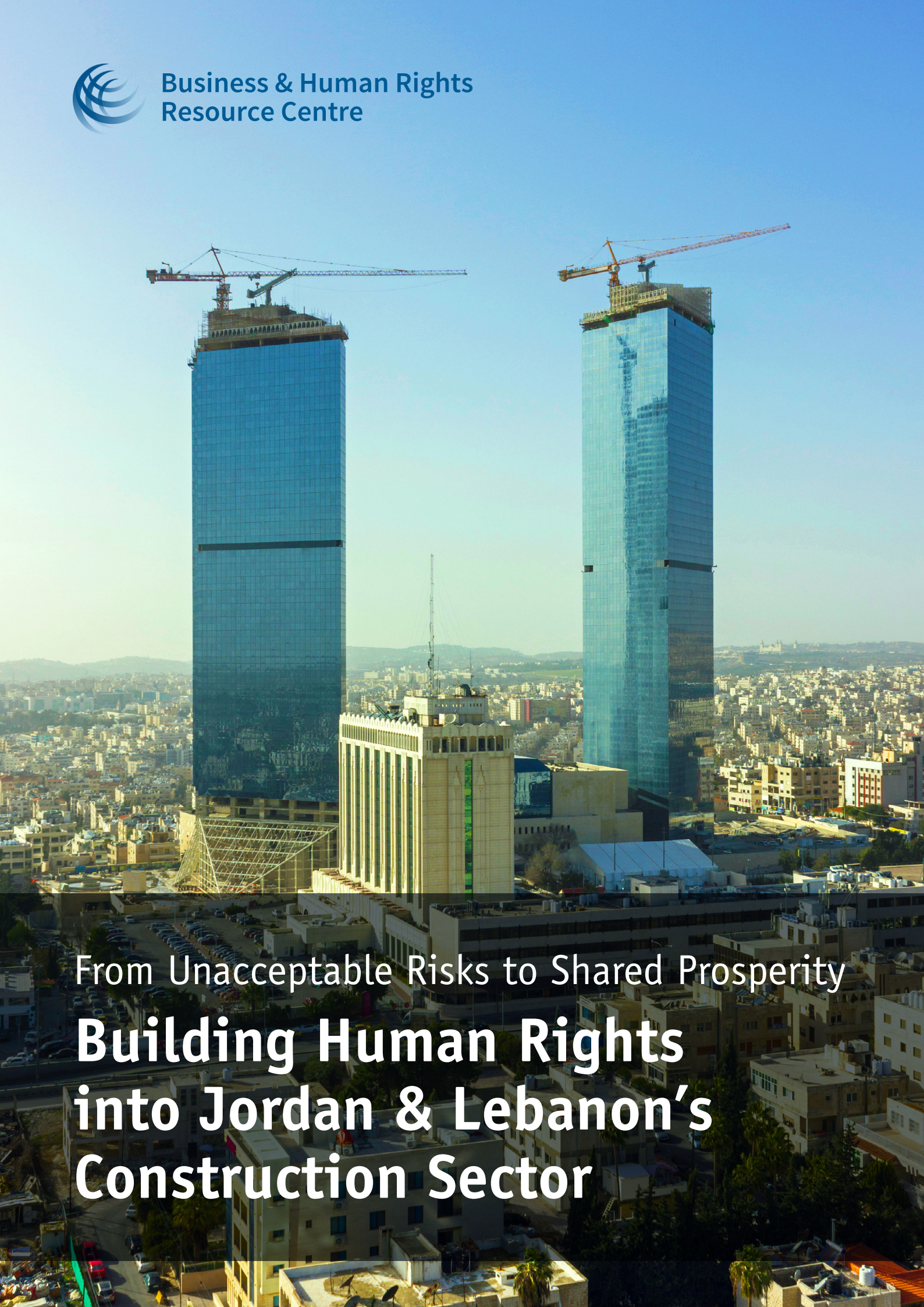
Business & Human Rights Resource Centre



From Unacceptable Risks to Shared Prosperity

Building Human Rights into Jordan & Lebanon's Construction Sector

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Executive Summary

The construction sector in Jordan and Lebanon could be a powerful motor for employment, development, and shared prosperity in a region wracked by the impact of conflict in Syria. Tragically, there is widespread evidence that the sector is characterised by systemic abuse of workers, including refugees and migrants. Fatalities in the construction sector in Jordan are almost five times those in the United States; discrimination towards refugees and migrants is systematic; and workers of all nationalities face low pay, delayed wages, and long hours of unsafe work. Workers' right to organise, or seek remedy for abuse, is generally supressed.

The profound inequality of power between employer and employee in this sector is alarming and dangerous, especially in light of the lack of enforcement of labour laws that might provide some redress. Nevertheless, there are reasons to be hopeful for improvements. The sector is partly dependent on heavy investment from International Finance Institutions (IFIs) and donor governments, all of which have standards and safeguards which need to be upheld; governments in the region are eager to attract this investment and may adjust their policies accordingly.

This study, the result of a survey of 38 companies, exposes a dearth of policies and practice to respect human rights in the construction sector in Jordan and Lebanon. It highlights the unacceptable risks that companies are running, and sets out recommendations for rapid transformation through increased respect for human rights.

Introduction

Known for its labour-intensive work, the construction sector has enormous potential to deliver decent jobs, living wages, and enhanced worker safety, and contribute to overall economic growth and development in both Jordan and Lebanon, if undertaken by companies that respect workers' rights, overseen by governments providing effective regulation, enforcement, and incentives that drive up labour standards, and supported by IFIs and donor governments with rigorous safeguards and human rights standards. The Middle East's construction sector is among the largest and fastest-growing in the world. In Jordan and Lebanon, significant investments by donor governments, IFIs, and the private sector into infrastructure in response to the Syria crisis have accelerated the growth of a sector already primed for expansion. In 2016, the construction sector represented 5% of Jordan's GDP, and employed 6% of the population, with a growth rate of more than 15% in 2015. In Lebanon, one of the region's smallest construction sectors by value is expected to see expansion with the Capital Investment Programme, aiming at encouraging economic growth in the medium term, increasing private sector productivity, and creating employment opportunities in the short term.

The problems that plague the global construction sector are all present in the region. Seven percent of the global workforce is estimated to work in the construction industry, where employment is typically characterised by low wages and precarious working conditions. Companies in this sector confront a high risk of modern slavery and other forms of egregious abuse in their supply chains. Procurement and contracting practices that make construction workers vulnerable to abuse and exploitation are exacerbated by mass labour migration; widespread informality; and weak labour laws in the Middle East. Our Middle East April 2018 Human Rights Primer for Business found that construction workers in Jordan and Lebanon are particularly vulnerable to human rights and labour rights abuses, such as unfair and abusive payment practices (including late or non-payment of wages), unequal treatment of migrant and refugee workers as compared to national workers, unsafe working conditions, restrictions on freedom of movement, and limited or no worker representation, freedom of association, or access to remedy.

Despite these risks, the rapid expansion of construction projects in these two countries has not been accompanied by a similar ramp-up of protections for workers – especially the most vulnerable workers, including the refugees and migrant workers who dominate the workforce in this sector. Lebanon has relied on Syrian workers in the construction sector for decades, and this has only increased since the advent of the Syria conflict, such that Syrians now make up 70% - 80% of the construction workforce in Lebanon. In Jordan, the construction sector is largely made up of migrant workers from Egypt, although Syrian refugees have gained a foothold in this sector as well. These workers face heightened risk due to their precarious legal status and often informal working conditions: because these workers fall outside legitimate employment structures, they are subject to exploitation by recruiters that take advantage of their position, are subject to wage discrimination and frequently delayed payments, and have little recourse to raise and address grievances. In addition, as informality in the sector has grown, especially in Lebanon, it has driven down wages for both Syrian refugees and Lebanese workers. The hidden nature of this workforce and limited access to support or protection via government labour inspections and formal grievance mechanisms also makes it more difficult to prevent, detect, and remedy abuse in the sector.

> **"Informality and the growing lack of legal residency for displaced Syrians have increased risks of exploitation in the workplace (lower pay, longer hours, exploitation by sponsors and more hazardous conditions), and for reduced the possibility of legal recourse, which in turns creates a downward spiral impacting decent work in Lebanon."**
>
> *Lebanon Crisis Response Plan, 2018 Update*

Informed by these risks, and working with local partners in the region, in July 2018, we surveyed 38 local and international construction companies operating in Jordan and Lebanon regarding their policies and procedures for protection of labour rights. This exercise is the first of its kind in the construction sector Jordan and Lebanon, and builds on our 2016 survey of construction companies operating in Qatar and the UAE, as well as our March 2018 survey of apparel companies sourcing from Jordan. We invited the companies to disclose information on how they prevent and address abuse against refugees and migrant workers, and what procedures they have in place to safeguard human rights of all those who work for them. Those that did not disclose have been assessed according to their publicly-disclosed information regarding their human rights policies and practices.

Out of the 38 companies we approached, only two companies (**Alcazar Energy Partners** and **Vestas Wind Systems**) responded*, revealing a shocking lack of engagement with stakeholders in the sector on human rights issues. A lack of engagement often suggests a lack of action to address these risks. This response rate is catastrophically below most of our surveys, even those in the Middle East and the construction sector.

In this highly-abusive sector, companies working in Jordan and Lebanon appear oblivious to the human rights risks in their operations. It falls on the shoulders of all stakeholders, including companies, donor governments, and investors, especially IFIs financing projects in which refugees and migrants work, to ensure the jobs created by these projects are decent and rights-respecting. Donor governments and IFIs in particular have the leverage and capacity to elevate the threshold of human rights performance expected from grantees.

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* Four companies (Ayla Oasis Development Co, Development Alternatives Inc (DAI), Gitech-Consult, and Snohetta, responded by saying as project developers or designers, they did not believe the survey applied to them. DAI and Sohetta referred us to partner companies, none of which responded to our outreach.

Key findings

Absence of adequate transparency in identifying human rights risks

Only seven out of 38 companies (**Alcazar, Cooperativa Muratori e Cementisti di Ravenna (CMC), Development Alternatives Inc. (DAI), Nurol Construction and Trading, Siemans Gamesa, Veolia Middle East,** and **Vestas**) have publicly-available human rights policies. Of those policies, only five reference the UN Guiding Principles on Business & Human Rights or other international standards. In addition, despite the fact that a majority of the construction projects identified in Jordan and Lebanon are IFI-financed, we identified only two company policies that made reference to the IFI's performance standards or safeguards. Although such commitments are often contained in project contracts, the fact that so few companies have adopted such standards across their operations suggests an uneven commitment, at best. Ten out of 38 companies (26%) indicated they publicly map human rights risks in their supply chains.

Absence of adequate policies protecting refugees & migrant workers

None of the companies reported having human rights policies that specifically address refugees and migrants as an especially vulnerable group of workers, and none have human rights policies that specifically address the risks involving recruitment of refugees or migrant workers to work in Jordan and Lebanon in particular, despite the prevalence of such workers in their supply chains, and even though such risks are widely known in the region. In contrast, 16 out of 21 apparel brands sourcing from Jordan have such a policy in place, according to our recent survey. Two companies (**Alcazar** and **Vestas**) report that their human rights policies define the term "workers" to include refugees and migrants.

Lack of safeguards to prevent the worst risks to refugees & migrants

Only two companies (**Alcazar** and **Vestas**) indicated they have policies in place to prohibit the payment of recruitment fees or the switching of worker contracts, or that require the contract be made available in the worker's own language – basic steps that leading companies have adopted to prevent the exploitation of migrant workers from abroad. They also have a policy not to restrict workers' freedom of movement ("unreasonably" in the case of **Alcazar**). Those same two companies were the only two that indicated they apply these same standards to their subcontractors and others in their supply chains.

No engagement on core labour rights issues

None of the companies have committed to pay their workers a living wage. Only one company (**Alcazar**) provided specific information on how it attempts to ensure that its contractors pay their employees on time and for all the hours they worked, for example through direct interviews with subcontracted employees during unannounced visits.

Lack of support for freedom of association & right to collective bargaining

The right to freedom of association and collective bargaining is severely restricted in the construction sector in Jordan and Lebanon, especially for migrant and refugee workers. despite these restrictions, none of the companies reports having policies in place that adequately provide for opportunities for workers to organize, although such policies have emerged in other places with similar restrictions, such as the Gulf.

Key recommendations

Companies should

Put in place publicly available human rights policies that address key human and labour rights risks in this sector, including those specific to highly-vulnerable groups such as migrants and refugees.

International Financial Institutions should

Require companies to adopt and publicly disclose human rights due diligence and remedy policies, consistent with the UN Guiding Principles for Business and Human Rights, in order to be eligible for IFI-backed contracts, and, upon completion of the projects, commission reviews of implementation of their labour standards policies and make findings public.

Governments of Jordan & Lebanon should

Take serious measures towards reducing the growing informality in the construction sector to ensure more workers, regardless of national origin or legal status, are protected by local labour laws, including with regard to minimum wage, working hours, and workplace health and safety.

Context

The conflict in Syria has driven more than 5.6 million refugees across international borders, including more than 650,000 who fled to Jordan and one million to Lebanon. Naturally, seven years on, and with encouragement from donor governments and IFIs, they are increasingly seeking employment opportunities. Although neither Jordan nor Lebanon are signatories to the 1951 Refugee Convention guaranteeing freedom of movement and access to gainful employment, and though the Memoranda of Understanding each government has signed with UNHCR do not guarantee the right to work, both governments have responded to international pressure by opening up employment opportunities for refugees. In return, the international community stepped in with packages of aid, loans, and preferential treatment of Jordan and Lebanese products. Under the EU-Jordan Compact, for example, the Government of Jordan committed to provide 200,000 job opportunities to Syrian refugees, while the EU relaxed its rules of origin for Jordanian-produced goods and provided concessional loans to the Jordanian government.

With its ability to quickly create large numbers of jobs, the construction sector is among the preferred sectors for authorities to create jobs and absorb a large number of these refugees; indeed construction is one of only three sectors (along with agriculture and cleaning services/environment) in which Syrian refugees in Lebanon are permitted to work, and while Syrians have long worked in the Lebanese construction sector, Syrian refugees are now estimated to make up 70-80% of the construction workforce in Lebanon. It is estimated that of the 1.2 million non-Jordanian workers in Jordan, only 315,000 have work permits, and the Jordanian government estimates that two thirds of migrant workers who hold permits for the agriculture sector in fact work informally in the construction sector.

The focus on job creation has driven growth in a sector known for its human rights risks, but donor governments and IFIs have not accompanied their financial commitments with requirements that companies undertake due diligence to prevent abuse and remedy abuse where it occurs, as required under the UN Guiding Principles on Business & Human Rights. As a result, the sector remains rife with abuse.

Through interviews with partner organizations and workers, and research into publicly-available information, we have identified four key risks to migrant and refugee workers in the construction sector in Jordan:

Discrimination against migrant workers: The minimum wage for migrant workers in the construction sector is significantly lower than that which applies to Jordanian workers. Jobs in the construction sector are also segmented along nationality lines, with Jordanian workers given full-time jobs at the supervisory, administrative and operational level. Egyptian and Syrian workers, on the other hand, are generally employed in short-term, physically demanding jobs.

Dangerous violations of occupational safety and health: In 2014, the construction sector in Jordan recorded the highest rate of worker injuries and deaths in comparison to other sectors in the country. Construction accounted for nearly 30% of all worker deaths, equating to 44 deaths per 100,000 workers. In comparison, US data on construction worker deaths in the same year reported 9.8 deaths per 100,000 workers.

Late payment: A common abuse in the construction sector globally, wages in Jordan's construction sector are often delayed. For example, in January 2018, workers employed by contractors building a new St. Regis hotel reported repeated and months-long delays in receiving their wages. In response to an inquiry from the Business & Human Rights Resource Centre, Marriott International, owners of the St. Regis chain carried out a joint audit of its local partners which *"did not find any violations of [the]… labour law"*. In 2017, an Egyptian construction worker recounted to the Business & Human Rights Resource Centre how he was terminated without notice after raising a complaint for repeated delays in his wages. This case is illustrative of the reasons for migrant workers' general reluctance to raise grievances, given that they can lose their legal residency and right to work if terminated by their employer.

> **"I became an electrician because I used to practice this profession back in Syria. Two years ago, while I was working on electrical wiring, I climbed the ladder to install spotlights. Suddenly I fell down and broke my hand. Because of that, I couldn't work for three months. I went to the hospital, but the employer refused to pay the fees, he didn't pay anything!"**
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> *Syrian refugee in Jordan (Interview in October 2018)*

Impact of the refugee crisis on non-refugee workers: In an attempt to formalise the Syrian workforce and secure better conditions, the Jordanian Government has eased the process for Syrian refugees to obtain work permits. While these steps are clearly welcome, they have been accompanied by an extensive crackdown on other informal migrant construction workers (mostly Egyptians), reportedly to open employment opportunities for Syrians. This has resulted in increasing arrests, fines and immediate deportation of numerous migrant workers. In 2017 alone, 9,448 migrant workers were deported.

In Lebanon, we have identified six key risks to migrant and refugee workers in the construction sector:

Unsanitary or unsafe accommodations: Construction workers, especially Syrian migrant and refugee workers, often live in shared, unsanitary accommodation on job sites. In June 2017, an article in the Daily Star documented the living conditions of 10 Syrian construction workers building a luxury 15-story tower in Beirut, who were housed in two makeshift shacks, constructed from scraps of wood, metal and plastic.

Extortionate sponsorship and recruitment fees: The requirement that Syrian refugees have a work sponsor has resulted in many Syrians seeking sponsorship from sponsors who extract exorbitant amounts of money from them to provide the façade of legal residency. Under this arrangement, the sponsor will not employ the worker, who will go on to find employment informally.

Unequal, late or non-payment of wages: While there is no data specific to construction workers, there are estimates that nearly 70% of Syrian refugees in Lebanon were living below the poverty line in 2017, up from 50% in 2015. While minimum wage was raised in 2012 from US$333 to US$450 per month, the ILO notes that "some three-quarters of Palestinians and Syrians employed in Lebanon earned a monthly wage at or below the minimum wage".

Dangerous violations of occupational safety and health: The Lebanese construction sector suffers from a serious lack of enforcement of safety and health standards. There are few labour inspectors in Lebanon, and the ILO reports that they are often "poorly trained and lack incentives and logistical support". In 2012, an employee of a major Gulf construction firm in Lebanon noted that there had been numerous health and safety incidents, including at least five deaths, on the site he worked on.

Lack of access to grievance mechanisms: The informality of construction work is a significant obstacle for workers seeking legal redress for labour violations. Syrian workers in particular are in a precarious position due to the lack of legal residency (in most cases), lack of formal work permits and/or contracts, which means they may not feel they are able to raise grievances against their employer in fear of arrest or deportation.

Lack of information: There is scant documentation on the working conditions and rights abuses of construction workers, whether through official government, union or media reporting, due to the informal nature of the workforce, which makes it difficult for government inspectors, NGOs, or trade unions to identify risks and detect abuse.

The Company Survey

To increase business transparency and encourage responsible approaches by businesses employing Syrian refugees and migrant workers, we invited 38 local and international companies working in the construction sector in Jordan and Lebanon to disclose their human rights due diligence policies and practices designed to address the risks identified in the sector, including in seven key aspects:

- Transparency and public commitment to human rights, including for refugees and migrants
- Ethical recruitment and freedom of movement
- Timely payment and fair wages
- Adequate protections for occupational safety and health
- Freedom of association
- Access to remedy
- Engagement with civil society

The selection process of the companies began with a review of the construction sector in Jordan and Lebanon to understand the magnitude of investments and estimate the size and composition of the workforce, particularly of Syrian refugees and migrant workers. The information is captured in our Jordan and Lebanon Construction Sector Investment Tracker, which identifies more than $6.5 billion in construction projects active in Jordan and Lebanon across 55 projects (31 in Jordan and 24 in Lebanon). Infrastructure projects, particularly those involving water and sanitation, are driving most of the construction in the region (33%), followed by property and tourism (23.6%), and power and renewable energy (20%). The most valuable contracts identified were in the property and tourism sector (1.2 billion USD)*, followed by power and renewable energy (1.1 billion USD), and water and wastewater infrastructure (1 billion USD). More than half the contracts (30 of 55) are donor-financed, with the European Bank for Reconstruction and Development (EBRD) being most invested in the sector in Jordan and the International Bank for Reconstruction and Development (IBRD) the biggest investor in the sector in Lebanon. For more analysis, see our briefing on the tracker.

Of the 38 companies invited to disclose information on human rights due diligence, only two companies completed the survey; **Alcazar Energy Partners** and **Vestas**. One company, **Veolia Middle East**, provided us with a link to their sustainable development objectives and noted that they joined the UN Global Compact. Four companies (**Ayla Oasis Development Co, Development Alternatives Inc (DAI), Gitech-Consult,** and **Snohetta)** responded by saying as project developers or designers, they did not believe the survey applied to them. DAI and Sohetta referred us to partner companies, none of which responded to our outreach.

This low response rate is unusual, even in a region where we routinely see less engagement from companies. In a similar 2016 survey of 100 construction companies operating in the Gulf, 22% of companies responded to our first survey. Earlier this year we surveyed 21 apparel brands that source from Jordan, and six responded. To supplement available information, we searched the websites of each company to collect additional information on their human rights policies and practices; most however, either do not have such policies in place, or do not make them publicly available.

* Excluding a billion USD contract for the construction of a new US embassy in Lebanon.

Colour code: Yes Partial No	Human rights commitment	Commitment includes migrants & refugees	Ethical recruitment & freedom of movement	Timely payment & fair wages	Occupational heath & safety	Freedom of association & access to remedy	Engagement with civil society
Alcazar Energy Partners*	🟢	🟢	🟢	🟢	🟢	🟡	🔴
Vestas Wind Systems	🟢	🔴	🟢	🔴	🟢	🟡	🟢
Development Alternatives Inc.	🟢	🔴	🟡	🔴	🟢	🟡	🔴
OTV VEOLIA	🟢	🔴	🟡	🔴	🟢	🔴	🔴
Cooperativa Muratori e Cementisti di Ravenna	🟢	🔴	🔴	🔴	🟢	🔴	🔴
Nurol Construction and Trading	🟢	🔴	🔴	🔴	🔴	🔴	🔴
Siemens Gamesa	🟢	🔴	🔴	🔴	🟢	🟡	🔴
Parallel Contracting S.A.L.	🔴	🔴	🔴	🔴	🟢	🔴	🔴
Nicolas Srouji Establishment for Contracting	🔴	🔴	🔴	🔴	🟢	🔴	🔴
B.L. Harbert	🔴	🔴	🔴	🔴	🟢	🔴	🔴
Shandong Electric Power Construction Corporation III	🔴	🔴	🔴	🔴	🟢	🔴	🔴
Sterling and Wilson	🔴	🔴	🔴	🔴	🟢	🔴	🔴
Enviromena Power Systems	🔴	🔴	🔴	🔴	🟢	🔴	🔴
MID Contracting Company	🔴	🔴	🔴	🔴	🟢	🔴	🔴
Joannou & Paraskevaides Group	🔴	🔴	🔴	🔴	🟢	🔴	🔴
Al-Yacoub Contracting EST (YCE)	🔴	🔴	🔴	🔴	🟢	🔴	🔴
Özaltın Construction	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Dar Al Handasah Nazih Taleb & Partners	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Khoury Contracting Company	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Establishment Nazih Braidi for Engineering & Contracting	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Consortium Stablie Research	🔴	🔴	🔴	🔴	🔴	🔴	🔴
GITEC-IGIP GmbH	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Consolidated Engineering and Trading	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Mouawad-Edde	🔴	🔴	🔴	🔴	🔴	🔴	🔴
A.R. Hourie	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Snøhetta	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Nabil Gholam Architecs	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Kfoury Engineering and Contracting	🔴	🔴	🔴	🔴	🔴	🔴	🔴
BETABAT	🔴	🔴	🔴	🔴	🔴	🔴	🔴
MAN Enterprise	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Societa Italiana per Condotte d'Acqua	🔴	🔴	🔴	🔴	🔴	🔴	🔴
ET Solutions	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Ayla Oasis Development Company	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Arab Towers Contracting Company	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Haddadin Engineering Company for Contracting	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Hussien Ateieh and Sons	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Kolon Global	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Eagle Hills	🔴	🔴	🔴	🔴	🔴	🔴	🔴

* Alcazar initially provided us with internal policies that were not yet public. They subsequently published these policies just prior to this report launch, however, we have not re-reviewed the policies for any changes in their content.

Survey Analysis & Findings

Transparency & public commitment to human rights, including for refugees & migrants

Companies in the construction sectors in Jordan and Lebanon are opaque both in terms of their human rights commitments and policies, and their stakeholder engagement. Only seven out of 38 companies (**Alcazar**, **CMC**, **DAI**, **Nurol Construction and Trading**, **Siemans Gamesa**, **Veolia Middle East**, and **Vestas**) maintain a public commitment to human rights or have a public human rights policy. Nine additional companies (**Al-Yacoub Contracting EST, B.L. Harbart, Enviromena Power Systems, Joannou & Paraskevaides Group, MID Contracting Company, Nicolas Srouji Establishment for Contracting, Parallel Contract S.A.L., Shandong Electric Power Construction Corporation III,** and **Sterling and Wilson**), have made a reference to occupational health and safety – a key human rights risk in the construction sector – but fail to put such policies into a broader human rights context. Of the seven companies with human rights policies, five include a reference to the UN Guiding Principles or another international standard. Two reference any IFI performance standards or safeguards; those two are both implementing IFI-funded projects.

Only two companies (**Alcazar** and **Vestas**) specifically indicate that they include migrant workers or other particularly vulnerable populations in their human rights policies. None of the companies have human rights policies that specifically reference the risks involving recruitment of refugees or migrant workers to work in Jordan and Lebanon in particular, despite the prevalence of such workers in their supply chains, and even though such risks are widely known in the region. In contrast, 16 out of 21 apparel brands sourcing from Jordan have such a policy in place, according to our recent survey.

> **"The classification of the Contractors' Syndicate allows the giant construction companies to apply for and win huge construction projects, however, all of them subcontract work on the ground to the hundreds of subcontractors, each has workers and each worker group has legal status and work conditions different than the other."**
>
> *Head of the National Federation of Worker and Employee Trade Unions in Lebanon (FENASOL)*

Ethical recruitment & freedom of movement

Companies operating in the construction sector in Lebanon and Jordan appear unaware or unengaged on issues of ethical recruitment and have not taken adequate steps to prevent the exploitation of workers – including migrant workers – in their supply chains.

Only two companies (**Alcazar** and **Vestas**) have a recruitment policy that includes a prohibition on payment of recruitment fees and provide contracts in the language the worker speaks and understands, with copies of the contracts given to the workers upon signature of both parties. **Alcazar** reports that its policy prohibits the holding of employees' personal identity documents, as well as any "unnecessary" restrictions on movement (unnecessary is not defined and therefore it is not clear how widely the company will interpret that). **Vestas** requires its business partners to "ensure that employees have freedom of

movement" and similarly not withhold travel documents or other materials that could prevent an employee from terminating his employment relationship. **DAI**'s policy states that it "does not use or condone" the use of slave labour or other forms of human trafficking. This policy could be strengthened through an affirmative prohibition on suppliers relying on forced labour, and by including specific reference to the heightened risks of trafficking facing migrant workers.

Although some companies commit to following local law with regards to recruitment and contracting, such steps are not adequate to ensure companies have abided by their human rights obligations under the UN Guiding Principles. For example, Jordan operates under a kafeel, or sponsorship system, whereby migrant work permits are tied to a specific employer and to a single occupation and limits their mobility inside the country and ability to leave the country temporarily or permanently. Such systems are inherently abusive, and area also easily exploited by unscrupulous recruitment firms or companies to take further advantage of vulnerable workers by denying them other benefits such as fair wages. In addition, although on paper Jordanian labour laws apply to workers regardless of legal status, in practice workers who fall out of compliance with their sponsorships status are subject to detention, arrest, or deportation if they seek redress. In addition, though employers are responsible for workers' visas and legal status, and for the return of the worker to their home country at the end of the contract, if employers fail to renew workers' permits, sanctions are enforced against the workers rather than the employers.

As a result, it is incumbent on companies to ensure that ethical recruitment practices and adequate human rights protections are in place for their migrant and refugee workforce. Thus far, however, most construction companies surveyed have failed to do so.

Timely payment & fair wages

None of the companies have committed to pay their workers a living wage. Only one company (**Alcazar**) provided specific information on how it attempts to ensure that its contractors pay their employees on time and for all the hours they worked, for example through "interviewing contracted workers and workers engaged by third parties".

> **"Working hours are not applicable. We work 10-12 hours because employers are not inspected. We only have one day off every month, although we are entitled to have four a month. We are deprived of many benefits. We neither take the holidays off nor do we get extra pay."**
>
> *Syrian refugee in Jordan*

Adequate protections for occupational safety & health

Although commitments to worker health and safety was the highest of all the indicators, with 14 out of 38 companies (36%) referencing these standards in publicly-available policies, it is still alarmingly low. Having in place clear policies and procedures on worker health and safety, and regular training of workers and worksite supervisors is of paramount importance to tackle the unacceptably high numbers of fatalities and injuries occurring in the sector.

> **"Having to deal with five dead workers is still cheaper than implementing the Occupational Safety and Health Measures as stipulated by law"**
>
> *Head of the National Federation of Worker and Employee Trade Unions in Lebanon (FENASOL)*

Examples of policies on worker health and safety include **Al-Yacoub Contracting, DAI, Siemens Gamesa**'s. **Siemen Gamesa** focuses on preventative measures to reduce accidents, and to do this it has established a *Safety is My Choice* program which emphasizes individual worker responsibility for implementing safety training. **Al-Yacoub Contracting** has a Health, Safety & Awareness Environmental Programme which includes job safety/hazard analysis and material safety data sheets and has a health and safety training program in place.

Freedom of association

The rights of migrants and refugees to freedom of association and collective bargaining is restricted in the construction sector in both Lebanon and Jordan. In Lebanon, the labour law prohibits migrant workers and refugees from forming unions and excludes all workers in the construction sector (including Lebanese workers) from freedom of association. Similarly, Jordan only recognizes formal unions in government-designated sectors, allows only one union per sector, and does not recognize independent unions or independent labour movements. It also restricts the organization of migrant workers, prohibiting them from forming a workers' organization or from holding union office, thus, compromising workers' voice particularly in sectors where migrant workforce is the majority, like the construction sector. In addition, in both Jordan and Lebanon, migrant and refugee workers' access to representation is significantly limited by the fact that most workers operate informally.

Alcazar, **Siemens Gamesa**, and **Vestas** reported having policies in place that mention freedom of association. However, these policies do not adequately compensate for the restrictions faced by workers in Jordan and Lebanon. For example, **Alcazar**'s policy states that in the absence of a union, workers may submit individual grievances to the company. In other contexts, such as the Gulf, companies have adopted strategies to support workers to organize despite legal restrictions, such as by helping workers to form "Worker Welfare" or "Workers' Advisory" committees that serve many of the functions that a union would otherwise serve.

Access to remedy & grievance mechanisms

Effective grievance mechanisms for refugee and migrant workers, many of whom work informally, are particularly important but unfortunately rare. The UN Guiding Principles requires companies to establish or participate in "effective operational-level grievance mechanisms" for individuals who may be impacted by their operations, including their workers.

Only four of the 38 companies indicated they have an operational-level grievance mechanism in place for their workers, including refugees and migrants, in Jordan or Lebanon. **Alcazar, DAI, Siemens Gamesa,** and **Vestas** all indicated that they maintain active grievance mechanisms in Jordan or Lebanon. **Alcazar** provided detailed information about its grievance mechanism procedure, including the development of project-specific grievance tools translated into local languages and communicated to local stakeholders. One complaint was reported in Jordan in 2017. **Vestas** also maintains an operational-level grievance mechanism available in both English and Arabic. **Vestas** has an EthicsLine which received a total of 138 cases in 2017.

> **"…even with little law enforcement and practically no fear from authorities' punishment, the contractors themselves make it difficult for workers to speak with the labour unions; there have been incidents reported where the big contracting companies have recruited security agencies to prevent unions from reaching out to workers in the vicinity of their work sites"**
>
> *Head of the National Federation of Worker and Employee Trade Unions in Lebanon (FENASOL)*

Engagement with Civil Society

Lack of engagement with civil society on human rights issues is consistent across all sectors in Jordan and Lebanon. Despite an active human rights and labour rights community in Jordan and Lebanon, only **Vestas** reported engaging with civil society on issues that concern the wellbeing of workers. Companies will not be able to carry out adequate human rights due diligence or gain a clear picture of risks to their workers and those in their supply chains without this engagement. Businesses should instead seek to benefit from the wealth of information and experience made available by civil society and collaborate with them to improve the living and work conditions of workers.

Recommendations

With only a handful of exceptions, construction companies operating in Jordan and Lebanon lack publicly-available policies and procedures to identify human rights risks in their operations, have inadequately engaged with stakeholders in the sector, and failed to adopt measures to prevent or effectively remedy abuse where it occurs. This is especially true with respect to the most vulnerable components of their workforces in Jordan and Lebanon, especially migrant and refugee workers. To improve on this situation:

Companies should

- Adopt and publish a policy commitment to human rights. This should include a specific commitment to upholding international standards on the protection of migrant workers.
- Conduct robust due diligence and monitoring to identify vulnerable workers and the risks they face, including through business relationships.
- Recognize the unique risks faced by highly vulnerable workforces, especially migrant and refugee workers, and adopt and implement clear policies that address those risks, including urgent action to:
  - Ensure ethical recruitment, equal treatment, and the right to worker representation and access to remedy, even where these rights are restricted by government
  - Ensure workers retain sole custody of their passports
  - Adopt the “employer pays” principle for recruitment throughout supply chains and engage in direct hiring of workers as far as possible
  - Guarantee the contract offered to workers in their countries of origin and prevent contract modification
  - Ensure all workers are paid on time and in full, and enforce subcontractors’ compliance
  - Prevent worker deaths and publicly report injuries and fatalities
- Ensure protection for workers throughout the supply chain: regulate relationships with suppliers and subcontractors through workers’ rights-related clauses in bidding/prequalification documents and contracts.
- Establish grievance mechanisms in line with the UNGP’s effectiveness criteria, designed with worker input and with robust protection from retaliation.

International Financial Institutions should

- Require explicit acknowledgment of IFI safeguards and related human rights policies by companies receiving IFI support via governments and require companies to adopt and publicly disclose human rights due diligence and remedy policies, consistent with the UN Guiding Principles for Business and Human Rights, in order to be eligible for IFI-backed contracts.
- Commission urgent reviews of adherence to their labour standards in Jordan and Lebanon, develop steps to remedy abuses in consultation with workers' organisations, and make their findings public.
- Provide meaningful opportunities for civil society and communities to have a voice in the development process for new projects, including involving refugee and migrant workers in upstream opportunities to feed into development planning processes and institutional policies as well as plans for redress and accountability.

The Jordanian & Lebanese Governments should

- Take serious measures to reduce the growing informality in the construction sector to ensure more workers, regardless of national origin or legal status, are protected by local labour laws, including with regard to minimum wage, working hours, and workplace health and safety.
- Abolish the Kafala system that can be easily abused by employers to restrict workers' rights to freedom of movement and decent working conditions.
- Loosen restrictions on access to work permits and incentivize formal work by making it easier for refugee and migrant workers to change jobs.

Business & Human Rights Resource Centre

Business & Human Rights Resource Centre is an international NGO that tracks the human rights impacts (positive & negative) of over 8000 companies in over 180 countries making information available on its eight language website. We seek responses from companies when concerns are raised by civil society. The response rate is over 75% globally.

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