes have commenced at selected factories.	These programmes already exist and can be adapted for the garments sector internally with additional funding from the VZF.	Development partners	SDGs 3, 8 and 17 including 3.3, 8.5, 8.8, 17.9 and 17.17
Implement a Social Dialogue programme targeted at HIP through the One ILO Programme, enhancing understanding of rights, improving industrial relations and achieving consistency in labour management and grievance handling	Workers must have a robust understanding of their rights to comply with Ethiopian law and international best practice.	This is a "quick-win" opportunity that can be implemented quickly if funding is made available to identify trained personnel to facilitate the programme.	Development partners Public sector actors	SDG 8 and in particular targets 8.5, 8.7 and 8.8.
Review of salaries / introduction of a minimum wage through the One ILO Programme	Underpinning many OSH risks for women, this is a high priority for improving OSH outcomes	Requires significant dialogue with the Ethiopian government and investors in HIP. However this issue has been raised in several reports and many government officials acknowledge its importance.	Development partners Public sector actors Private sector actors	SDGs 1 and 8 including 1.1, 1.2, 1.2 and 8.5

Notes

1. For more detail on the different components of the shared responsibility model, please see the Vision Zero Fund strategy entitled “Shared Responsibility for Safer Supply Chains 2019-2023”, available at www.ilo.org/vzf.
2. Baseline report for the ILO programme “Advancing Decent Work and Inclusive Industrialization in Ethiopia”-November 2019.
3. World Bank, 2019.
4. World Bank, 2015.
5. Human Development Report, 2018.
6. Plan of Action for Jobs Creation 2020-2025.
7. World Investment Report 2017.
8. World Bank Group, 2015, “4th Ethiopia Economic Update: Overcoming Constraints in the Manufacturing Sector.”<http://documents.worldbank.org/curated/en/827261468190142554/pdf/97916-REVISED-Box393200B-PUBLIC-Ethiopia-Economic-Update-4th-Edition-v-web.pdf>.
9. Ethiopian Investment Corporation: <http://www.investethiopia.gov.et/investment-opportunities/other-sectors-of-opportunity>.
10. Baseline report for the ILO programme “Advancing Decent Work and Inclusive Industrialization in Ethiopia”-November 2019.
11. UN Habitat estimates the population of Hawassa to be around 400,000; the Central Statistical Agency of Ethiopia up to 456,000 (2017), and the Hawassa City Finance and Economic Development Department around 387,000 % urban based. All estimates agree on the majority (60-70%) of the population being urban-based and around 50% are women.
12. UN Women (2019).
13. Ethiopian Investment Commission estimate.
14. ieConnect (2019), Hawassa Industrial Park Community Impact Evaluation, a collaboration between the World Bank’s Development Impact Evaluation group and supported with DFID and EU funding.
15. A key informant (13 – 17 May, 2019) indicated that the basic salary is typically ETB 750, which is provided for two years before any increment. Overtime is typically paid at ETB 25 per day.
16. Barrett, PM and Baumann-Pauly, D (2019), Made in Ethiopia: Challenges in the Garment Industry’s new Frontier, a report by New York University Stern Center for Business and Human Rights.
17. Including neighbourhoods such as Dato Odahe, Chefe Koti Jabesa, Daka and Addis Ketema.
18. UN Habitat estimates that the city needs to build around 25,000 housing units per year for the next 10 years, with approximately 8,000 housing units per year over the next 5 to 10 years required for HIP staff alone.
19. Key Informant Interviews (13 – 17 May, 2019).
20. Barrett, PM and Baumann-Pauly, D (2019), Made in Ethiopia: Challenges in the Garment Industry’s new Frontier, a report by New York University Stern Center for Business and Human Rights.
21. The initiative is chaired by the City Administration and facilitated by UN Habitat, members include UNDP, SNNP, Urban Planning Institute, CIFA, EIC, Roskilde University, GIZ, Sheffield University, DFID, PVH, Econvalue Consult, Urban Development & Construction, Embassy of Sweden, IDH – the Sustainable Trade Institute and SIWI as well as City Administration departments.
22. UN Habitat (2019), Hawassa Sustainable Urban Development Partners’ Platform, Stakeholder Coordination Meeting: Support to the Sustainable Development of Hawassa City.
23. See, e.g., <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4243012/>, ‘Rising Trend of Work-related Commuting Accidents, Deaths, Injuries and Disabilities in Developing Countries: A Case Study of Malaysia’, *Ind Health*. 2014 Jul; 52(4): 275–277.
24. Sustainability Agents (2017) Assessment of Workers’ Satisfaction and HR Structure of Factories in Hawassa Industrial Park, Final Report.
25. The Vision Clinic is a privately owned health clinic, the only health service provider in HIP. It was established through an agreement with IPDC to provide health services to the HIP workers. The clinic has a team of three nurses, one laboratory technician and two health officers. From the records shared during the feasibility study, the clinic deals with an average of only 10 – 15 cases per day despite the large number of workers in the IP.
26. Key informant interviews (13 – 17 May 2019).
27. Ibid.
28. Margaux Yost and Lauren Shields (2017), Ethiopia’s Emerging Apparel Industry: Options for Better Business and Women’s Empowerment in a Frontier Market.
29. Sustainability Agents (2017) Assessment of Workers’ Satisfaction and HR Structure of Factories in Hawassa Industrial Park, Final Report.
30. Key Informant Interviews (13 – 17 May, 2019).
31. Margaux Yost and Lauren Shields (2017), Ethiopia’s Emerging Apparel Industry: Options for Better Business and Women’s Empowerment in a Frontier Market.
32. Federal HIV AIDS Prevention and Control Office (2018), HIV Prevention in Ethiopia National Roadmap 2018 – 2020.
33. Federal HIV AIDS Prevention and Control Office (2018), HIV Prevention in Ethiopia National Roadmap 2018 – 2020.
34. Ibid.
35. Ibid.
36. Barrett, PM and Baumann-Pauly, D (2019), Made in Ethiopia: Challenges in the Garment Industry’s new Frontier, a report by New York University Stern Center for Business and Human Rights.
37. Ibid.
38. Key Informant Interviews (13 – 17 May, 2019).
39. Key Informant Interviews (13 – 17 May, 2019).
40. USAID (2019) Health Needs Assessment of Hawassa Industrial Park, USAID Private Health Sector Project (2019).
41. During a validation meeting of the study, regional representative of CETU in Hawassa stated that CETU has not mobilised membership in HIP as access to the IPs for union activities is still being discussed at national level.
42. The IPDC, in collaboration with the Ethiopian Investment Commission, the Ethiopian Revenue and Custom Authority, and other institutions provides one-stop-shop service for investors investing in designated industrial parks. See <http://www.ipdc.gov.et/index.php/en/about-us/171-about-us>.
43. Note however that only around 61% of the respondent were willing to answer the question about whether there had been a strike in their factory
44. Key Informant Interviews (13 – 17 May, 2019).
45. Environmental Impact Assessment for the Establishment of Hawassa Industrial Park, 2nd Phase Draft Report (2017).
46. Key Informant Interviews (13 – 17 May, 2019).
47. The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the UN General Assembly in 2015 as part of the 2030 Agenda for Sustainable Development. Goals include the to “promote sustained, inclusive economic growth, full and productive employment and decent work for all (Goal 8) and to ensure healthy lives and promote well-being for all at all ages (Goal 3). Details can be found here: <https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf>.

The Vision Zero Fund is part of
the ILO's flagship programme
Safety and Health for All

Vision Zero Fund

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