

**QUARTERLY REPORT  
SEPTEMBER 30, 2004-DECEMBER 31, 2004**

**Continuous Improvement in the Central American Workplace (CIMCAW)**

**USAID Global Development Alliance**

The Continuous Improvement in the Central American Workplace (CIMCAW) Project aims at improving the lives of workers and their communities by increasing the sector's compliance with national labor laws and ILO conventions. The results of this project will show that improving labor conditions also leads to improved productivity and increases competitiveness and foreign direct investment. The CIMCAW project submits the following Quarterly Report on project activities carried out between September 30, 2004 and December 31, 2004.

The format for the CIMCAW Quarterly Report will be as follows: Part I presents a matrix highlighting the key accomplishments to date; and Part II discusses the project's next steps. Nine appendices are included in this report: Appendix 1 presents the latest version of the CIMCAW workplan; Appendix 2 presents the draft Performance Monitoring Plan for CIMCAW; Appendix 3 presents the Alliance's Communication Protocol; Appendix 4 presents the Alliance's Decision-Making Protocol; Appendix 5 presents the Official CIMCAW Description; Appendix 6 presents the terms of reference for the country diagnostic; Appendix 7 presents the *draft* Frequently Asked Questions document produced as part of brand recruitment effort; Appendix 8 presents the list of attendees to the Brand Breakfast Meeting in NYC; Appendix 9 presents the Alliance's latest flyers in English and Spanish.

## **I. Continuous Improvement in the Central American Workplace (CIMCAW) Project Key Accomplishments, September 30, 2004-December 31, 2004**

### **Introduction:**

The CIMCAW project was formally approved by USAID on September 30, 2004. Since then the Alliance Partners and project staff have completed a number of key start-up activities, including two partner planning meetings, high profile brand outreach event at the BSR conference, workplan development, and a project launch ceremony. Among the most significant achievements of the first quarter was the successful trip to Honduras and Nicaragua in November aimed at officially introducing the project to USAID Missions and key stakeholders in the Region. The following sub-section represents the highlights of CIMCAW activities since September 30, 2004. The last sub-section presents a Table that summarizes CIMCAW's specific accomplishments vis-à-vis the deliverables specified in the CIMCAW agreement with USAID.

### ***Highlight of CIMCAW Activities:***

#### **1. Start-up Activities**

##### ***Administrative***

- Developed scopes of work (SOW) and budgets for partners and for DAI, signatures pending.
- Developed project budget.
- Developed a draft Performance Monitoring Plan (attached).
- Hired COP/Project Director and obtained security clearance for him.
- Set up Guatemala project office, securing security clearance, bank account, and power of attorney.
- Recruited Project Accountant.
- Established project bank account.
- Interviewed DCOP candidate

##### ***Planning***

- Held 2 successful planning meetings with SAI, ITGLWF, Gap Inc. and DAI in New York City in October and November 2004 to define CIMCAW project, discuss partner roles, responsibilities, and expectations with respect to the project, and administrative issues.
- Conducted numerous follow-up discussions with partners to discuss the outcome of original planning meetings and to discuss the workplan.
- Developed two-year draft workplan, which delineates tasks/interventions, timeline, and expected results (attached).
- Developed the terms of reference for the diagnostics.

##### ***Building Support for Project and Engaging Key Actors***

- Met with the Trade Representatives from Nicaragua, Costa Rica, Guatemala, and Honduras to inform them of the project and solicit their support.
- Met with Andrew Samet, IDB consultant charged with writing the IDB White Paper.
- Met with Landon Loomis of CCAA to learn about their recent GDA award. Will follow up with a second meeting in January to meet Executive Director Federico Sacasa to discuss further.

- Met with the Executive Director of Fontheim, Sr. Vice President of American Apparel and Footwear Association and Board Members of WRAP.
- Attended CCAA Annual Meeting in Miami in December 2004. Met key private sector and government stakeholders from the region, including David Huezo, Chairman of the Board AMCHAM, El Salvador; Emmanuel Seidner, Comisionado Presidencial Adjunto Inversion y Competitividad, Guatemala; Minister Arana of Nicaragua; and Jesus Canahuati of AHM, Honduras.
- Homero Fuentes and Samira Salem had a phone conversation with Alfredo Cuadra, President of the Consejo Superior de la Empresa Privada (COSEP). He indicated that COSEP welcomes projects that aim to strengthen the competitiveness of the maquila sector and strengthen the role of the Ministry. He was pleased by the fact that our project is guided by the following basic principles: respect for existing institutions and extant spaces for dialogue among key stakeholders; transparency; complementarity to existing relevant initiatives, whether they be ILO-funded, USDOL-funded or other; and ensuring maximum relevance of the project to the local context by working closely with local stakeholders to tailor it to their needs. He indicated that they would be supportive of such an initiative. He asked that we send him the project profile.

***Official Launch of the Project and Engaging the Stakeholders***

- Held official project launch in Guatemala City on November 15, 2004 where Glen Anders, USAID Mission Director, and Homero Fuentes signed a ratification document. In addition to Homero Fuentes, Elena Arengo (SAI), Samira Salem (DAI) and Jeff Frye (Gap's General Manager for the America's) represented the Alliance Partners. Various stakeholders were present, including Carlos Arias Sr., CACIF Labor Commission; Rolando Figueroa, VESTEX Labor Commission; Cesar Castillo, the Vice Minister of Labor; and a delegation from SIECA.
- As part of the official launch of the CIMCAW project, a team composed of Homero Fuentes, Victoria Walton, CIMCAW's CTO, and Alliance Partners from SAI (Elena Arengo) and DAI (Samira Salem) traveled to the Honduras and Nicaragua from November 17-22. The objectives of the trip were: 1) to officially present the CIMCAW project and explain its objectives and the Alliance's vision for achieving it to the USAID Missions, US labor attachés and key stakeholders, including the private sector, unions, and the government; 2) to consult with and obtain the support of key actors; and 3) to clarify the relationship between this project and other projects/initiatives that deal with labor in the region. The Alliance Partners met with a wide range of stakeholders (listed in Table 1. The stakeholders were generally receptive, and asked for continued engagement. The message from the private sector and the Ministries of Labor was that they considered respect for the ILO's tripartite model essential. The Ministries also indicated that it was important that the project not promote a model that usurps its role. On the contrary, they were interested in a project that strengthened their capacity to more effectively carry out their responsibilities. Training inspectors from the Ministries seemed to appeal to them. The unions the team met with were concerned about: 1) the role that the government (MINTRAB) would play in this project; and 2) how the project would respect the space established by existing established actors. Finally, the team frequently

- encountered stakeholders who had heard of the project, but who had a negative image of the project because they confused it with a number of other initiatives that either currently exist in the region or are at the proposal stage. It quickly became apparent that an important objective of the initial trips and subsequent trips was and will be to dispel misperceptions regarding the project.
- Table 1 indicates who the CIMCAW Team met while in Honduras and Nicaragua.

**TABLE 1. LIST OF STAKEHOLDERS MET ON TRIP TO HONDURAS & NICARAGUA**

<b>NAME</b>	<b>ORGANIZATION</b>
Jorge Roberto Interiano	Asociación Hondureña de Maquiladores
Guillermo Matamoros	Asociación Hondureña de Maquiladores
Jackie Ramirez Cruz	Ministry of Labor, Honduras
Irving Guerrero	Under Secretary of Economy and Trade
Armando Utrecho López	Consejo Hondureño de la Empresa Privada
Randy Peterson	USAID/Honduras
Porfirio Fuentes	USAID/Honduras
Derek Olsen	US Embassy
Yadira Martinez Flores	Ministry of Labor, Nicaragua
Luis Rodriguez	Ministry of Labor, Nicaragua
Sr. Montenica	Vice Minister, Ministry of Labor, Nicaragua
Emilio Noguera	Corporación de Zonas Francas, Nicaragua
Scout Vaughn	Manager ROCEDES, SA and Asociación Nicaragüense de la Industria Textil y Confección, Treasurer
Doris Escalona	Nien Hsing Textile Co., LTD. and Asociación de Empresarios de la Zona Franca
Carlos Zuniga	Ministerio de Fomento, Industria y Comercio, Nicaragua
Helen Munroy	COMPITAMOS por Nicaragua
Ramon Lacayo	Corporación de Zonas Francas
Representatives from CUTH	Confederación Unitaria de Trabajadores de Honduras (CUTH)
Steve Olive	USAID/Nicaragua
Yelanetzi Godoybaca	USAID/Nicaragua
Rolando Figueroa	VESTEX, Labor Commission
Oscar Arias Sr.	CACIF, Labor Commission

## **2. Internal Alliance Governance Guidelines**

- Developed communications protocol (attached).
- Developed decision-making protocol (attached).

## **3. Recruitment of Additional Multinational Corporate Partners**

- Hosted successful high-profile brand outreach breakfast event at the BSR Conference in New York City in November 2004. This event was attended by Levi's, Nautica, Polo Ralph Lauren, Coldwater Creek, and Gap Inc. In addition, this event was attended by representatives from the IDB/MIF, and IFC/World Bank, Fontheim International, WRAP, and the US Council on International Business (USCIB). See attached matrix for complete listing of attendees.
- The following is a brief update on the status of these discussions:
  - Levis: DAI visited corporate Headquarters in December and held meetings on joining the project, bi-weekly email communications, teleconference held, additional inputs provided on the project; confirmed their interest in possibly joining the alliance; Levis HQ and Miami office staff will attend February factory training in Guatemala.
  - Cold Water Creek; numerous emails and phone follow-up; set meetings in Guatemala for new compliance person during his visit; they would like to attend next factory training in Guatemala.
  - Nautica: have had email and phone conversations; have been connected to larger parent company VFC; significant interest; have been requested to provide additional materials to VFC and plan Headquarters visit to New York in early March.
  - Sara Lee and Limited Inc: numerous follow-up discussions with Fontheim; they have expressed strong interest in becoming an Alliance partner and bringing Sara Lee and Limited into the project as partners; they have asked for Alliance consideration of their participation and to consider an eventual linkage on training; have advised them of funding constraints; they have requested an exchange of letters as next step. This is to be considered by Alliance Partners.
  - Adidas-salomon: several telephone conferences held; primary interest in government outreach and auditor/inspector training; no interest in the worker-manager training; DAI to send additional details on government activities by country once work plan finalized.
  - Polo Ralph Lauren: significant interest. Particularly interested in attending next factory training.
  - Sears: significant interest. Interested in attending next factory training.
  - Eddie Bauer, Jones, Disney, Nike, Abercrombie and Kenneth Cole need additional follow-up: email to be sent in early February confirming timing of Guatemala trainings and providing overview of key workplan deliverables/countries and timeframes within 2005 based on finalized workplan; an overview of the local stakeholder dialogue that details who we have met at the local level and how they view the project.
  - Timberland; Scheduling teleconference and face-to-face meeting since they have recruited a new senior level director to oversee this area and elevated the Compliance, partnership position to report directly to CEO; need to reconfirm

commitment and participation in the project and ascertain corporate engagement levels for 2005 including a possible cash contribution.; teleconference set for 1<sup>st</sup> week of February with visit to be set after that.

#### **4. Pursuit of additional sources of donor funding**

- Met with Dan Shepherd of the IDB in October 2004. IDB came to New York to attend the BSR Brand Briefing on the project in Nov. Received IDB's preliminary proposal for joint project with CIMCAW in November. Submitted comments to IDB on proposal. Have been in contact with the IDB about the status of the proposal. Meeting set with DAI/IDB and DCOP for first week February.
- Met with with Frank Sader and Kristina Svensson from World Bank/IFC to discuss the possibility of additional funding for the evaluation portion of the CIMCAW project. The IFC is particularly interested in using the Ministries of Labor as a repository and disseminator of the data gathered. They have indicated an interest in working in El Salvador and possibly Guatemala. Follow-up to be done on basis of finalized 2005 workplan.
- Submitted a proposal to USAID/Nicaragua (October and December) to fund project office in Nicaragua.

#### **5. Marketing Pieces Produced**

- Produced an English and Spanish-version marketing piece or flyer (both final versions attached).
- Produced a PowerPoint presentation aimed at Brands interested in joining the Alliance.
- Produced a PowerPoint presentation for USAID GDA trainings (held in October 2004 in El Salvador and January 2005 in Washington DC).
- Produced a FAQ for brands interested in joining Alliance (attached).
- Produced a press release (to be approved by USAID).
- Produced a draft official project description/profile in English and Spanish (draft version attached).

#### ***Summary of CIMCAW Accomplishments:***

According to the CIMCAW agreement with USAID, the Alliance Partners have agreed to the eight deliverables specified in Table 2. Table 2 therefore summarizes CIMCAW accomplishments in each of the eight categories.

**TABLE 2. SUMMARY MATRIX OF CIMCAW ACCOMPLISHMENTS\***

INTERVENTION	ACCOMPLISHMENT FY 2004-2005			
	Qrtr 1	Qrtr 2	Qrtr 3	Qrtr 4
<b>1. Needs Assessment for Coalition Building/Diagnostic</b>	- Developed terms of reference for diagnostic. -Began identifying candidates to conduct the diagnostic in each country.			
<b>2. Multi-Stakeholder Dialogue</b>	-Identified key stakeholders in Honduras and Nicaragua and held initial discussions with them.			
<b>3. Training Design</b>	-Activity to be initiated in Qrtr 2			
<b>4. Integrated Training for Workers, Managers, and Auditors</b>	-Activity to be initiated in Qrtr 3			
<b>5. Applied Training</b>	-Activity to be initiated in Qrtr 3			
<b>6. Worker Rights and Life Resource Facilities</b>	-Activity to be initiated in Qrtr 4 or 5.			
<b>7. Capacity Building of Local Partners</b>	-Activity to be initiated in Qrtr 3			
<b>8. Evaluation and Dissemination of Lessons Learned</b>	-Activity to be initiated in Qrtr 2			

## II. CIMCAW Next Steps

1. Finalize Workplan and get USAID approval.
2. Continue Alliance trip to the Region. This time the destinations will be Costa Rica, the Dominican Republic, and El Salvador. The purpose of the trip to all three countries will be the same as the previous trip to Nicaragua and Honduras with the exception that in the case of Costa Rica, the team will be meeting with the ILO to: i) introduce the project and ii) determine whether it would be possible for the ILO to participate in the project. In addition, the team will also look for a consultant to conduct the diagnostic in the Dominican Republic.
3. Finalize decision-making and communication protocol.

\* Although we have set general targets for the timing of those activities that have not been initiated yet (i.e., activities 3-8), these will ultimately be determined by the outcome of the diagnostic.

4. Develop criteria for adding new partners and circulate draft criteria to partners for comment by 14 January.
5. Follow up with IDB during the last week of January regarding the status of their complementary joint program proposal and the possibility of their funding ILO participation in CIMCAW.
6. Form subcommittees to discuss key implementation & governance issues.
7. Align the final workplan with the project budget and develop a matrix that is based on the workplan and will indicate countries, timing and responsible lead partner(s).
8. Solicit USAID Nicaragua's decision on the separate office by mid-late January.
9. Circulate by end of January/beginning of February a proposed approach and process for constituting a project steering committee.
10. Recruit the Office Manager and finalize all details in the office.
11. Recruit consultants to conduct the diagnostic in the Dominican Republic and Honduras and begin diagnostic.
12. Plan the auditor/monitor training.
13. Assess the context in Nicaragua to begin worker training by April. If possible, begin work on tailoring curriculum for worker/manager training.
14. Initiate website development and development of a management information system for the project.

# APPENDIX 1

## DRAFT WORKPLAN

### CONTINUOUS IMPROVEMENT IN THE CENTRAL AMERICAN WORKPLACE

#### **START-UP (Sept. 30, 2004-Jan. 15, 2005)**

**Immediate Objectives:** Organize and mobilize resources to support project objectives. Develop workplan and establish plan for Alliance Management.

#### **Expected Results:**

- 1) Hold Alliance Partners planning meetings
- 2) Establish relationship with USAID, G-CAP and the various country missions in the region
- 3) Develop workplan – delineate tasks, deliverables, quarterly reports, and due dates
- 4) Develop plan for diagnostic phase/terms of reference for diagnostic
- 5) Develop and disseminate press release
- 6) Develop project flyer
- 7) Establish Guatemala project office: procure equipment, hire & train staff,
- 8) Hold project launch
- 9) Meet with stakeholders in the region
- 10) Develop Scopes of Work for Alliance Partners
- 11) Develop decision-making protocol for Alliance Management
- 12) Continue recruiting brands to participate in the project (ongoing)

**Please note:** With respect to the interventions outlined below, the manner in which they are developed and executed will vary from country to country based on the local context. Nonetheless, the basic structure of the following interventions will remain.

#### **INTERVENTION I: DIAGNOSTIC, NEEDS ASSESSMENT &WORKPLAN REFINEMENT (Jan. 15, 2005 – March 1, 2005)**

The diagnostics will be focused succinctly on project programs so as to simplify, accelerate, and ensure maximum effectiveness. The diagnostic will be conducted in three countries: Nicaragua, Honduras and either El Salvador or the Dominican Republic. The local consultant/group in each country who will perform the consultation will be identified in January and will submit the final version of the report by February 28, 2005.

**Immediate Objectives:** The purpose of the diagnostics is to gain an understanding of key factors in each country – at the local and national level -- that might influence the implementation of the project or might limit the full participation of certain key, representative groups. The results of the diagnostic will be used to refine the workplan

for the project on a regional and country by country basis so that the approach is current and relevant to for the local context.

The diagnostic will develop:

- An analysis of the application and general compliance level with labor rights and competitiveness of the sector that identifies: the most salient cases of noncompliance -- image problem for the sector; the obstacles faced by workers in the enforcement of their rights; legislative or political initiatives to promote workers rights; the existence of training programs on labor rights; other projects that exist that promote labor standards and/or Corporate Social Responsibility; the level of FDI and national investment in the textile and apparel sector; the competitiveness of the sector and; the needs for a sustainable worker resource/life skills center.
- A contextual map for each country that: identifies the actors and what they need to be more effective in raising labor standards and how they can contribute to the project's objectives; the existence of social dialogue or efforts to promote it and issues of importance within that dialogue; the legitimacy of the social dialogue that may exist; identifies the local capacity in the area of training; the existence and/or need for centers where workers can access legal and capacity-building resources to address their rights, other workplace and community issues.

#### **Expected Results:**

- A document from each country in which the diagnostic is performed that can be used by project personnel as a basis for the refinement of the workplan.
- The documents will inform the development of a fully developed project approach for each country that is current and relevant for the local context and responsive to the needs of local worker rights advocates from all sectors (private, government, grassroots, NGOs, etc.).

#### **INTERVENTION II: Multistakeholder Dialogue (March-June 2005)**

Convene a 2 day multistakeholder workshop in each country where a diagnostic was conducted. Key stakeholders to be invited may vary slightly from country to country, but include representatives from: the Ministry of Labor and Ministry of Economy, unions private sector associations, suppliers, NGOs, think tanks, universities, brands, and alliance partners.

As country dialogues progress, we will incorporate representatives from already successful country dialogues, as testimonials, and to build regional linkages.

**Immediate objectives:** The workshop will have formally present the refined and tailored CIMCAW project and approach and elicit feedback on the project, seeking to identify points of consensus and dialogue among the diverse sectors and to promote an exchange on labor standards among a cross-section of relevant groups.

**Expected Results:**

- Present refined and tailored CIMCAW project and elicit feedback
- Generate key stakeholder support for the project.
- Lay foundation for a more effective national industrial relations system at the workplace level, and ongoing social dialogue;
- Launch dialogue providing common ground for improved labor relations;
- Foster understanding of the important role labor standards play in increasing competitiveness and worker productivity, strengthening rule of law, and creating employment aimed at pro-poor growth;
- Gain broad support for creating a culture of labor standards compliance and;
- Secure local partners for project.

**INTERVENTION III: Auditor/Ministry of Labor Inspector Training (May-August 2004)**

Develop and conduct one auditor/Ministry of Labor Inspector training session in each country in the region.

**Immediate Objectives:**

- In each of the six countries, deliver one four-day auditor/monitor training for 30 auditors, monitors, labor inspectors, and trade union leaders.
  - The trainings will be aimed at increasing the quality of audits/inspections and level of professionalism of auditors/inspectors.
  - Key actors trained, including NGO, trade union, and Ministry of Labor inspectors who can help augment the oversight of factories' compliance with national and international labor standards.

**Expected Results:**

- A total of 180 auditors and MOL inspectors will be trained (30 in each of the six Central American countries covered by CIMCAW).
- The auditor training conducted by SAI as it uses a management systems approach will introduce new tools relevant to the textile and apparel sector.
- The training will provide the auditors and inspectors from the MOL with training in auditing techniques that will fortify their capacity.
- Monitors trained able to meet audit needs of local factories.
- Strengthened role for government labor inspectors.
- Sensitize the MOL inspectors to the changing global context demonstrating how commercial compliance audits complement their efforts.

## **INTERVENTION IV: CURRICULUM DEVELOPMENT WORKSHOP (May-June 2004)**

Conduct 3-day curriculum development workshop in each of the countries where a diagnostic was conducted. This is a multistakeholder activity, which will likely include the participation of key actors such as: unions, private sector associations, NGOs, one or two suppliers (in addition to the industry association), and possibly the Ministry of Labor.

**Immediate Objective:** The purpose of this activity is to jointly develop the outline of the worker-manager training curriculum and methodology.

### **Expected Results:**

- An outline of the curriculum and methodology agreed to by all key stakeholders.
- Training program of increased relevance as a result of being tailored to local context and having local input
- Key stakeholders buy-in to training program and contribute to shaping the curriculum and delivery methodology.
- Advances in social dialogue and confidence building among the stakeholders and between the stakeholders and the Alliance as a result of working on a common project that deals directly with labor standards and highlights the existence of important areas of common interest.

## **INTERVENTION V: APPLIED WORKER-MANAGER TRAINING (July-October 2005 AND JANUARY-MAY 2006)**

Trainings will be conducted jointly for factory managers and workers in each of the countries where we have developed training curriculum.

### **Immediate Objectives:**

- Deliver two-day workshops for approximately 280 workers and 40 managers in each of the four core countries— Nicaragua, Honduras, Guatemala,\* and El Salvador or Dominican Republic†.
- The worker/manager trainings are aimed at:
  - Improving their understanding of their rights and obligations;
  - Equipping the workers and managers with skills, materials and methods for sharing what they learn with fellow workers and managers;
  - Ensuring that there are opportunities to use these skills in the workplace

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\* The Guatemala target includes the 100-150 workers and 30-50 managers to be trained under the Guatemala pilot project.

† We have not yet determined whether the initial focus will be on El Salvador or the Dominican Republic. We expect that our consultations in the region and diagnostic results will give us the information needed to make the determination.

and;

- Improving managements' understanding of what management system changes could be made in the factory to ensure continuous improvement in compliance and to reap the associated benefits.

**Expected Results:**

- Improved working conditions, worker-management communication, and relations in the factory and as a result improved levels of productivity.
- 200 managers and 1120 workers trained directly on their rights and obligations as defined by national legislation and ILO conventions ratified by their country.
- 400 managers trained indirectly as the course participants return to their factories to engage their colleagues in system improvements and internal audits of their compliance.
- 3360 to 5600 workers trained indirectly as course participants are given materials to discuss with their colleagues.
- Shared understanding and expectations are fostered on workplace strategies for improving labor standards compliance.
- Action plans in place for addressing specific labor standards issues in each workplace.

**INTERVENTION VI: FOLLOW-UP FOR THE FACTORIES (October 2005-July 2006)****Immediate Objective:**

With information provided in the trainings, managers will conduct internal audits and identify gaps in meeting workplace standards. Once these gaps are identified, managers will draw up corrective action plans and proposals for management systems to bring the factory into compliance with the labor standard.

- Alliance partners will meet on a periodic basis with trained managers to provide guidance on gap analysis and factory action plans.
- Alliance partners will meet with newly created worker-manager team that were trained to provide guidance that may be needed and help the team constructively address challenges they face related to training.
- Alliance partners will also conduct at least one follow-up visit to evaluate progress.
- Participating brand companies will provide follow-up visits and seek out feedback on how the training was received.

**Expected Results:**

- Training results are reinforced and rapidly taken to scale in the workplace.
- Interim assessments of training impact and clarifications made in a timely manner
- Link established between training curriculum and materials and factory improvements
- Mutual accountability of workers and managers is established.
- Interim assessments of training impact and refinements are made in a timely manner;
- Links are established between training curriculum and factory improvements;
- Data is gathered on qualitative and quantitative change in factories; and

- Hundreds of workers and managers are engaged in factory improvement processes.

### **INTERVENTION VII: FOLLOW-UP TO WORKER NEEDS (February 2006-March 2006)**

**Immediate Objective:** Conduct an assessment aimed at identifying a desire or need for worker rights resource and work/life center

These facilities could be clustered around the following themes<sup>‡</sup>:

1. Workers' Resource Centers coordinated and run by workers and their representatives, providing legal advice, fostering dialogue and providing worker rights training, and undertaking research;
2. Community Resource Centers coordinated by multi-stakeholder groups and/or NGOs with direct links to business and government and covering areas such as legal advice, welfare and housing, labor rights, training (vocational and life skills), childcare (crèches), nutrition (workplace canteens), financial services (banking and credit facilities), health (site for mobile health clinic visits, reproductive health classes, HIV/AIDS), and transportation (site for a secure hub).

#### **Expected Results:**

- Assessment of needs for workers' resource/work-life centers is needed.
  - If it is needed, a recommendation for initial design and organizations institutions that could be involved in its establishment will be provided. And support for the development of a model of a workers' resource/work-life centers in one country will be provided.
  - One alternative maybe that the project would provide support and capacity-building for existing workers' resource/work-life skills centers initiatives to strengthen their capacity.

### **INTERVENTION VIII: MULTISTAKEHOLDER DIALOGUE (April 2006-July 2006)**

Convene a 2 day multistakeholder workshop in each country where worker-manager trainings were delivered. Key stakeholders to be invited may vary slightly from country to country, but include representatives from: the Ministry of Labor and Ministry of Economy, unions private sector associations, NGOs, think tanks, universities, suppliers, brands, and alliance partners and those who have completed the training.

**Immediate objectives:** The workshop will have elicit feedback on the project as well as promote an exchange on labor standards among a cross-section of relevant groups.

#### **Expected Results:**

- Elicit feedback on the project to date.

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<sup>‡</sup> The Alliance is forming a subcommittee to discuss this initiative further because there are still a number of questions with regard to these centers.

- Document lessons learned and best practices in socially responsible workplace systems;
- Sustainable social dialogue on labor standards established;
- An improved understanding on the part of participants of the important role labor standards play in increasing competitiveness and worker productivity, strengthening rule of law, and creating employment aimed at pro-poor growth;
- Significant advances made toward creating a culture of labor standards compliance.

### **INTERVENTION IX: DEEPER TRAINING IN SELECTED FACTORIES (January 2006-August 2006)**

**Immediate Objective:** Provide more in-depth training to a larger number of workers per factory and possibly tailor the trainings more to the needs of the factories. This would be delivered to factories that request this type of training. The Alliance is prepared to provide such training for 3-4 factories in three countries with 20-30 workers and 4-7 managers per training.

#### **Expected Results:**

- Same results as expected from worker manager training. However, since more workers and managers per factory directly and indirectly trained, it is expected that the positive impact in terms of working conditions, productivity and improvements in factory systems will be greater.
- Substantial and measurable increases in productivity and workplace improvements.

### **INTERVENTION X: EVALUATION & DISSEMINATION OF LESSONS LEARNED (July 2004-September 2006)**

The evaluation component is important given the regional scope of this project and the fact that trainings will be done on a rolling basis. The performance monitoring plan provides more details as to the objective, methods and indicators to be monitored.

**Immediate Objective:** It will be designed to cull the lessons learned at strategic points throughout the project and use these lessons to refine the project methodology, training curriculum, and follow-up activities. The monitoring and evaluation components of the project will analyze and package the labor standards data and the project's measurable results to support a large set of users that includes corporate decision makers within suppliers and buyers, as well as potential investors and other stakeholders.

#### **Expected Results:**

- Trainings continually refined by means of the evaluation findings.
- Business case established for improving workplace standards using evaluation data.

- Multi-party, multi-sector support gained for higher workplace standards.
- Verification of concrete improvements in workplace conditions.
- Use of Internet and newsletter to disseminate the data and findings, improving international perceptions of the region's labor standards.
- Increased market demand at the level of global brands and local suppliers for the project training and methodology.
- User friendly data packaged for business decision makers.
- Improved image of the region in global markets as a result of dissemination of results of evaluation.





**Indicators (Outcome & Progress):**

**Target**

**Progress this Quarter**

**Cumulative Progress**

- Level of factory interest in participating in the project
- # of trainings held
- # of individuals trained (disaggregated by gender)
- # and name of new organizations collaborating with CIMCAW
- Existence of effective grievance process in the plant
- Average # of accidents per factory
- Average % employee turnover
- Productivity improvements
- # of and type of improvements made as a result of trainings (e.g., creation of sanitation committee, creation of worker-manager Committee, improvement in management systems)
- Worker and Manager knowledge of RAC alternatives
- Compliance with commitments to improve working conditions made at the training workshops.
- Level of brands sourcing patterns and levels – this is tied to volume and level of sales.
  
- Documented cases of constructive worker-management dialogue (e.g. negotiation; complaint resolution; use of RAC system when disputes cannot be resolved in the factory).

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<b>Planned Activities</b>	<b>Indicators</b>	<b>Timeline</b>	<b>ACHIEVEMENTS TO DATE</b>	<b>Problems with Implementation/ Adjustments to Plan</b>
1)				
2)				
3)				
4)				
5)				
6)				
7)				
8)				
9)				
10)				



## **APPENDIX 3**

### **Communications Protocol Global Development Alliance (GDA) for “Continuous Improvement in the Central American Workplace” (CIMCAW) USAID Award # 596-A-00-040- 00225-00**

The Alliance partners (made up of all signatories to the CIMCAW Memorandum of Understanding, in addition to USAID and other donors supporting the project with funding) of the above-referenced GDA CIMCAW project launched in September 2004 agree to adhere to the following set of guidelines for written and verbal communications and public events:

#### **I. Use of Alliance Partner Logos**

- a) Any use of an Alliance partner logo on any external publications or other information/media products (including web sites) shall be cleared by the Alliance partners.
- b) USAID’s logo must appear on all project related external publications or information/media products (including web sites). However, products produced by an Alliance partner that are not project publications and contain only ad hoc references to the project do not require USAID’s logo.

#### **II. External Marketing Brochures/Flyers**

- a) The text of any brochure/handout/flyer produced by the project for external marketing and information sharing shall be cleared by all Alliance partners.
- b) The production of all such project marketing materials will be coordinated by DAI as project manager.
- c) USAID’s logo must appear on all project marketing materials.
- d) Brochures/handouts/flyers not produced by the project but by an Alliance partner containing ad hoc references to the project shall adhere to the language of the official project communications that has been cleared by all Alliance partners. This language is contained in the official project description attached to this protocol (see Annex 1) and also reflected in official project brochures, press releases, and the Memorandum of Understanding. Such materials do not require clearance of Alliance partners.

#### **III. Journal/Magazine Articles**

- a) Articles written by Alliance partners for promoting and marketing the project shall be sent to DAI for circulation and clearance by all Alliance partners. Final versions will be shared with all Alliance partners.

- b) There should be a reference in all such articles to USAID's funding role.
- c) Articles written by Alliance partners that reference the project as part of their organization's overall marketing and external communications shall adhere to the language of the official project description and communications noted in II. D. These references should convey a message consistent with agreed project message/language, but do not require clearance of Alliance partners. A copy of these articles should be provided to the Project Director for comment prior to their publication.
- d) Articles written by USAID referencing the project shall be encouraged to utilize language of official project communications. They will be circulated by DAI for comments to Alliance partners whenever possible. These articles do not require Alliance clearance.

#### **IV. Speeches**

- a) Speeches delivered by Alliance partners for promoting and marketing the project shall be circulated to all alliance partners and utilize language based on the official project description and communications.
- b) USAID speeches referencing the project shall be encouraged to utilize language of the official project communications and copies circulated to Alliance partners whenever available.

#### **V. Press Releases**

- a) All press releases on the project shall be coordinated by DAI and cleared by all Alliance partners. These releases should utilize language based on official project communications.
- b) Press releases by Alliance partners for their organizational needs that may contain a reference to the project shall utilize the language of official project communications but do not require Alliance clearance. It is acknowledged that the project approach and tools are built on other Alliance partner initiatives and are not exclusive to this project.
- c) DAI will coordinate the distribution and clearance of press releases with USAID where needed.
- d) USAID press releases on the project shall whenever possible be circulated for comments to all Alliance partners. They do not require Alliance partner clearance.

## APPENDIX 5

## **VI. Web sites**

- a) The official web site for the project will be maintained by DAI. The content will be cleared by Alliance partners and be based on the official project description and communications.
- b) The project web site must contain reference to USAID and its logo.
- c) Web sites of any Alliance partner may reference the project utilizing language in the official project documents but need not be cleared by Alliance partners. However the use of a logo on a web site must be cleared by the Alliance partner involved.

## **VII. Project Proposals**

- a) Reference may be made to the GDA project in other project proposals and requests to donors. Clearance by Alliance partners is not needed. The language should reflect as much as possible language cleared in official project communications.
- b) Alliance partners should be informed in advance of submission about project proposals for Central America that are submitted to donors utilizing any of the CIMCAW technical approach, modules, tools and curriculum while recognizing that the project approach and tools are built on other partner initiatives and are not exclusive to this project ( point V.b. above).

## **VIII. Partner visits to the region**

- a) Alliance partners visiting the region to participate in project activities noted in the work plan will have their trips confirmed with the Project Director.
- b) Alliance partners visiting the region for purposes that are not directly related to the project implementation but have overall linkages with labor standards will be shared with the Project Director for information and overall coordination purposes.

## **IX. Project Reporting to Donors**

- a) Quarterly and other required reporting to donor(s) shall be prepared and submitted by DAI as the Project Director. These reports will be circulated to all Alliance partners for information rather than review or comment.

## **X. Videos/photographs**

- a) The production of videos and photographs for project promotion/marketing/training shall be coordinated by DAI and cleared by all Alliance partners.

- b) Any videos or photographs produced by the project must contain the USAID logo in a visible place.
- c) All such materials will be kept with DAI and may be utilized by the project whenever deemed appropriate.

**XI. Project Publications/Manuals/Training Materials**

- a) They shall be circulated to all Alliance partners for comments and clearance unless such clearance is waived by an Alliance partner.
- b) Any manual, training materials, or document that is developed (i.e. created or tailored for the project) as part of this project must contain the USAID logo in a visible place. Training materials that have been previously developed and/or published by other organizations, including the Alliance partners, need not have the USAID logo if they are not significantly tailored with project funds for project use.
- c) All such materials will be kept by the Project Director and DAI Publications Department and may be utilized by the project whenever deemed appropriate.

**XII. PowerPoint Presentations**

- a) All presentations should utilize the language of the official project description and communications. They do not require Alliance clearance.
- b) Alliance partners should inform the Project Director when public presentations are being made on the project.

**XIII. USAID Internal and External Communications on the Project**

- a) USAID will seek to utilize language from or that is consistent with the official project description and project communications, particularly in materials produced for an external audience while recognizing that they are under no obligation to do so.
- b) In those cases where USAID requests comments from the Alliance, DAI or Project Director will circulate such communications and coordinate their response.
- c) All official communications from Alliance partners to USAID which reference the project will be transmitted through DAI and the Project Director as the designated USAID liaisons.

**XIV. Project Communications among Alliance Partners**

- a) The Project Director will directly communicate with all Alliance partners at each organization's head office and local levels.
- b) Alliance partners must designate someone who will function as principal project focal point for all normal project communications and implementation of project activities at the head office and local levels. Information exchange and decision making on the project for that Alliance partner will be coordinated by the designated focal point. It will not be incumbent on the Project Director to coordinate internal consensus for an Alliance partner.
- c) Alliance partner head office clearance will be sought for project budgetary issues.

**XV. Proprietary Material and Intellectual Property**

- a) Each Alliance partner agrees not to disclose to others the proprietary or confidential information of any other Alliance partner; to use such information only for the purposes intended by the CIMCAW Alliance MOU; to treat such information with the same degree of care that each Alliance partner uses to protect its own proprietary or confidential information; and to return such information to the disclosing Alliance partner when asked, or promptly after this MOU is completed, whichever first occurs.
- b) The Alliance partners agree that all intellectual property is first governed by the USAID guidelines and within this framework Alliance partners shall have equal rights in all intellectual property created and first reduced to practice under this MOU. But each Alliance partner shall have exclusive rights to Intellectual Property based on data developed under this MOU that each Alliance partner develops individually or has developed previously in a manner unrelated to this MOU.

**XV. Public Events**

- a) All planned public events held at either the local or international levels that feature the project will be coordinated by the Project Director and included when possible in the project work plan that is submitted for approval to USAID.
- b) The Project Director should be informed of those public events where Alliance partners will be presenting the project including conferences, panel discussions and workshops that arise outside the work plan. The official project description will form the basis of any public representation of the project.

- c) Any public event requiring USAID participation from outside the USAID regional office (USAID/G-CAP) will be coordinated by USAID/G-CAP. USAID/G-CAP will clear travel for all USAID participants to participating countries where project related events are planned.
- d) Public events featuring the project will have proper attribution to all Alliance partners including USAID.

#### **XVI. Guidelines for Clearance of Communications**

- a) Text requiring Alliance partner clearance shall be sent electronically by DAI and/or the Project Director to the person designated as the Communication Liaison for each Alliance partner. A period of 10 working days whenever possible shall be allowed for returning comments/clearances. A good faith effort will be made to accommodate work and travel schedules so as to allow for input from all parties and enable a consensus-based decision. Such responses should be copied to all Alliance partners
- b) DAI will ensure follow-up with an email or telephone communication where clearance is not received after 10 days. No response from an Alliance partner after such follow-up shall mean the text can be released as transmitted.
- c) To discourage multiple responses coming from a single Alliance partner, staff from the same organization are asked to coordinate their firm's response in a single email.
- d) DAI will incorporate all suggested revisions and transmit to all Alliance partner's final versions of any communications requiring Alliance clearance. Should there be issues with incorporating a partner's revision, DAI will bring the proposed text to the Alliances attention for collective deliberation. Consensus among all partners will be obtained for the release of key external project documents.
- e) USAID shall be prominently acknowledged in all publications or other information/media products developed under this project, and the product shall state that the views expressed by the author(s) do not necessarily reflect those of USAID. Acknowledgements should read as follows:

*“This [publication, video or other information/media product (specify)] was made possible through support provided by the U.S. Agency for International Development, under the terms of Award No. 596-A-00-04-00225-00. The opinions expressed herein are those of the author(s) and do not necessarily reflect the views of the U.S. Agency for International Development.*

Final Version 19 January 2005

## **APPENDIX 4**

### **Decision-Making Protocol**

#### **Global Development Alliance (GDA) for “Continuous Improvement in the Central American Workplace” (CIMCAW) USAID Award # 596-A-00-040-00225-00**

The Alliance partners of the above-referenced GDA project launched in September 2004 agree that project decisions be made based on the following guidelines:

#### **1) Budget**

- a. All Alliance partners and the Project Director will be kept informed about: a) the availability of existing funds for the project and; b) new funds and funding strategies that are being pursued for the project.
- b. All Alliance partners will be consulted on budget proposals for allocation of project funds.
- c. Deadlines for budget review and decision making will be clearly set out to allow for timely review by all partners.
- d. DAI, in consultation with the Project Director, has final responsibility for project budget reporting and ensuring a consensus-based decision making process for significant financial issues.

#### **2) Hiring of Personnel & Partner Staff Assignments**

- a. All Alliance partners will be consulted and informed on processes for hiring of senior project management personnel. If Project Director recruitment is required at any point during project implementation all Alliance partners will be asked for recommended candidates and the interview process for candidates shall include at least one Alliance partner in addition to DAI.
- b. Senior technical consultants being considered by any Alliance partner or the Project Director for project implementation activities will have their resumes circulated to all Alliance partners for comment.
- c. Local project staff may be hired by the Project Director without partner consultation.
- d. Alliance partners agree to respond within 10 working days on any such hiring consultation.
- e. Each Alliance member will assign their staff and advisers to work on this project according to organization’s capacity, the individual’s expertise and the needs of the project and will done in consultation with the Project Director. Each Alliance partner is responsible to ensure that their respective staff/advisers are bound by non-disclosure/confidentiality agreements.

#### **3) Project Implementation**

- a. All Alliance partners will be consulted in developing the work plan that will reflect all project activities and their proposed timeframes for implementation.

The work plan will include quarterly Alliance meetings (to discuss the design and progress of activities) and the status of project implementation. It will also include other preparatory/planning meetings and stakeholder consultations. The agreed upon work plan will be submitted to USAID for final approval.

- b. All Alliance partners will be informed at least 2 weeks in advance about the scheduling of meetings related to this project that were not included in the work plan. Unscheduled country trainings or other critical project activities will be set up with at least 3 weeks notice given to Alliance partners.
- c. All Alliance partners will be updated on the outcome of key meetings, key events and activities in a monthly project report prepared by DAI and the Project Director and circulated electronically.

#### **4) Local Project Partners**

- a. All Alliance partners will be consulted on the process and final decision making for selecting the local partner organizations who will be working on the activities of this project. Key input will come from the Project Director and be informed by the country diagnostics.
- b. Final decisions will be made according to the consensus reached and finalized by the Project Director except in the case of Guatemala where all decisions will be finalized by the Alliance Partners.

#### **5) New Alliance Partners**

- a. All Alliance partners will be consulted on the expansion of the Alliance to include new partner organizations.
- b. Such partners will be considered on the basis of their contribution to the alliance, to the project objectives and in keeping with USAID's contract stipulation to broaden project participation. Due diligence will be carried out on all new partners to ensure the credibility of the project.
- c. Consensus will be sought on such decisions which will include the Project Director.

#### **Guidelines for Consultation Process**

In order to keep the consultation process efficient, DAI will maintain a schedule of tasks and upcoming decisions and/or items for review. All input requests will note the deadline for input, allowing 10 working days whenever possible for responses. Good faith effort will be made to accommodate work and travel schedules so as to allow for input from all parties and enable a consensus-based decision.

## APPENDIX 5

### **“Continuous Improvement in the Central American Workplace” (CIMCAW): A Multi-stakeholder Initiative supported by the USAID Global Development Alliance**

*(The following is an official statement by Alliance partners on the project approach and objectives of the Global Development Alliance (GDA) CIMCAW project in Central America. This statement has been reviewed and endorsed by all Alliance members: Gap Inc., Timberland, Development Alternatives Inc (DAI), Social Accountability International (SAI), International Textile, Garment and Leather Workers Federation (ITG)*

A multi-stakeholder alliance, with the support of the USAID Global Development Alliance, launched an innovative initiative in September 2004 aimed at achieving “Continuous Improvement in the Central American Workplace” (CIMCAW). The effort will increase the competitiveness of the region’s apparel and textile industry by building on existing global and local best practices for improving labor standards in the workplace. It responds to the growing demand from major multinational buyers for sourcing supplies with high labor standards. This initiative will give Central America’s important apparel industry the training and systems to achieve continuous improvement in the workplace and position them to compete with lower cost Asian producers when the multi-quota agreements end in 2005. The region’s apparel and textile industry is a priority focus given its significant economic value and its role as a major earner of FDI. The challenges come in trying to sustain this industry that employs over 400,000 unskilled workers who are mainly women with few other job options.

The alliance engages industry associations, government, local manufacturers, unions, monitoring groups and civil society in an improved industrial relations dialogue. It builds factory capacity and systems for better labor standards to ensure the region’s industry remains viable and competitive. It works closely with local partners to ensure relevance, ownership and sustainability of approaches. It conducts joint worker and manager trainings based on national and international labor laws rather than a single corporate or commercial code. By including major apparel brands as alliance partners, the project takes a market driven approach and demonstrates to factory owners the importance that brands place on not only quality and price, but also on the workplace conditions in their supply chains.

The CIMCAW Alliance builds on numerous previous efforts to design and deliver a range of services to promote higher labor standards and improved workplace conditions, to integrate field-tested training modules and to respond to the business needs of buyers and suppliers.

These services include:

- Rapid needs assessment of the national apparel industries and their key players, supplementing rather than duplicating existing research and data and ensuring local relevance;
- Innovative combinations of worker and manager training on issues such as national labor standards and labor legislation, core international labor rights, human rights; gender issues, workplace codes, dispute resolution, safety and health;

- Developing local partner networks for implementing activities that will extend beyond the project duration;
- A sustained and effective multistakeholder dialogue on labor issues;
- Locally designed training content and methodology with factory tailored follow-up designed to overcome identified obstacles;
- Educated workers and managers in the use of self-diagnostic tools that build factory capacities to tackle current and future problems and engender a culture of continuous workplace improvement through integration into factory systems;
- Supporting individual workers needs for additional research, legal assistance and training on workers rights issues and in life skills areas such as literacy, nutrition, HIV/AIDS banking services;
- Measuring impact on factory productivity and industry competitiveness to inform public and private sector decision making;
- Securing sustainability of the approaches by building capacity in local workers and employers' organizations, gender and human rights NGOs, workplace monitoring groups and government inspectorates.

The Alliance is designed to deliver impact in the following key areas:

- Promote national economic growth
- Increase industry competitiveness
- Enhance participation in the global economy and foreign direct investment
- Alleviate poverty
- Strengthen support for human rights and the rule of law
- Address gender issues
- Advance regional economic integration

## APPENDIX 6

### Country Diagnostics– Terms of Reference

Regional Project

Continuous Improvement of the Central American Workplace

#### **1. Background of the Project**

The project of the Global Development Alliance (GDA) “Continuous Improvement of the Workplace in Central America” (CIMCAW) deals with labor standards in supply chains in Central America– a critical subject that affects other issues, such as competitiveness, human rights, poverty and gender. The project represents an alliance of multiple actors including Development Alternatives Inc. (DAI), Social Accountability International (SAI), the International Textile, Garment and Leather Workers’ Federation (ITGLWF), local NGOs (i.e. groups that monitor labor standards) and multinational brands such as Gap and Timberland. The project will offer training on internationally recognized labor standards to factory workers, factory managers, auditors/monitors/inspectors in Guatemala, El Salvador, Nicaragua, Honduras, Dominican Republic and Costa Rica. It will also encourage a social dialogue on corporate social responsibility and compliance with labor rights as factors of competitiveness through multistakeholder dialogues at the local level. Furthermore, the project will look for sustainability for these efforts through the institutional strengthening of local organizations, and especially through workers’ rights resource centers.

The CIMCAW project will be carried out through the following activities:

- Design and conduct joint workshops on labor standards with workers and managers
- Design and carry out workshops for labor monitors/auditors/inspectors, with the goal of analyzing and discussing best practices, techniques and methodology for social auditing.
- Development of tools and methods that improve the workplace through the integration of best practices, improved managements systems, tools for self assessment and action plans at the factory level.
- Development of a more effective industrial relations framework and the promotion of a social dialogue among the different actors.
- Technical and administrative capacity-building of the selected local partners so they can conduct training in the workplace and high quality audit services.
- Project evaluation, development indicators.
- Construction or fortification of community work/life centers and/or labor rights resource centers that provide access to relevant services or training, including training about workers rights.

#### **2. General objective of the Diagnostic**

To identify the existing conditions in each country covered by the Project in order to guarantee the development and implementation of the planned activities by the CIMCAW alliance successfully and with sustained impact.

#### **3. Immediate Objectives of the Diagnostic**

Identify the possible factors of influence at the national and local level that could shape the project's implementation, and serve as a basis to define a strategic adaptation to the factors of influence.

- Identification of key actors at the national level: this will allow the training and other activities of the project to be conveyed according to the specific context of each country, on the basis of spaces for dialogue already in existence and/or reinforcing social dialogue.
- Identification of the needs and the strengths and weaknesses of the key local groups – unions, NGOs, employers, Ministries of Labor – in terms of their potential to participate in the project and to strengthen the project's objectives, to participate in a more constructive social dialogue at the national level, and strengthen the respect for the rights of workers.

#### **4. Expected results**

1. A document no longer than 15 pages (20 maximum), reviewed by the project's staff, for the use of project's staff, that could be used as a basis for the development of the activities programmed by the project.
2. A basic questionnaire for each group/person interviewed.

It is expected that each diagnosis determine:

##### **4.1 Map of the context**

- Identification of actors and of their strengths and weaknesses in the Project's context (business, union, Ministry of Labor, human rights and women's organizations, etc.)
- Existence of spaces for dialogue – or efforts towards its promotion and establishment (for example, tripartite round tables or bi – or multilateral instances among identified actors) and specific subjects of debate; how many individuals or groups do they bring together; agreements or resolutions
- Validity and/or legitimacy of the spaces for dialogue.
- Identification of the local needs and capacities for training
  - ❑ Who: What groups at present provide training
  - ❑ What type of training is given
  - ❑ Who is trained, how participants are selected
  - ❑ If there is a fee, how much and who pays
- A form for each group/person interviewed (see annex)

##### **4.2 Analysis of application and observance of workers' rights**

- Most outstanding labor problems (cases submitted to ILO, national and international labor campaigns, etc.)
- Identification of obstacles to the demands by the workers for their rights
- New legislative and/or political initiatives to promote workers rights

- Existence of national training programs for the sector about on the subjects of labor rights, implementing entity, dates of implementation, level and source of funding.
- Identification of existing projects that promote labor standards and/or corporate social responsibility, implementation entities, dates of implementation, level and source of financing.
- Level of national and foreign investment in the maquila sector – including the origin of the maquila's capital.
- Competitiveness capacity of the sector; volume of exports, recent increases and/or decreases, number of buyers, prices.

## **5. Methodology**

- The development of the diagnosis will require bibliographic compilation and analysis, as well as field work, with the of compiling elements for analyzing the labor standards that comprehensively affect competitiveness, human rights, poverty and gender in the maquila industry.
- It will include interviews with the different key actors (governmental, non governmental, industrial associations, unions, etc.) with the purpose of determining the function and influence of each interviewed actor on the compliance of labor and social legislation.
- Visits to factories and interviews to male and female workers in the factories and communities to understand their perspective about their social and work context.
- This work will require the design of an orientation tool for the collection of information. (see annex)
- The next phase will be the reading and interpretation of the instrument for the elaboration of a written report to be submitted to the Project coordinators.
- Incorporation of the observations and/or recommendations to the presentation, and submit the final report to the Project.
- The Project coordinators will systematize each country's information in a regional document.

## **6. Tasks and responsibilities**

### CONSULTANTS' PROFILE

The Project will contract External Consultants to carry out the diagnostics, giving preference to local experts. The profile of the consultants requires a profound knowledge of the local contexts relating to the situations of workers' rights, contacts with national networks, capacity to interview male and female workers, NGOs, and unions, and have experience in similar field work. Consultants' tasks and responsibilities include:

## TASKS AND RESPONSIBILITIES

- |   |                |
|---|----------------|
| 1. Signing of agreement   | DATE ----      |
| 2. Gathering of bibliographic data  | DATE ----      |
| 3. Share this list with CIMCAW staff  | DATE ----      |
| 4. Make a schedule for interviews   | DATE ----      |
| 5. Share this list with CIMCAW staff<br>for additions and approval                            | DATE ----      |
| 6. Complete the forms for each interview  | DATE ---- ---- |
| 7. Elaborate a narrative report as a first draft<br>to be shared with CIMCAW staff            | DATE ----      |
| 8. Plan and carry out a meeting with key actors<br>in which report is presented and discussed | DATE ----      |
| 9. Incorporate input from CIMCAW staff in a<br>final report                                   | DATE ___       |
| 10. Presentation of Final Report to Regional Project  | DATE ___       |

## 7. Budget

Expense	Amount in US dollars
Consultant (1 consultant per country)	3,000.00
Meeting to present results. No more than	750.00
Materials, no more than (printing and distribution per country)	300.00
<b>TOTAL IN USD</b>	<b>4,050.00</b>

## 8. Level of effort

TASK	WORK	DUE DATE
	<b>Days</b>	
Preliminary Investigation Prepared bibliography shared with CIMCAW Proposed interviews to CIMCAW staff	3	1 <sup>st</sup> week
Interviews	7	2 <sup>nd</sup> and 3 <sup>rd</sup> week

Meeting to present results  
First draft of report  
Final document

3

4<sup>th</sup> week  
Week after presentation meeting

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## 9. Expected results

1. Bibliography
2. Interview forms/questionnaires
3. Presentation meeting
4. Report first draft
5. Final document

## 10. Report format

- I. Introduction (1 page)
- II. National context in the maquila sector (7 pages)
  - i. Economic
  - ii. General characteristics (number of factories, workers, capital's origin, etc.)
  - iii. Conflicts/weaknesses
  - iv. Strengths
  - v. Training programs
  - vi. Alternative Conflict Resolution Systems
- III. Analysis of the sector's key actors (8 pages)
  - i. Managers / employers
  - ii. Unions
  - iii. Ministries of Labor
  - iv. Labor courts/tribunals
  - v. NGOs
- IV. Recommendations for the project (4 pages)
  - i. Possible obstacles
  - ii. Priority areas
  - iii. Other recommendations

## APPENDIX 7

### DRAFT FAQs

#### A USAID Global Development Alliance for “Continuous Improvement in the Central American Workplace” (CIMCAW)

##### Status of Project Implementation:

- When did the project start?  
*The Guatemala pilot project started in October 2003 and was expanded to the regional level with the Continuous Improvement (CIMCAW) project in October 2004.*
- What countries are participating in the regional project?  
*Guatemala, Nicaragua, El Salvador, Honduras, Dominican Republic, Costa Rica*
- Where are you in the implementation of the Guatemala project?  
*In the case of Guatemala significant work planning was undertaken in January 2004. In Guatemala, we've completed work plans, developed alliance management tools and conducted multistakeholder dialogue with a wide range of local actors that include business, unions, government and NGOs. Several events were held during the annual VESTEX apparel show in May. We have put considerable effort into building relationships and strengthening the industrial relations dialogue; have developed technical content and methodology for the worker/manager trainings with the private sector and local NGO and union partner collaborating; We will be launching trainings in early 2005 (February) following the end of peak production season.*
- How is implementation proceeding on the Central American Regional project?  
*We are in the start-up phase of the regional CIMCAW project, and have been focusing through the end of 2004 on mobilizing project staff; setting up the project office in Guatemala; coordinating with USAID on key issues; and developing communication and decision making protocols to govern the roles and responsibilities of the Alliance Partners and the modus operandi of the project. We have completed the official project launch in November and at the same undertook an extensive circuit of discussions with key stakeholders throughout the region. The full implementation phase will begin in January and focus on conducting country diagnostics that will be used to refine the specific country work plans. We will be working out arrangements with identified local partners and continuing to dialogue with other potential partners in places where partners have not yet been determined. We will also begin the process of developing the technical content for the worker/manager trainings once the diagnostic has been completed and holding strategic multistakeholder dialogues. We expect that trainings will start in several key countries in addition to Guatemala by the end of the second quarter. We will also continue our multistakeholder engagement and alliance expansion efforts to grow the partnership to include more international brands and apparel companies.*

##### Status of Trainings:

- Can apparel companies and brands observe a training? *Yes*
- What is your timeline?  
*In Guatemala we are talking to the factories about an initial worker-manager training in mid February with at least 3 factories. Consultations are advancing with another 5 factories for the second round of trainings that are targeted for March/April. In at least 3 other countries trainings are targeted at the end of the second quarter.*
- Have you already identified the factories with which you will be working?

*We are in the final stages of negotiating with many of the first round of factories to be trained in Guatemala. The first stage of trainings will include factories that are part of Gap's and Timberland's supply chain in Guatemala. We expect to involve more factories outside of their supply chain in later trainings.*

- Can we see the materials from the Guatemala pilot project, such as the training materials or outcome analysis/lessons learned? Can we talk to a factory that participated?  
*We are in the process of printing the training material this month. Trainings will start next month and dialogue with the factories is possible as well as dialogue with Alliance corporate partners.*
- Are 12 factories a realistic objective?  
*The goal is 12 factories over 2 years. We feel that the goal is realistic and have 9 factories in Guatemala lined up for training in the first half of 2005. We are also identifying a smaller subset of factories for a more in-depth training and follow-up.*
- What kind of resources did it take for Gap to involve six of their factories in one year? *Human Resources – the project works closely with Gap's local monitor who engages with the local supplier factories where the trainings take place and also participates in the multistakeholder dialogue on behalf of the company ; engagement of Gap Sr. Mgmt; 2 days/month of their time. We work with the Compliance Unit, Government Affairs, and Global Partnerships. They attend the quarterly Alliance meetings which we program to take place at a convenient time and place. We discuss other strategic issues in teleconference calls to make efficient use of time.*
- Was it disruptive to the factories' day-to-day production requirements?  
*We have been extremely sensitive to this issue and have consulted with the factories in order to determine how we could conduct these trainings with the least amount of disruption to their production. With this in mind, we designed the trainings so that factories could send between 5 and 30 workers, depending on what works for them. The duration of the trainings is two days and we work with the factories to find a date that is convenient. We delayed the trainings from October through December in Guatemala to accommodate peak production schedules and are now working closely with the factories to pin down suitable scheduling in February 2005.*
- How effective was the project from the perspective of the factories, buyers and DAI? Were their objectives met?  
*FACTORIES: So far we've significantly advanced the social dialogue in Guatemala on labor standards. We've brought the union and private sector together to discuss labor standards and they together with the Alliance Partners have developed and approved the worker/manager training content and methodology and the Alliance has included the Guatemalan MOL in the social dialogue and is discussing the possibility of the MOL delivering a training module in the next phase of trainings*  
*BUYERS: The buyers are very pleased to have gotten the regional initiative approved since they are working in more than one country in the region and want to utilize the Continuous Improvement alliance to allow them to consolidate their supply chain in the factories that have good labor standards compliance systems.*  
*DAI: We have expanded our normal network of partners through this Alliance project and received significant attention from USAID and other public sector donors for our program design and program management of this initiative. We have spent the first year of the Guatemala balancing the achievement of concrete results with the consolidation of the relationships and building trust at the local level.*
- What changes or modifications have been made to the training since the initial pilot?

*The project itself has been expanded to include a greater role and involvement of governments. The actual trainings will be tailored to the context and national labor legislation of each of the countries as well as to the concerns of local suppliers, so there will be some changes made to the overall training methods and content.*

- Did you query the workers to ascertain the impact of the training?  
*As part of our monitoring and evaluation, we plan on doing so. This will be done at regular intervals since each factory has targeted follow-up once the trainings are completed..*

#### **The Involvement with Local Governments:**

- How will you “strengthen the capacity...of government to oversee the progress made toward improved workplace conditions”?  
*In the Continuous Improvement project, we expect to strengthen the capacity of the Ministries of Labor (MoLs) by: 1) including the inspectors from the Ministry of Labor in auditor trainings and possibly holding separate trainings for the inspectors aimed at increasing the quality of inspections, level of professionalism and sensitizing them to the changing global context demonstrating how commercial compliance audits complement their efforts; 2) having them act as a repository of data gathered by this project, which will allow them to make the case that the apparel and textile sector is making advances in the area of labor standards compliance and 3) we are talking to the Ministries about the possibility of them developing and delivering a training module for the worker/ manager training, possibly on national legislation.*

*It is important to note that all six MoLs formally signed this project at the Ministerial level in August 2004. The fact that they did so indicates that they see real value in it for the government and in particular for their own ministries. We view the MoLs as key players in this effort and will work closely with them to ensure that their capacity to consistently enforce national legislation is strengthened.*

#### **Local Project Partners and Stakeholders:**

- Have you already identified the local stakeholders with whom you will be working in the countries?  
*One of the key's to the project's impact and securing local buy-in as well as ensuring content relevance is to identify and work with a local partner in each country. They can range from NGOs, to private organizations, to think tanks, academic institutions to quasi-public training institutes. In the case of Guatemala, COVERCO is our local partner and in the case of Nicaragua we are talking to María Elena Cuadra (MEC) about being the local partner. We have mapped out other possible candidates in the remaining countries, but will wait for the results of the diagnostic to finally determine who we will engage as a local partner in El Salvador, Honduras, the Dominican Republic, and Costa Rica. In addition to taking on local partners in each of the countries, we expect to work closely with the Ministries of Labor and engage the Ministries of Economy, the industry associations, and the key unions.*

*We have considered the following criteria to assess the suitability of local organizations to be an Alliance Partner:*

- *Technical capacity;*
- *Administrative capacity;*
- *Experience facilitating multistakeholder dialogues and building confidence among the various stakeholders;*
- *Perception by key country level stakeholders as legitimate, transparent, and relatively even-handed in its dealings with key stakeholders.*

### **Donor Interest and Project Duration:**

- Do you see the project having a life beyond the current 4-year time frame? *Yes if we are relevant and have impact we will have the funding to carry the initiative forward. If we are not relevant then the continuation of the project is not an issue. USAID has said they see this area as a priority for the next 8-10 years. We can be fairly certain that this will remain a USAID priority for the next 4 year time frame since it is directly in alignment with the strategic objectives of USAID's newly developed Regional Program Strategy. We have found that USAID's basic operating principle is to fund the Regional project for 2 years and commit to an additional/expansion if relevant. We are already talking with them about the next 2 year funding allocation. Further, IDB is proposing a 4-year joint project and USAID has, in principle, agreed with the idea of their joint collaboration in this area.*

### **Regional Perceptions and Challenges:**

- What are the thoughts on the project from others in the region (NGOs, trade unions, business groups, factories) that are not involved in the project?  
*There is recognition on the part of the various stakeholders that they need to increase the competitiveness of the sector if it is going to survive and grow and they are increasingly seeing increased compliance with labor standards as an important tool in this regard. In this way it is a unifying theme that there is widespread agreement on. We have spoken to almost all of the key stakeholders and the regional project has been positively received by them. While, as will be discussed below, there remain some questions about the project we clearly see that the project is supported by many of the key stakeholders in each of the countries.*

*Nonetheless, we are dealing with a region whose societies are polarized and dominated by a culture of fear and suspicion that is the legacy of protracted civil war. In addition we are dealing with a politically sensitive issue – labor. So, naturally there is some skepticism and suspicions of secondary agendas (e.g. fear on the part of the private sector that this project promotes unionization; suspicion on the part of unions that the project is private sector driven, the private sector's skepticism regarding the need to include NGOs in this project; the private sector's concern that this project promotes another type of certification and will bring more monitoring; misguided perceptions on the part of government that this project will result in weakening their position). We realize that given the context and the issue we are dealing with these types of reactions are normal. Overcoming these concerns will require that we build relationships of trust with the stakeholders. We will achieve this trust only through open and frequent engagement of the key stakeholders, transparency, and consistency in our message, and respecting the local institutions that exist. That is precisely why we the Alliance have invested a tremendous amount of resources in the relationship/confidence building process.*

- What is the difference between this project and ESCA?  
*The common denominator is having Gap as a partner in both. In ESCA Gap was the advocate selling the project while in this effort the Alliance promotes the project. ESCA is a very large and multifaceted program. The Continuous Improvement Alliance grew out of the USAID supported Guatemala pilot project rather than out of the ESCA project. However it should be noted that the objectives of the Continuous Improvement project coincide with many of ESCA's capacity building goals and thus can be seen as an on the ground mechanism for implementing much of what ESCA proposed in the area of training. The project does not fully replace ESCA or duplicate ESCA but is fully coordinated with ESCA to ensure maximum efficiency, effectiveness and local buy-in for this targeted effort aimed at bringing about change in the workplace.*

### **Project Governance and Reporting:**

- How often will there be an update of the project status?  
*Quarterly reports will be submitted to donors with monthly reports disseminated to the partners.*

- What kind of governance/oversight do the participating buyers have?  
*Active participation at quarterly project alliance meetings (teleconferences) and annual meeting; involvement in project activities at whatever levels desired; decision making protocol governing project implementation, communication protocol guiding the Alliance in external presentation of the project; participation on Project Review Committee that will be constituted of key stakeholders from inside and outside the alliance – donors, think tanks, ILO etc. The Project Review Committee will be established in first quarter of 2005.*

### **Partner Roles and Responsibilities:**

- What is the role of COVERCO and will the project be using COVERCO methodology? *The methodology to be used is one developed with inputs of all partners and groups involved in curriculum development workshop with training experience, COVERCO, SAI, VESTEX, and FESTRAS. COVERCO is the local implementing partner in Guatemala and thus has the lead in the worker trainings.*
- What criteria were used to select the Project Manager?  
*The criteria for the selection of the Project Director centered on someone who was from the region and who had an insider's perspective, who understood the issues, players, was connected to the key networks and respected as being a fair, even-handed actor. Homero Fuentes the successful candidate is also politically astute, analytically strong, and possesses superb brokering skills. He has a keen understanding of how to manage sensitive relationships. Homero comes from a labor and NGO background, which some might argue would negatively affect the private sector's receptivity toward him. However, he's been the local face of the Guatemala pilot project in 2004 and has done an outstanding job brokering the relationship with all the key stakeholders. We've partnered him with an excellent and equally credible Deputy Project Director, Paula Church who comes to us from the Department of Labor where she managed the DOL's regional projects in Central America. The Deputy Director will be able to use her knowledge of and excellent relationships with Governments to expand the focus and relevance of our work with them. Together they make an excellent team.*
- Is the Project Manager working independently of COVERCO and committed to a long term role in leading the project?  
*He was hired by DAI and has taken a leave of absence from his position as General Coordinator of COVERCO. He will be COVERCO's President, which is more a symbolic post with little time commitment. Homero turned down another job offer from another donor to run this project because he firmly believes that this is the most important initiative taking place in the region.*
- What is DAI's role if SAI and COVERCO are providing the training to workers and management?  
*DAI is 1) neutral broker that fosters trust among stakeholders particularly the governments and private sector 2) project manager with full financial accountability and oversight of subcontracts; 3) technical oversight and quality assurance 4) leading on multistakeholder engagement 5) design and implementation of monitoring and evaluation 6) replication and dissemination 7) alliance builder and manager responsible for bringing more brands and donors into the project.*
- What will be the role of ITGLWF?  
*They bring their local network; global experience on labor standards and their training expertise along with the support of their local affiliated trade unions. They attend all quarterly alliance meetings and make periodic trips to the region. The project is helping the ITG develop greater synergies and communication with their local affiliates. The ITG helps ensure the project stays focused on the key objective of competitiveness.*

- How do the local unions view their role in the project?  
*All the partners in the Continuous Improvement Alliance agree on the fact that the primary objective of the project is to improve the competitiveness of the apparel and textile sector. Neil Kearney, the Secretary General of the ITG has publicly portrayed the CIMCAW project in this manner. All Alliance partners are concerned about saving the jobs of the apparel and textile workers in the region. Most of the local unions have displayed a level of maturity in discussing the project and there are possibilities for constructive collaboration with some. They understand the changing global context and thus do not view these types of factory training projects as threatening. They believe the Continuous Improvement Alliance helps them advance their goals of improving the plight of workers. They see themselves as a legitimate stakeholder that must be involved in discussions and activities that have to do with working conditions. Some local unions see the project as offering them an important opportunity to improve their relationship with the private sector.*
- Where else do you expect to get funding?  
*Public sector institutions such as the IDB and World Bank and IFC (FLAS) have expressed a strong interest in the project and came to New York to attend the CIMCAW briefing in mid November. The IDB is considering funding a joint program that would intensify the work of the project over a 4 year period..*

#### **Brands and Apparel Companies Roles and Responsibilities:**

- How many buyers would you like to see join the project?  
*Our goal is to have 2-3 buyers participating in each country by mid 2005 when the trainings should be launched in full..*
- What will the role of the buyers be?  
*They bring the prospect of FDI and that is a considerable incentive for participation by both the local private sector as well as the government. They also bring important local, US and international networks that include local private sector, NGO monitoring groups as well as dialogue channels with USTR; DOL, USAID, State Dept, etc. Finally, they bring experience in workplace training and first hand knowledge of the challenge in gaining impact on labor standards.*
- What will be expected of us as far as financial and human resources?  
*We would like a financial contribution commensurate with the level of engagement with the project. Thus if you wanted to engage in all six countries for supply chain training we would see the contribution as being on the higher level than only engaging in one country. The project is flexible and has no mandated formula for engagement or contribution. Initially, we understand there might be an interest by major brands and apparel companies to try the project out with an expectation to increase engagement and contribution levels once the project has been determined to meet a company's requirements. Gap is giving \$250,000 as a first cash contribution. It supplements this by an in-kind contribution that primarily includes corporate labor and travel costs.*
- What role will buyers have in the content of the final project report?  
*The buyers would be involved in the evaluation; no reports are released without review and sign-off from all alliance partners. The guidelines governing such reports are contained in a communication protocol endorsed by all Alliance partners.*

