

**QUARTERLY REPORT
JANUARY 1, 2005-MARCH 31, 2005**

Continuous Improvement in the Central American Workplace (CIMCAW)

USAID Global Development Alliance

The Continuous Improvement in the Central American Workplace (CIMCAW) Project will demonstrate that improved working conditions increases garment factories' ability to meet the growing demands for social compliance as well as increases their competitiveness in terms of quality and productivity. The CIMCAW project submits the following Quarterly Report on project activities carried out between January 1, 2005 and March 31, 2005.

The format for the CIMCAW Quarterly Report will be as follows:

- Part I Key accomplishments to date
- Part II Work plan matrix
- Part III Problems encountered and proposed solutions
- Part IV Project's next steps

Also attached are the following annexes:

- Annex A: Trip Report Costa Rica
- Annex B: Trip Report Dominican Republic
- Annex C: Trip Report Nicaragua
- Annex D: Trip Report El Salvador

- Annex E: Partner Meeting Notes Jan. 6, 2005
- Annex F: Strategic Framework
- Annex G: Generic Document/Official Project Description
- Annex H: Communications protocol
- Annex I: Decision Making protocol
- Annex J: Frequently Asked Questions (FAQs)
- Annex K: Summary Workplan

I. Continuous Improvement in the Central American Workplace (CIMCAW) Project Key Accomplishments, January 1, through March 31 2005

Introduction:

Among the most significant achievements of the second quarter were (finalizing the communication and decision making protocol – was in last report) the finalizing and hiring and training of DCOP, key visits to Costa Rica, Dominican Republic, Nicaragua and El Salvador; (finalizing the Terms of Reference for the diagnostic --was in last report) finding candidates for the diagnostic, and the establishment of the regional office in Guatemala. The following section describes the highlights of CIMCAW activities since January 1, 2005.

Highlight of CIMCAW Activities:

Administrative

- Hired, trained and moved DCOP/Project Deputy Director and obtained security clearance for her.
- Established Guatemala project office, including furniture, phones, and computers.
- Drafted TOR for web site for information sharing among partners, as well as public.
- Did not hire office assistance because the project needs to re-draft the TOR so that it does not duplicate work of DCOP.
- Finalized new calendar, by country and by project activity phase.
- (finalize TOR for diagnostic – was in last report)

Social Dialogue with Actors

- Visited key players in Costa Rica, Dominican Republic, Nicaragua and El Salvador. (please see trip reports, Annex A,B,C, and D.
- Interviewed candidates in Dominican Republic and Nicaragua for diagnostics.
- Met with Rut Tufts and Genevieve Taft from FLA to discuss possible methods for coordination.
- Met with Helena Perez from FLA Best Practice Project in Central America to discuss methods for coordination.
- Met with Ricardo Changalas, Ombudsman for FLA/WRC to learn more about their project.
- Met with Gerardina Gonzalez of ILO Sub-Regional office and affirmed our interest in coordinating.
- All other meetings outside of Guatemala are in the trip reports. Please see annexes a-d.

Strategic Decisions

- Developed strategic framework clarifying objectives and products.
- Drafted new generic document which describes activities.
- Drafted new Project Monitoring Plan from strategic framework, and methods for collecting data. This will be discussed with partners.

Alliance Partners

- Drafted updates for the partners with information about regional activities as well as progress in Guatemala and sent them on Feb. 16, and March 15.
- Shared list of factories with partners and which discussions we have had with each.
- Met with:
 - Neil Kearney, ITGLWF in February and March during his visit to Guatemala
 - Traveled with Elena Arengo to Costa Rica and Nicaragua
 - Traveled with GAP representatives in Dominican Republic
 - Traveled with ITGLWF representative in Dominican Republic, Nicaragua and El Salvador

3. Recruitment of Additional Multinational Corporate Partners

We are at an important point in several of our brand follow-up conversations and need to give priority attention to successfully delivering the worker-manager trainings in Guatemala. At least four brands have expressed an interest in attending the next project trainings – Levi's, Sears, Cold Water Creek, and Polo Ralph Lauren.

Specific brand follow-up:

- 1) Levi's: Have communicated via email and held a teleconference. DAI also held meeting at their corporate headquarters in December 2004 where additional inputs were provided on the project. Levi's expressed interest in attending next factory training.
- 2) Cold Water Creek: Have communicated via email and phone follow-up. Set meetings in Guatemala for new compliance person during his visit. They have indicated that they would like to attend next factory training.
- 3) Nautica: We have had email and phone conversations. The discussions have been connected to larger parent company VFC. There is significant interest on their part. We have been requested to provide additional materials to VFC and set up teleconference with Sr. Management.
- 5) Adidas-salomon: We have held several telephone conferences with Adidas-salomon. Their primary interest is in government outreach and auditor/inspector training. They're currently not interested in the worker-manager training. DAI to send additional details on government activities by country once work plan finalized.
- 6) Polo Ralph Lauren: They are interested in attending next factory training.
- 7) Sears: Sears is interested in attending next factory training.
- 8) Eddie Bauer: Eddie Bauer representatives met with Homero Fuentes in Guatemala and expressed interest in participating in project. Kristi Ragan to follow up with them.
- 9) Jones and Kenneth Cole: need additional follow-up email to be sent week at the end of this quarter/beginning of next with key workplan deliverables/countries and timeframes within 2005 based on finalized workplan; FAQs document; and an overview of the local stakeholder dialogue that details who we have met at the local level and how they view the project.

In addition, DAI met with Patrick Neyts, the Senior Director of the Global Business Alliance at Timberland (who has replaced Cheryl Marihugh, our original liaison at Timberland), in February 2005 to reconfirm Timberland's commitment to the project.

DAI has also finalized a FAQ(Frequently Asked Questions handout) for the brands as they all seem to have similar concerns as well as an annotated workplan/timeline.

4. Pursuit of additional sources of donor funding

IDB/MIF. Kristi Ragan and Gap Team (Tamsin Randlett & Richard Feinberg) met with Dan Shepherd of the IDB MIF on Tuesday 15 March.

The MIF indicated:

- * Getting approval for the *complementary* labor standards project is one of the top MIF priorities.
- *MIF has been in contact with USAID regarding their complementary labor program.
- *The MIF project will focus on training to build technical skills for labor standards in the apparel sector, but would also include productivity.
- *Industry associations will be the executing agencies and the project would be 6 country projects within a regional framework
- *They anticipated approval for this program within next 3-6 months.

CIMCAW partners raised the following concerns with the IDB:

- * Emphasized need to be able to see and respond to MIF project proposal before others got it in an effort to help MIF benefit from CIMCAW's experience on the ground (MIF agreed to send it early).
- * Urged the need to conceptually and concretely link CIMCAW and IDB given the proliferation of projects in the region (FIAS, CCAA,) and the fact that stakeholders don't want to see yet another disconnected initiative.
- * Pointed out that any training initiative that uses the industry associations should build on the CIMCAW concept, tools, methodology and dialogue with the industry associations so there is not an alternate approach being taken that would undermine CIMCAW's work

FIAS/World Bank.

- *Kristi Ragan, Homero Fuentes and Paula spoke with Kristina Svensson and Igor Artemiev (who replaced Frank Sader) of the IFC/World Bank on two separate occasions regarding the possibility of finding avenues of collaboration with FIAS's work in the region.
- *Previous discussions with Frank on collaborating on the development of indicators to monitor achievements in working conditions (particularly in El Salvador) had advanced considerably and Frank expressed great interest in working together on this.
- *With his departure, it was important to get Kristina and Igor up to speed on the project and earlier discussions with Frank. They expressed interest in exploring ways to collaborate.
- *Specifically, the discussions with Igor and Kristina touched on:
 1. How FIAS could support a region wide effort on CSR measuring to make the link between labor standards and improved productivity and competitiveness that would be connected to CIMCAW's work in this area.
 2. How to ensure complementarity between FIAS initiative in the region and CIMCAW.
 - CIMCAW project flyer in English and Spanish
 - Communication protocol (Annex H)
 - Decision Making protocol (Annex I)
 - Frequently Asked Questions (FAQs) (Annex J)
 - Summary Workplan (Annex K)

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
1. Needs Assessment for Coalition Building/Diagnostic	- Developed terms of reference for diagnostic. -Began identifying candidates to conduct the diagnostic in each country.	- Interviewed candidates in DR and Nicaragua, finalizing contracts. Sent TOR for Honduras to various stakeholders		
2. Multi-Stakeholder Dialogue	-Identified key stakeholders in Honduras and Nicaragua and held initial discussions with them.	- Identified key stakeholders in Costa Rica, Dominican Republic, and El Salvador held initial discussions with them. - Met with key players in follow- up visit to Nicaragua. - Meeting with FESTRAS, local union		
3. Training Design	-Activity to be initiated in Qrtr 2	- Visited training facility - Distributed Guatemalan training manual to key stakeholders in Nicaragua and El Salvador as sample		
4. Integrated Training for Workers, Managers, and Auditors	-Activity to be initiated in Qrtr. 3			
5. Applied Training	-Activity to be initiated in Qrtr. 3			
6. Worker Rights and Life Resource Facilities	-Activity to be initiated in Qrtr 4 or 5.			
7. Capacity Building of Local Partners	-Activity to be initiated in Qrtr 3	Discussed with Ministers of Labor regarding auditor training in CR, Nica and El Salvador and the Sub Secretary in Dominican Republic.		
8. Evaluation and Dissemination of Lessons Learned	-Activity to be initiated in Qrtr 2	Drafted Strategic Framework and Project Monitoring Plan with indicators, pending partner validation		

* 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.

Problems Encountered and Proposed Solutions:

Problems Encountered	Proposed Solutions
Funding for Nicaragua office did not materialize.	DCOP working from Guatemala office and will look for key staff to facilitate work in each country, starting with diagnostics.
Internet connection has been delayed. Because AID Director must sign contract, information was needed for his signature.	Internet contract is ready, pending an outstanding bill of telephone number we inherited.
Financial assistant still needs ID badge.	
Delays in getting approval of candidate in Dominican Republic due to difficulty getting new telephone number of key union contact.	Candidate approved by all sectors.
Translation into Korean of summary documents was delayed because VESTEX said they would translate it, but are busy with preparations for the annual apparel show.	Reconfirmed their commitment and will re-submit after FERIA.
No candidates for Honduran diagnostic	Follow-up with phone calls to contacts in the region.
Vice Minister in Guatemala said he was unfamiliar with project.	Met briefly with Vice Minister and said we would bring him up to date after Partners meeting in May.
Difficulties in decision making in the field due to communication problems with partners.	Hold partners meeting to clarify roles of regional staff, partners, and local partners.

II. CIMCAW Next Steps

1. Finalize contracts with consultants in DR and Nicaragua. Conduct diagnostic, hold multi stakeholder dialogue validating project objectives, and begin developing training materials.

2. Find consultant for Honduras, contract consultant, and conduct diagnostic, and hold multi stakeholder dialogue validating project objectives.
3. Meet with Vice Minister of Labor in Guatemala.
4. Send more detailed information on auditor training to Ministers of Labor, try to finalize time frame for Nicaragua and Dominican Republic.
5. Initiate website development and development of a management information system for the project.
6. Hold partners meeting.
7. Participate in VESTEX apparel show.
8. Project Staff visit Nicaragua, Dominican Republic, and Honduras to move dialogue forward.
9. Flush out possible coordination with other projects, such as FLA, Cumple y Gana and ILO.

ANNEX A
TRIP REPORT
February 23-24
San José, Costa Rica

I. Purpose

The purpose of the trip was to meet with key stakeholders and other projects working on labor issues in Costa Rica.

II. Team Members

Victoria Walton, Project Manager, AID
Elena Arengo, Program Associate, SAI
Homero Fuentes, Director CIMICAW
Paula Church, Deputy Director, CIMCAW

III. Meetings Held

Each meeting began with a thank you, and an introduction of the project and the team members. In several meetings we clarified the partnership and its training focus, its unique qualities to eliminate any misconceptions regarding this project versus previous proposals or misunderstandings. We also mentioned that we are working in phases, and will do diagnostics in tentatively Honduras, Nicaragua and the Dominican Republic to ensure we work most effectively according to each national context.

Wednesday, February 23

8.30 US Embassy Nathan Flook, Labor Attaché, Flooknd@state.gov 506-220-3939
 Maria Villanueva, Economic Section

Main points they made:

- Main challenge will be distinguishing this project from ESCA
- CATECO had said they were “not at all interested” in the other project.
- Ministry of Labor argued that “things were not that bad in Costa Rica, didn’t need project.”
- Vice Minister wrote letter after consulting stakeholders rejecting previous project.
- Embassy in contact with Alvin Vanegas from ANEP, the most political and outspoken of the three main union federations. They can shut down the streets. They are also smallest of the three confederations.
- Recommended working with Dennis Cabezas of CMTC.
- Mentioned Spaniards are working on building a multi sector national Consejo Superior de Economía. Held a meeting one month ago.
- Ministries don’t need more training, they need equipment and resources.

11.00 Ministry of Labor Minister Fernando Trejos ftrejos@ministrabajo.go.co
 Ana Lucia Blanco Valverde ablanco@ministrabajo.go.co
 tel. 506/221/0038, 221/0238

He asked good questions and overall said nothing directly negative about the Project.

- What do you think will be the greatest obstacles? We discussed challenges of social dialogue and importance of the common shared interest in strengthening the sector in context of end of MFA.
- Concern was that industry is small in Cost Rica, only 18,000 employees.
- Felt there would be resistance from the private sector; they do not see the need.
- ANEP does not have any representation in the private sector. He asked us whether we thought this could hurt the credibility of the project to work with a federation that has no members in the maquilas, particularly when they are the most hard line of the unions.
- What is in it for the country? We answered that the project brings brands who are interested in investing in the region beyond the short term and the project offers training in current context of audits for maquilas for the Ministry if they are interested.
- June 24 the Presidents of the Central America countries are meeting in Honduras?, topic for discussion... employment.
- Ministers meeting next week. Homero will be in Costa Rica for another meeting, offered to present. Minister explained that the meeting had other issues on the agenda but perhaps in the future. Victoria Walton will present on our project.

12.30 ORIT

Amanda Villatoros, Education and Political Secretary for ORIT for Latin America

Antonio Montero, Coordinadora Sindical de Central America and the Caribbean

Víctor Manuel Vega Isaula, Coordinator Education Program

Tel. 253/7714, 253/6491 280/6606

oritcen@racsa.co.cr

- Project is necessary and important.
- There is a need to recognize unions as the legitimate representatives for workers, something that was recognized in the Declaration that came out of the ILO regional meeting in the Dominican Republic in 2003. Only Honduras recognized unions as players before, now at least on paper it is a regional recognition.
- This context shows itself in the maquila sector.
- QUESTION/CONCERN -- To what extent is the auditing social agencies hurting the unions. How can you do that and at the same time allow unions to do their job? She discussed her experience with Mandarin in El Salvador. We responded with concrete examples of how it has worked in Guatemala which seemed to help clarify. They are not opposed to other organizations per se, but it depends on the form it is done.
- What is FITVC's role with the project? Must work with them to ensure sustainability.
- Invited Homero to present the project at the regional meeting of the Coordinadora and volunteered to send a circular regarding the project.
- Again expressed concern regarding the role of the unions, and how important it is not to usurp that role. We responded that our training is based on the national laws, which recognized that role.

3.00 ILO Gerardina Gonzalez, tel. osr@oit.or.cr (not direct) 207-8700

Camilo Vasquez, Deputy Director vasquez@oit.or.cr tel 207/8700

This meeting was overall positive. Gerardina asked good questions to clarify her understanding of the project and reacted positively to its objectives and methodology. We discussed coordination with other projects and with ILO. She was open to future coordination, both at a small level informally and at a more formal level if budgets were involved. She seemed very open and appreciated that we were working in a tripartite fashion.

- When did project begin? Explained pilot year and regional beginning.
- Is Vestex involved? Answer, as collaborator, not partners
- Which factories are involved and how are they selected. Homero listed various criteria, and we explained that unionization is not a requirement, but that we have been working with Festras regardless.
- Which countries. We listed the countries, and stated it would begin in phases.

We asked for advice and she mentioned that the Ministries don't need more training, because it is like pouring into a bucket with holes. They need equipment. We mentioned that this project needs to be clear we are not bringing to the table the level of deliverables that other projects more directly targeted to the Ministries are bringing, which may be a challenge for us.

Other ILO projects currently are:

- Poor immigrant women project.
- Small and medium enterprise project.
- ETEDPI, training for indigenous people's project.
- Child Labor Projects

5:00 Cumple y Gana, Rodolfo Piza, Project Director, rpiza@funpadem.com
Randal Arias, ADR coordinator rarias@funpadem.com
Alfonso Carro, Inspections coordinator, acarro@funapdem.com
Tel. 253-172

They presented on their Project.

We discussed possible synergies with Inspection component, where they have interviewed and selected inspectors to work with them to use a case management software. They are also developing as self/diagnostic inspection tool for public use. Another area where there are possible energies is the awareness raising materials (they gave us copies) and In the ADR component they are currently exploring working at factory level in maquilas in Honduras to training on RAC.

Thursday, February 24

8:30 Meeting at RAC that was with a different group, not labor related.

10:00 CATECO Maria Aminta Quince, Executive Director, CATECO apparel manufacturing and textile chamber 220-2981 cateco@racsaco.cr

This meeting was also attended by Maria Villanueva from the Economic Section of the US Embassy.

Main points she made:

- GAP doesn't produce in Costa Rica, and she is skeptical other brands will go there.
- CR minimum salary means we will not grow in the textile industry.
- Very few factories could accept new brands.
- We need to find a value added niche.
- Biggest brands there are Hanes, Cartex, Jockey, Vf (jeans only), Bali (decreasing).
- There are too many projects, only can take workers out of production for so long.
- This will help more in Honduras and Nicaragua which the MFA will affect more.
- Our companies left after the NAFTA
- Recommended we work during first six months of calendar year to avoid unpredictable peaks of second semester.
- Textile sector has 15,000 employees in CR, lost 750 jobs this year. Are not predicting more.
- CIDH did a study on the labor conditions in the sector.
- Have low turn over levels since coffee provides low income alternatives.
- Have both Free Trade Zones which require 2 million dollars of investment, but can also put factories anywhere, most are in the valley.

Asked for advice, and she did not have any really, except that we might have better luck in other Central American countries. Overall she was not opposed but also not in support of the project. She offered to send us the study and other information on the sector.

12.00 ASEPROLA Omar Salazar

- Will not co/sponsor any events or activities because we are US funded and they can not be limited in their critique of free trade. We clarified that we are not taking a stand on the CAFTA, that in fact even among the partners there are very different views. Instead the project focuses on shared interests.
- They are willing to review materials, provide advice and contacts.
- Some of the Instancia members were interested in working with the project but not all.
- Provide training in the maquila sector in Honduras, Nicaragua and El Salvador. On strategic planning, leadership and collective bargaining, negotiation.
- Gave us copies of recent studies regarding labor law compliance in each country.
- Were interested in TOR for diagnostics.

IV. Next Steps (from trip only)

- Thank you letters
- Send TOR to ILO, Aceprola, Cumple y Gana

- Talk to Victoria after Ministries meeting to hear if Project was discussed
- Meeting with FITVC (ITGLWF) representative in Costa Rica next week
- Get CIDH study and background information

ANNEX B
TRIP REPORT
Dominican Republic
March 8-11, 2005

I. Purpose

The purpose of the trip was to introduce the project to key stakeholders in the Dominican Republic.

II. Team

Victoria Walton, AID Project Manager

Homero Fuentes, Director

Paula Church, Deputy Director

Manuel García Jiménez, Regional Coordinator of the ITGLWF's union organizing project in the maquila in Central America and the Dominican Republic

Nancy Contreras, Project Manager, Global Partnerships, Americas, GAP Inc., (Thur. Fri)

Sharo Julian, Vendor Compliance Officer, GAP Inc. (Thur. Fri.)

III. Meetings Held

Tuesday, March 8 (arrived in DR Tuesday 4 p.m.)

Joseph B. Goodwin, Economic Policy Advisor, AID Dominican Republic

Homero and I arrived as the meeting with Victoria was ending. Joe wanted to see if the Mission Director was interested in debriefing with us on Friday before we left. Because the Mission Director was not available on Friday after all, Victoria called Joe instead. He wanted to see the TOR and stay informed.

All meetings began with introductions, thanks for the meeting, and a general overview of the project based on pilot experience in Guatemala.

Wednesday, March 9

9:00-11:30 Ministry of Labor

Luis Hernández, Coordinador General, 535-4404 ext. 2332

Kilma Mede Jiménez, Directora General de Empleo 535-4404 Ext., 2083-2084

kilma_mena@set.gov.do

Washington Gonzalez (has been there for years) 535-4404 ext. 2109 cell 258-827

washington_gonzalez@set.gov.do

Dr. Enemencio Federico Gomeroa, Director 535-4404 ext. 2355 cell 758-1793

Dr. Virgilio Baldera A. Subsecretaria de Estado de Trabajo ext 2044-2045 cel 846-3053

Federico homero, Director of Inspections

- Washington asked about the role of NGO's, stating that the SET has been concerned about the roles of codes of conduct and how they can infringe on the SET as the enforcement agency. He did not want to see the SET cede authority. Does not want other organizations to enforce the law.
- He conceded that Codes can improve workplaces, and referred to an experience with Nike. Assistance is o.k.

- The unions also reject the NGO's because they see it as their rights to make sure workers' rights are correctly being supported.
- There was an agreement between ADOZONA/SET/Federations with the Free Trade zones to come to SET first before going to court. This agreement exists but not sufficiently promoted. (This could be a module for future trainings, the agreement and services provided by SET).
- Luis Hernandez seconded the focus on Tripartite (no ngo's) Wanted to promote the mediation services of the SET. They have an ADR center for COLLECTIVE disputes (this is unique, most MOL's only use RAC for individual) They use RAC in both collective and informally individual in the field.
- NO RESOURCES, the biggest problem is the lack of infrastructure.

I asked if they could describe the ongoing IDB PROGRAM:

\$16 million from IDB, \$5 million from country. 3 years old, started 2001

Institutional Strengthening via Training and Modernizations

- Inspectors Manuals
- OSH training
- Remodeling of the Employment Services offices
- Inspections Section had planning and organization training
- Mediation
- Training in computers
- Electronic job bank, matching service
- Web page
- CSE telephone answering services
- Training for young people (30,000 per year in job readiness and skills training)

They have also been working with SPAIN, unclear which is from which donor.

Commented that a big problem is that the services come from outside and land in the country in inappropriate context. (e.g. job bank used terms from Spain, not used in DR) It is also very difficult to provide technical follow-up.

We explained the purpose of the diagnostic was to avoid duplication and ensure adequate application in country, and left them the TOR for their suggestions.

They also set up a meeting for us with INFOTEP, their vocational training services that work directly with the FTZs.

3:00 INFOTEP

Dr. Baldera

Rayzo Pichardo, Director of FTZ division direct tel. 732-6960, 547-2559 fax 732-6888

RPichardo@infotep.gov.do

Licda. Maira Morla Pineda, Director, Regional Southern Office dir. 549-7799

maira@infotep.gov.do

Juan Enrique Pérez, Responsible for International Technical Cooperation 541-1525

- INFOTEP is funded similarly to all the vocational institutes of the region. There is a 1% payroll tax paid by the employer and .25% tax paid by workers.
- There is an agreement between INFOTEP and ADOZONA that 35% of the 1% tax they pay goes specifically towards training.
- INFOTEP has 28 full-time staff working for the FTZ's
- They also work with contractors, and have a data base of 2600 active consultants at the national level, and 900 at the regional level.
- There is a national committee (ifotep-adezona) and there are local committees at the level of the FTZ parks to decide how to spend the money, on what specific training. This is BASED ON EMPLOYERS requests.
- They can use external and foreign trainers. E.g. Mexican consultant from ILO who did guides for organizational analysis. (Get name and contact info.)
- INFOTEP goes to the factories, uses local offices, and works out of counterpart offices to conduct training.
- Each year they have strategic goals and each year they surpass them due to local committees requesting additional training.
- Survey conducted by multiple government institutions revealed a 76% satisfaction rate with their services.
- Employers can REJECT the training "they are now experts in a way, at receiving training." (OJO for project)
- There is a TRIPARTITE Board of Directors (CNUS/SET/ADOZONA)
- Each fight for its share in the workplan and budget. They are trying to promote project based training that crosscuts sectors, but it is not going over easily.
- E.g. INFOTEP is providing IT training for FTZ workers.
- Did not think tripartite training would be a problem.
- Questions regarding our methodology, we said much depended on the diagnostics, but we also needed to ensure our plan was approved by our managing partners.

(They also asked us about how we selected factories; we responded that it will depend on ADOZONA and the diagnostic.)

I faxed Rayzo Pichardo the TOR for suggestions for the diagnostic.

Thursday, March 10

ADEZONA 10:00

Arturo Peguero, President, tel. 472-0251 apeguero@adezona.org

Gustavo Mejía Ricart, Legal Director (deals with labor issues) 472-0251/54 gmejia-ricart@adezona.org

- It is difficult to get the employers in the FTZ's to focus on trainings right now because of A. the local economic crisis (exchange rate last year was 42/1 now its 28/1) B. the international context (MFA)
- ADEZONA has 40 members, 20 are park developers, 20 are associations of industries in with 16-17 parks. Covers 500+ companies in country.
- Wants to discuss with the Board of Directors how they can assist us, what the best form for us to present the project to their members. The Board meets once a week. (

- Four main zones are: Santiago (biggest), Santo Domingo (more medical products) San Pedro Marcoris (smallest, needs help) La Romana. Santiago is building a training center with AID, but he didn't know the details of that project (3/4 private, 1/4 AID funded).
- Recommended CIPAF for diagnostic. They had a GOOD experience with CIPAF when they did a study for Levi's. Originally the relationship was a bit more antagonistic, but when they did the study for Levi's they realized that CIPAF was objective.
- Just reactivated a TRIPARTITE commission for corporate social responsibility for the FTZs with SET ADEZONA and CNUS. He suggested that perhaps this project could be part of the commission's initial activities. The Exec. Director of the Commission is Zapata in the SET. (Great timing... must follow up!!)

2-5 worked on generic document and strategic framework

5:30 Secretary of Industry and Commerce, Lic. Francisco Javier García
Tel 685-5171 ext. 224 fax 686-1973 despacho@seic.gov.do

- The FTZ's are closely linked to this Ministry because they give permission to the Zones to produce, and because this is sort of the super ministry, which deals with energy, certifications, industry regs, etc.
- He currently is "accused" of being too closely linked with FTZ's. That's because they are the sector currently faced with crisis.
- Biggest problem facing FTZ's now – job loss. Currently, this is due to exchange rate costs, energy problems, local economic issues. He felt China has yet to take its toll. There is a National Committee of FTZs (different than the labor one) It includes
 - Association of Exporters
 - Importer Representatives
 - Committee of Investment Promotion
 - Customs
 - Executive Director is Luisa Fernandez
 - Works with 16 committees, each from different FTZ

Friday, March 12

CNUS 9:00-11:00

This meeting started informally. The Confederation representatives had an emergency meeting to discuss the problems facing the Social Security Institute. We began the meeting with the representatives from the maquila federations.

Mayra Jimenez, Secretary General Futrazona.

Ygnacio Hernández, Secretary General Fedotrazonas 565-2100 221-0072 cell 396-8455 fax 544-3497 fedotrazonas@codotel.net.do yhernandez_hiciano@hotmail.com

Pablo Martinez, Educación Fenatrozona

Jacobo Ramos Crispin, Secretary of Organizing, CNTD 221-2117 cell 840-6728, fax 221-3217 cntd@verizon.net.do

Petra Hernández Fenatrozonas

- They estimate 36 working unions, with 3 or 4 CBA's that are more or less applied.
- Jacobo said it was a good time for us to arrive because things were changing and they are seeing some good signs. e.g. Government/SET has recognized that although dialogue is going on at the top, there is war at the bottom.
- There is tripartite committee. (mentioned in Adozona meeting, received copy of agreement.
- Bipartite agreement between ADONZONA and CNUS.
- Are working with factories in bipartite form, e.g. Grupo M.
- This project can fortify such efforts.
- Asked what methodology will be used, we answered that it will depend on diagnostic, but that will involve multi sector participation, and must be approved by our partners.

Joined other room.

Gabriel del Rio, President CNUS

Rafael Abreu, Vice- President CNUS

Daysi Moneri D'Oleo, President COMUT

221-2117 221-2551 fax 221-3217 daysi@yahoo.com cell 756-4955

Eulogia Familia CTU

- Overall were supportive.
- We were given green light to work with federations.
- Wanted to know "to what extent are we (CNUS) are compromising ourselves. We need to have more written information to decide how far we can commit." (BOTH ADEZONA AND CNUS WANT WRITTEN DOCUMENT WITH SPECS OF ROLES)
- Mayra is glad we are beginning with the diagnostics which she hopes will reflect the reality.
- Left them copies of TOR for suggestions.

They had a busy agenda that day, so there was little discussion but contacts were made

COPARDOM (Confederación Patronal de la República Dominicana) 12:00

Pedro Rodríguez Velásquez, Exec. Director 381-4266 281-4223 fax 381-4266

copardom@verizon.net

- The Board of Directors has rejected the idea that Ngo's can monitor labor conditions. Not yet approved by Board of Directors how to approach training. They will have an exchange on this issue in April. They want to limit to things that help competitiveness.
- Wanted to know what the next steps for COPARDUM were. We suggested they were basically to participate in diagnostic. This visit was primarily to ensure Copardom was informed about the project, but that our main counterpart was ADEZOLNAS.
- He was more concerned about the reaction of CNUS than ADEZONAS.

Dr. Milton Rae Guevara, ex – Minister of Labor 1:00

Tel 683-9888 683-9850 fax 983-9845 rg.asociados@verizon.net.do

- He is now doing consultant work. One of his clients is Grupo M. He is giving courses to management on labor issues. They will also have worker training. They are working with him to develop this. (OPPORTUNITY for project... follow-up)
- The sector has many good companies, but overall is weak in their attitudes regarding unions, what they really are.
- This project is EXTREMELY important for the sector right now. E.g. Certain companies require programs like this.
- Hopes we will ensure that this goes beyond the life of the project... Sustainability.
- He can help facilitate any work with the university Madre y maestro if we are interested. He is a professor there. (Idea was that we might use a university to convene the auditor training, that way a neutral institution could invite participants beyond tripartite actors.
- Regarding the participation of other (ngo) groups, it depends on which ones. Particularly those that deal with gender issues might be able to incorporate them into the process; however, the other actors are used to working with just themselves.
- CIPAF is excellent.
- Left him copy of TOR for suggestions.

CIPAF 3:00

Carmen Julia Gómez Carrasco, Director of Research

Magali Pineda, Director CIPAF

Consuelo Cruz

Te 535-2696 cipaf@tricom.net. Carmenjulia_2001@yahoo.com

- We got a brief history of the FTZ's in Dominican Republic. Very interesting.
- Magali began working with FTZ's in 1978. CIPAF has 25 years experience.
- CIPAF does research studies, surveys, and training, particularly train the trainers.
- They provided us some of their materials and showed us others.
- More and more they are hiring young men in the FTZ's. Currently 64% of entering workforce is women.
- Concerned that the country had no strategic plan to deal with the TLC, they are only just thinking short term to get it passed.
- Discussed the issue of BSR which doesn't really exist in DR. Instead an organization that worked to promote BSR did so in a way that promoted philanthropic giving, now no one uses the term BSR.
- They are doing BSR event with employers May 10 (WE or GAP should participate, we started discussing this)
- We gave them the TOR and they are very interested, also they made an argument that it is better to strengthen an institution rather than one individual.

IV. Next Steps

- Send a reminder with a deadline for the TOR candidate submissions.
- Send documentation to ADEZONA, request presentation.
- Send documentation to CNUS regarding their role.
- Follow-up with CIPAF regarding May 10.
- Thank you notes to all.
- Contact the person heading up the tripartite FTZ commission (Zapata) in the SET and send documentation and/or proposal on how we can work with the commission.
- Follow-up with Milton Rae Guevara to coordinate training at Grupo M.
- Get name of Mexican who conducted training, get materials.

ANNEX C
TRIP REPORT
Nicaragua
April 11-13, 2005

I. Purpose

The purpose of the trip was to interview candidates to conduct the diagnostic, meet with AID, and meet with the Labor Minister. While there, we touched base with other key players.

II. Team

Homero Fuentes, Director

Paula Church, Deputy Director

Manuel García Jiménez, Regional Coordinator of the ITGLWF's union organizing project in the maquila in Central America and the Dominican Republic

Kristi Ragan, DAI

III. Meetings Held

We provided an update on activities to date, and shared with the players the manual developed for training here in Guatemala to give them an idea of what the training in Nicaragua in the factories could look like.

Monday, April 11

11:00 a.m Emilio Noguera, Corporación de las Zonas Francas

Carlos Zuniga

They had already been briefed on the project; we just gave them an update. I asked about how we might be able to gather information from a broad spectrum of factories for input into the diagnostic and he suggested:

1. Meet with Helen Monroy
2. A survey for a meeting that the Corporation and Amcham are sponsoring on April 20 for 80 human resource managers where international companies are going to present best practices and HIV/AIDS prevention.
3. Convening of factory for presenting project.

We are drafting a short survey, with background on project from the current documents, to be distributed at the April 20 meeting. Emilio said they would then provide this information to the project.

Emilio also said they have five inspectors in the zones, under a memorandum of understanding where the corporation helps fund the positions. Apparently MEC has also contributed to this effort. They would be candidates for the auditor training.

His main concern was which unions we would work with, and that we should make an effort to work with not only those that are most vocal, but those that have more unions in the maquila (CTN-A has 9 unions). (Of course these are the ones seen as "white" unions). Otherwise we

could arrive at a factory and the union will say that they had not participated. He said he would send us a list of unions.

He also mentioned minimum wage just increased 15%, and that they are meeting with the US labor officer and various unions this week to try and reactivate the Mesa Laboral. (Potential dialogue space for project?) and that May 8 they are traveling to Dominican Republic to show how their tripartite dialogue system works.

PENDING ISSUE: WHICH UNIONS CAN/WILL WE WORK WITH?

2:30 Minister of Labor Gurdian

Fernando Serrá C. Coordinador, Proyecto Modernización MITRAB

Luis Rodriguez Vado, Vice Ministro luisr@cablenet.com.ni

- MEC is "an ally" of the Ministry of Labor, solves problems instead of creates them.
- Private auditing groups are weakening the MOL's. This project needs to fortify the MOLs.
- Want more information on the training
- Want formal MOU describing relationship project MOL. I also made sure they understood that we are relatively smaller than other projects working with MOL and work with other partners, as well as MOL.
- Mentioned that Guatemalan Vice Minister vehemently stated they did not know about our project when he was asked by Andrew Sammet in White Paper discussions. Homero responded explaining why the pilot project did not originally include the Ministry because of the political climate at that moment, which they understood. He also mentioned that the Vice Minister has participated in project events.
- Inside the MOL strategic planning document, which they have been elaborating, there is a module on social auditing and they had already asked DOL to provide info on social audits. This provides us an already existing space in their planning to provide training
- Mentioned something about a TOR for ILO to contract the MOL inspectors with funding from various donors.
- Did not want another diagnostic conducted, have diagnostic fatigue. Said we should use the white paper. I suggested that would be a good input, as well as any other studies, but that the project needed something short, specifically for its needs in the maquila sector.
- Want the TOR for diagnostic.

5:00 Miguel Ruiz, A. Monso, Roger Barantes Estada

- Wanted us to define which unions we are going to work with.
- Wanted to better understand what we wanted as our objectives and, results. Suggested that the number of unions formed would be a good indicator. I mentioned that the training modules will be prioritized by the workers in the factories, so in part depends on the topics they pick.
- Considers CTN-A "white" unions (this is the one Corporation of Free Trade Zones recommended we include).
- Said the project should be more than just training.
- Said the only good "corporate social responsible" factory is one with a union.
- Wanted project resources to be distributed equally among tripartite partners.

- Wanted TOR to provide suggestions. We sent and called next day to try and see if we could get the CV.
- They have 30 trained trainers in labor issues for maquila.
- Trained 70 leaders with University Pablo Freire in labor rights and OSH.
- Suggested training not be more than 8 consecutive hours in Nicaragua.

Tuesday, April 12, 2005

7:30 Helen Monroy, Executive Director ANITEC

- Said she was still interested in collaborating.
- Gave her update

AID

Steve Olive , Chief Trade and Agribusiness Office

Linda Baez

- COSEP (Chamber of private sector) said they were very interested.
- Embassy is very interested as well. Janet Potash, economic officer, asked to speak with Paula. (worked together in Argentina)
- Wanted to see the Strategic Framework and Project Monitoring Plan with indicators.
- Said that AID Nicaragua:
 - a. Is prioritizing based on CAFTA issues in Congress.
 - b. Wants to see more brands on board before joining.
 - c. Wants to see results before joining.
- Mentioned that this project was mentioned in the regional meeting of AID officers as one that is in the list of projects that might be transferred to El Salvador regional office, but that no definite decision on this has been made yet.

PASE Alberto Legall Torrez

- PASE is five years old, and does monitoring, research, and training work with unions and MEC.
- They are working to get closer to the private sector, clarifying what they do, that they are not just a complaint mechanism for the unions.
- They do not have a relationship with the MOL and have not worked with it.
- Just did a study of sugar sector and now are going to training in two major sugar companies.
- Have worked for various companies and international organizations.
- Expect this sector to grow. 2 years ago had 40,000 workers and they predict 120,000 in next few years.
- Nicaragua has an exception to the end of the MFA and still has a quota. as well lowest salaries in region.
- Board of Directors includes a Professor at the National University. They are coordinating on a course right now. They are very neutral and perhaps could help with us if we decide to do auditor training via a University.

Pedro Ortega

- Not another diagnostic!

- They are trying to organize a factory, USLC.
- Manuel introduced the idea of the workshops as input for diagnostic.
- Pedro explained that they work with a lot of different NGO's.
- Hard to get employers to table, will be good to have GAP and Timberland on board.

Manuel and Homero interviewed Dr. Rafael Amador

Manuel, Homero and Paula interviewed Dr. Malespin

We filled out criteria sheets, and believe that Dr. Rafael Amador is best candidate.

Need to informally check with local partners and finalize contract to start diagnostic.

IV. Next steps

- get list of unions from Emilio
- send survey
- Call Miguel Ruiz regarding other candidates for diagnostic
- send TOR to MOL in Nica
- check with Gerardina re: possible project hiring inspectors
- UPDATE Guatemala Vice Minister
- Get diagnostic from union.
- call Janet
- talk with local groups about Amador
- get contract ready for diagnostic

Annex D
TRIP REPORT
El Salvador
April 13-15, 2005

I. Purpose

The purpose of the trip was to meet with AID, and meet with the Labor Minister. While there, we touched base with other key players.

II. Team

Victoria Walton, USAID, G-CAP

Homero Fuentes, Director

Paula Church, Deputy Director

Kristi Ragan, DAI

Manuel García Jiménez, Regional Coordinator of the ITGLWF's union organizing project in the maquila in Central America and the Dominican Republic

III. Meetings Held

We provided an update on the project, explaining that El Salvador is currently contemplated as part of a second phase.

Wednesday, April 13

11:00

Mark Silverman, Director

Kirk M. Dahlgren, Director Strategic Development Office

Kristi gave materials on the project including:

- A document which describes all the meetings project staff have had with various players in the region and in Washington D.C.
- Articles from the AID magazine which describe the project.
- GANTT calendar for project diagnostic, factory dialogue, social dialogue, course development, factory trainings and auditor training. This document provided estimates for target dates for these activities in each country.

We also gave them:

- Terms of reference for the diagnostic, with the explanation that this is scheduled to happen in El Salvador in the second phase of the project.
- Manual developed for Guatemala trainings.

Mark asked good questions and there was a more detailed conversation about project activities. He also is particularly interested in how El Salvador can benefit, because he has been running the national level AID programs. We discussed how in El Salvador, although certain sectors express interest, there will be challenges, particularly getting unions and employers together. (Mark's explanation is that the unions have been so political, (e.g. social security strike) that employers fear them for that reason.) At the end of the meeting he said he felt "no increased

confidence about the project in the short-term, but better about it in the medium term because we definitely have correct approach.”

2:30 Minister of Labor José Roberto Espinal Escobar
Javier Rivas Rodriguez, Director General de Trabajo
Nelson Gonzalez, Director de Inspección
Patricia Salazar, Ministerio de Economía
Marjone Chorro de Chávez, Ministerio de Economía

Also present: Mark Silverman, Director AID
Phillip Thompson, Labor Officer, U.S. Embassy

We had two representatives from the Ministry of Economy present at this meeting because the Secretary was interested, but busy with the World Bank FIAS meetings.

We explained the project and gave them the manual from Guatemala. Patricia Salazar asked about what we meant by “social audits” because they already have their own system of audits, with the companies that conduct them for international brands and those the Ministry of Labor inspectors conduct. We clarified that the project is not trying to substitute, and recognizes the important existing roles of each institution. We promised to send a fuller description of the auditor training when it was ready.

The Minister said that of course he is interested in any assistance AID can provide, but that he would need to consult with the different sectors, and review the materials and get back to us. When I asked if he would be interested in training in August or September, he said could not say without reviewing more information.

Private Sector

Homero spoke on the phone with the Executive Director of ASIC the maquila association and she agreed to meet with us during her next trip to Guatemala for the VESTEX meeting. She was out of the country during this visit.

I heard from Philip Thompson, however, that Francisco Escobar Thompson, the President of ASIC and a very powerful figure in El Salvador, told the economic section of the Embassy that they would not work with the project. If this is true, we may have difficulties even getting Ministry of Labor support.

4:30 GMIES

Dulceamor Navarrete, Executive Director
Cindy Fernández de Erazo, Deputy Executive Director

We received a brief history of GMIES and learned about their work.

Works for Liz Claiborne, Levis, Adidas, and GAP.

Just did a study of the Ministry of Labor’s inspection system. We received a copy.

Was able to present the study to the Ministry staff and the Minister was present at a public event. All work is based on BRAND DEMAND.

When asked whether a project that would work with the employers, MOL, and unions was possible, they said excellent idea but it will be tough terrain here. There has been no project of that kind to dates.

They recently did training at Charter, a unionized factory, for four groups of 25 workers, including union representatives. They believe that they have statistics on how this helped productivity, decrease in overtime violations, decrease harassment. We asked for this information, for possible promotional material for employers, but it is confidential.

Dinner Meeting

Kirstina Svensson, FIAS

Thais Leray, Amy Luinstra, World Bank

Aron Cramer, Tara Rangarajan, BSR

They had held a full day workshop on developing a national Corporate Social Responsibility plan for El Salvador with government and private sector participating. They found the terrain in El Salvador more difficult than they had expected.

They wanted to learn more about our project, and we promised to keep them informed of activities as we progress.

Thursday, April 14

Worked on employer survey and agenda for union workshops in a.m.

2:30 GTZ

Manuel Mancheno, Proyecto de Salud Sexual y Reproductivo

Nieves Alvarez, Asesora Principal, Programa FORTALECE

Nieves Alvarez works on a Project (Synergia) that works with local economic development in El Salvador, Honduras and Guatemala.

She previously worked in Germany at headquarters on private public partnerships. She was very interested in our project.

Her project works with unemployed young people, which includes 3000 women who lost their jobs in the maquilas in the last three months. They provide job fairs and job training trying to targeted unemployed young people.

She said that for her, one factor that has been missing in this work is the tripartite dialogue, and that that the government and employers are lacking the political will to make this happen.

They did a diagnostic on the maquilas in Honduras, and worked with CEPAL which did a diagnostic on maquilas for all of Latin America. Wants us to use it.

She will send us:

- project description Synergia
- Conference Agenda for BSR meeting in Honduras where she is presenting
- Study of Honduras
- The outline of their employment program
- Contacts for PPP

We gave her the Terms of Reference and asked for recommendations for consultants, particularly in Honduras.

4:00 EXPRO

Very brief meeting with the Director, Phil Rourk.

They work with small and medium size enterprises, which they define as less than 100 employees. However, if we get to a point where we might want to do workshops for the private sector, they seemed willing to cooperate. They had recently done a diagnostic of the maquila sector looking at how it could promote itself better.

5:00 CSTS

Nayda Medrano

Includes four unions (STIT, STECHAR, SGC, STIVES)

And one federation (FESTES)

Goal is to unify efforts in the maquila.

Provides strategic planning, legal defense, sustainability (quotas), training (she suggested here we might be able to coordinate) awareness raising and organizing.

They are trying to establish themselves independently of any outside project as a “mesa laboral”. They work with Ormusa, Melidas, on certain topics, but not with GMIES.

She said she didn’t know why the other federation FEASIS, another federation, left or whether they have unions in the maquila.

She gave us materials on the maquila that the Mesa had produced, and said she wanted to stay in contact.

IV. Next steps

- Send TOR to GTZ for suggestions.
- Ensure that FITVC finalizes agenda, puts dates for workshop
- Work on finalizing the auditor training description

ANNEX E
CIMCAW MEETING NOTES FROM PARTNERS TELECONFERENCE
January 6, 2005

CIMCAW Next Steps

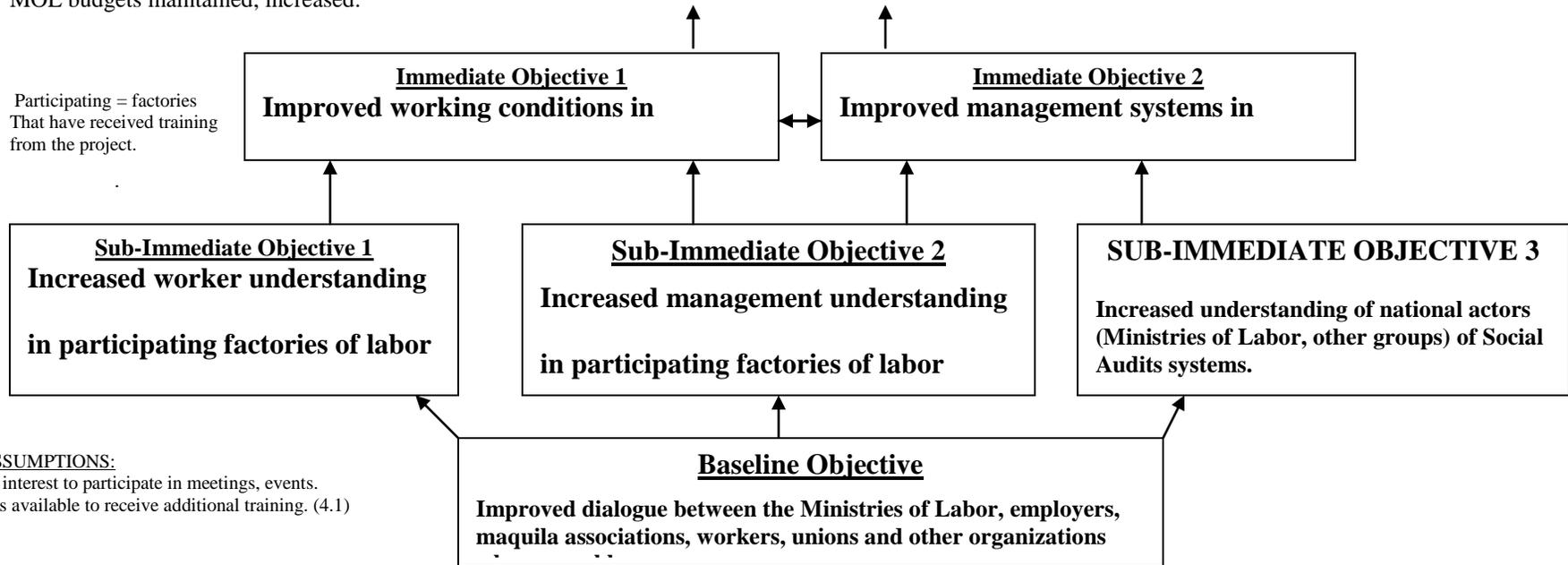
- 1) Finalize latest version of decision-making protocol based on comments provided in the teleconference by 7 January and send around to all partners for final agreement by January 14. (DAI lead with SAI input)
- 2) Develop criteria for adding new partners and circulate draft criteria to partners for comment by 14 January. A separate teleconference will be convened if the comments merit the need for a discussion. (DAI)
- 3) Circulate the final version of the communications protocol by 7 January for final agreement by January 14. (DAI)
- 4) Partners provide comments to Homero and Samira on workplan within 10 working days – by 20 January- so that it may be finalized and discussed with USAID. (SAI, ITG, GAP)
- 5) Set up a teleconference with Homero and interested partners on the auditor training/MOL inspector training by 14 January. (DAI)
- 6) Provide all partners with information by 14 January on the outcome of the meeting with the factories in Guatemala on the issue of worker selection. (Homero)
- 7) Follow up with Victoria Walton of USAID the week of Jan. 10 to get the meeting set up with the ILO as soon as possible to discuss possible collaboration on CIMCAW (Homero)
- 8) Follow up with IDB during the week of Jan. 10. regarding the status of their complementary joint program proposal and the possibility of their funding ILO participation in CIMCAW. (DAI)
- 9) Send all partners an update by 10 January on discussions with brands. (DAI)
- 10) Subcommittee to be formed under the leadership of Homero with representation of all partners to discuss, during the week of January 10, the prioritization of activities and countries. (DAI)
- 11) Based on the outcome of #10, the workplan will be developed into a matrix and circulated to partners by 14 January. The matrix will indicate countries, timing and responsible lead partner(s). (Homero)
- 12) Align the final workplan with the project budget (DAI).
- 13) Solicit USAID Nicaragua's decision on the separate office by 14 January and discuss the role of Paula on the project with all partners. (DAI and Homero)
- 14) Circulate by 21 January to all partners for comment a proposed approach and process for constituting a project steering committee. (Homero)

ANNEX F: CIMAW Continuous Improvement in the Central America Workplace STRATEGIC FRAMEWORK April 28, 2005

Critical ASSUMPTIONS:

Positive disposition of government, employees and (NGO's?) to collaborate.
 Macroeconomic stability.
 MOL budgets maintained, increased.

GOAL
Demonstrate that improved working conditions increases garment factories' ability to meet the growing demands for social



Critical ASSUMPTIONS:
 Stakeholder interest to participate in meetings, events.
 Local groups available to receive additional training. (4.1)

PRODUCTS FOR SUB IO 1.2 Y 2.1
 Joint trainings for workers and

PRODUCTS FOR SUB IO 1.2 Y 2.1

PRODUCTO 1.1
 Service Centers for workers strengthened or created in three countries (pending diagnostics)

Products for Objectives 1&2
 Technical assistance to implement action plans and improve compliance. This could include factory visits, links to other services, additional training, depending on the factory needs.

Products for Project GOAL
 Case Study to demonstrate the increased competitiveness.

Products for Sub IO 3.1
 Trained Ministry of Labor Inspectors in Social Audit techniques.

Products for Sub IO 3.2
 Other groups trained in Social Audit Techniques

Products for 4.1

ANNEX G – Official Project Description
Continuous Improvement in the Central American Workplace (CIMCAW)
Mejoramiento Continuo en la Maquila (MECOMAQ)

Why?

To help garment workers and manufacturers in Central America confront the increasing challenges and competition expected in January 2005 as a result of the end of the MFA. By providing training and technical assistance CIMCAW/Mecomaq will help the sector respond to the increasing brand and consumer demand for clothing of high quality produced under decent working conditions.

What are the Objectives?

CIMCAW/Mecomaq will demonstrate that improved working conditions increases garment factories' ability to meet growing global demands for social compliance. In order to do this it will work with the local stakeholder to achieve the following objectives:

1. Improved working conditions in the participating factories.
2. Improved factory management systems in the participating factories.

Trainings will be provided to the local stakeholders in order to:

1. Increase the understanding of factory workers and factory management of their rights and obligations, as well as the current context of the maquila sector.
2. Increase the capacity Ministry of Labor and others where possible, to understand the current themes in auditing the maquila sector.

A prerequisite for all project objectives is improving social dialogue on labor issues with the social actors in the garment sector in the region, and this will be included in all activities of the project.

What are the Project Activities?

The project will first conduct a diagnostic. A local organization or local consultant will provide information on the current status of the garment sector in each country, beginning with three first-phase countries (Nicaragua, Dominican Republic, and Honduras). Based on this diagnostic study, a meeting with all social partners to adjust project activities to the national needs will take place. Based on the diagnostic and this multi-stakeholder workshop, CIMCAW/Mecomaq will implement the following activities:

For the Factories:

Phase I:

- Design training for workers and management.
- Validate training content with employer and worker representatives.

Phase II:

- Conduct training for workers and employers of participating countries with local and international trainers in labor rights, tools and methods to improve working conditions, (e.g. best practices, improved management systems, self-evaluation tools, factory level action plans).

Phase III:

- Provide follow-up technical assistance to participating factories. This may include visits to the factories, facilitation of contact with other organizations/service providers, further training, sharing of best practices, etc., depending on the factory needs.

Phase IV:

→ Using data collected at each stage, CIMCAW/Mecomaq will document best practices and success stories to demonstrate how increased labor compliance improves factories' ability to meet growing global demand for social compliance.

For The Ministries of Labor, and other actors as appropriate:

→ Design and conduct auditing methodology training for the Ministries of Labor, and where possible, other interested actors.

CIMCAW/Mecomaq will work with other projects, auditing programs, and local institutions to try and provide the most comprehensive training to the largest and most inclusive audience possible.

Who is the Alliance?

The Project is managed by an Alliance whose members include:

USAID (U.S. Agency for International Development) the United States' foreign assistance agency funding programs to help people overseas make a better life.

DAI (Development Alternatives, Inc.) a consulting firm with wide-ranging experience in implementing and administering sustainable development projects.

SAI (Social Accountability) a nongovernmental organization specializing in corporate social responsibility and labor standards.

ITGLWF (International Textile, Garment, and Leather Workers' Federation), an international labor organization representing 10 million garment sector workers.

Gap Inc. and Timberland, well-known multinational corporations, leaders in integrating corporate social responsibility into their global production chains.

The project is currently implemented by an office based in Guatemala.

Homero Fuentes

Director

Homero_Fuentes@dai.com

Tel: 502-2332-0585 or 502-2332-0624

Paula Church

Deputy Director

Paula_Church@dai.com

Project Timeframe and Budget?

CIMCAW/Mecomaq is currently funded as a strategic public-private alliance initiative, supported by USAID and the partners at \$2.0 million for two years beginning in November 2004 and currently scheduled to continue through October 2006. A pilot project in Guatemala began in October 2003 with \$500,000 and will continue with the regional program.

What are the Expected Sustainable Benefits in the Apparel Industry?

For All Actors:

→ Labor standards raised as a critical topic for commercial promotion and market access.

→ Concrete examples provided to improve the image of the maquilas in the region.

- Improved culture of compliance in the participating factories.
- Integrated tools and best practices that solve problems implemented in the participating factories.
- Support for the implementation of systems that comply with national labor law.

WORKER BENEFITS	Producer Benefits	Apparel Brand Benefits	Ministries of Labor Benefits
<ul style="list-style-type: none"> * Improved working conditions in participating factories. * Improved security and safety in the workplace. * More stable employment in the global context. * Improved communication between workers and management. * Increased worker understanding or labor rights and obligations. * Increased access to training services, information and labor law assistance. * Clarity how to resolve doubts and problems within the context of the national law. * Opportunity to collaborate with civil society organizations (unions, worker organizations, NGO's) 	<ul style="list-style-type: none"> * Increased attractiveness to international brands interested in buying from participating factories with high labor standards. * New profile for participating factories in the global textile market. * Improved management systems in participating factories. * Increased competitiveness and productivity. * Improved communication between workers and management. * Better trained factory management * New tools and other technical assistance providing solution-oriented workplans that ensure compliance with national and international labor laws. * Access to best industry practices. 	<ul style="list-style-type: none"> * Access to reliable sources of high-quality clothes produced under working conditions that comply with national and international labor standards. * Increased local participation in ensuring labor law compliance that can replace the methods promoted by the brands from abroad. * Improved brand reputation for supporting methods to improve compliance that are sustainable at the local level. * Access to best practice methods that can be replicated in other areas in the production chain. * Increased awareness of Social Responsibility in all areas of the participating factories. * Opportunity to collaborate with key actors * Access to best industry practices. 	<ul style="list-style-type: none"> * Creation and/or maintaining jobs in the region. * Inspectors trained in the themes, techniques and tools for auditing in the maquila sector. * Opportunity to collaborate with key actors.

ANNEX H
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.

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

ANNEX I

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.

ANNEX J



A Public-Private Partnership to Improve the Lives of Apparel Factory Workers

Project Update and FAQs

Continuous Improvement in the Central American Workplace (CIMCAW)

Project Updates

- *Central American Regional Project*

CIMCAW is undertaking activities in Guatemala, Nicaragua, El Salvador, Honduras, Dominican Republic, and Costa Rica. The project was officially launched in November 2004 in Guatemala and coincided with an extensive round of discussions with key stakeholders throughout the region. (*see attached summary of dialogue to date*) By April 2005 we had completed the start-up phase of the project with finalized country specific work plans, scopes of work and contracts for all partners, hiring of key staff, a project office opened in Guatemala, formally endorsed communication and decision making protocols to govern the Alliance partner roles and the modus operandi of the project. Countries have been prioritized for the implementation of activities with Guatemala, Dominican Republic, Nicaragua, Honduras a strong focus in 2005 and El Salvador and Costa Rica targeted for end 2005 – early 2006. (*see attached summary work plan*). Project implementation is beginning with an intensification of stakeholder dialogue and moving into country diagnostics in May – June that will be used to refine the specific country activities and timings. This phase will also focus on agreeing upon arrangements with identified local partners and continuing to dialogue with other potential partners in countries where partners have not yet been determined. The diagnostics will be immediately followed by the inclusion of the stakeholders in developing the local technical content for the worker/manager trainings (already completed for Guatemala). We will also continue our stakeholder dialogue at the international level with the ILO, InterAmerican Development Bank, World Bank and IFC for identifying concrete areas for collaboration and joint programming as well as expand efforts to grow the partnership to include more international brands and apparel companies.

- *Local Stakeholders*

One of the keys to the project's impact and securing local buy-in as well as ensuring content relevance is to identify and work with local partners 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 lead local partner but we also collaborate with VESTEX, FESTRAS and a number of other relevant organizations. Following extensive consultations we have mapped out other possible partners in the remaining countries which will be validated during the diagnostics. In addition to engaging local partners in each of the countries, we are coordinating closely with the Ministries of

Labor and the Ministries of Economy, the industry associations, and the key unions and other brand and apparel run trainings and initiatives e.g. Fair Labor Association project.

We have considered the following criteria to assess the suitability of local organizations to be a local 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.

The Guatemala pilot used the first quarter of 2004 for work planning with outputs that included activity based work plans and alliance management tools. An extensive and sustained multistakeholder dialogue has been conducted with a wide range of local actors that include business, unions, government and NGOs. COVERCO, a highly respected local NGO monitoring and training assumed its lead role at the local level. Relationships were established with VESTEX that resulted in an invitation to use the annual VESTEX apparel show in May for holding key project dialogue and awareness raising events. The most significant output of the first half of the pilot has been increased opportunities for building relationships and strengthening the industrial relations dialogue.

○ *Training Update*

The Alliance has facilitated the development of technical content and methodology for the worker/manager trainings with the input of the private sector, local NGO and union partners all collaborating. We have engaged 10 Guatemalan factories in a discussion on timing for carrying out worker-manager trainings. Consultations are advancing with these factories, some of which are Korean owned, with June/July as the target date for training. In at least 3 other countries trainings are targeted for starting in mid-late 2005. (See attached work plan).

○ *Factory Identification*

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 supply chain. We are also finalizing dates with factories not in Gap's supply chain.

General Project - FAQs

• *What is the difference between the Guatemala project and Central American project?*

The Guatemala pilot project started in October 2003 and focused almost exclusively on improving stakeholder dialogue and worker-manager trainings. It was expanded to the regional level with the Continuous Improvement (CIMCAW) project in October 2004. The regional project has activities that go beyond the focus of the Guatemala pilot and include auditor training, indicators and measurement, fostering partnerships for supplementary worker and life

skills training. The Regional Project has also formally incorporated the Government's in each country working with the Ministry's of Labor.

- What changes or modifications have been made to the training since the initial pilot?*

The project itself has been expanded to include a greater involvement of governments. The actual trainings will be tailored to the 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 in each of the countries.
- How effective is the project from the perspective of the factories, buyers and DAI? Are objectives being 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 together with the Alliance Partners they have developed and approved the worker/manager training content and methodology. The Alliance has included the Guatemalan MOL in the social dialogue. We have encountered significant difficulty in gaining agreement on the methodology of worker selection and have had to develop several options for moving this forward. This issue has significantly delayed our time frames for implementing the factory 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. They view the project as a way to share risks, responsibilities and costs and transfer the driver for labor standards to the local supplier level. Buyers who have wanted to visit Guatemalan trainings have been disappointed with the timing delays.

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 the program design and program management of this initiative. We have spent the first year of the Guatemala project balancing the achievement of concrete results with the consolidation of the relationships and building trust within the Alliance and in addressing a history of suspicion and non-communication among the stakeholders at the local level i.e. unions, private sector, NGOs and government.
- Are 12 factories a realistic objective?*

The goal is 12 factories over 2 years. Given the challenges we have been facing in Guatemala this goal does not look realistic and we are considering that we may have to scale back the target number and hold more intensive trainings and follow-up effort in a smaller number of factories. We are in dialogue with 10 factories in Guatemala for training in 2005. We will also identify a smaller subset of factories for a more in-depth training and follow-up. The only obstacle to implementing this larger number is the speed at which we get local supplier agreement to undertake the trainings and the time frame for doing so.
- Did you query the workers to ascertain the impact of the training?*

As part of our monitoring and evaluation, we plan to get feedback from workers that attended the project's trainings. Tools have been developed for this purpose. This will be done at regular intervals since each factory has targeted follow-up once the trainings are completed.

The Role of Apparel Companies and Factories - FAQs

- *Can apparel companies and brands observe a training?*
We understand brands' interests in attending a training and will make every effort to facilitate their attendance while balancing the concerns of the trainers who are sensitive to the ratio of trainees to outside observers. Please contact Kristi Ragan (301-718-8260) or Samira Salem (920-730-0440) if you are interested in attending a training.
- *Can apparel companies see the materials from the Guatemala pilot project: training materials or outcome analysis/ lessons learned? Can apparel companies talk to a factory that participated?*
We have produced a comprehensive training manual in Spanish and have put together an overview of the content in both English and will also have in Korean. Dialogue with the factories is possible as well as dialogue with Alliance partners. For more information on contacting factories or alliance partners, please contact Kristi Ragan (301-718-8260) or Samira Salem (920-730-0440).
- *What level of resources did Gap Inc.'s have to commitment in order to engage six of their factories in one year?*
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. Gap Inc.'s Senior Management dedicates about 2 days per month. We work with Gap Inc.'s 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. Gap Inc. staff also participate in project partner teleconference calls on a monthly basis.
- *How many buyers would you like to see join the project?*
Our goal is to have 2-3 buyers participating in each country.
- *What will the role of the buyers be?*
Buyers bring their networks, expertise and experience. They have important local, US and international networks that include local private sector, NGO monitoring groups as well as dialogue channels with USTR; ILO, US Dept of Labor, USAID, State Dept, etc. They bring experience in workplace training and first hand knowledge of the challenge in gaining impact on labor standards. They also heighten the engagement of both donors and local stakeholders since they bring the prospect of FDI as a considerable incentive for participation by both the local private sector as well as the government.
- *What will be expected of buyers as far as financial and human resources?*
We ask for a financial contribution commensurate with the level of engagement but do not make it an absolute requirement for participating on the project. Some companies want to engage the project as a dialogue partner in order to gain insights into the approach, lessons learned and best practices that they can use in other parts of their supply chain. Others want to benefit from the supplier trainings which normally accompanies a financial contribution. For example, if your company wants to engage in all six countries for supply chain training, the financial contribution would be greater than if you engage in only one country. The project is flexible and has no

mandated formula for engagement or contribution levels. 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 developing the scope of work for the evaluation and in giving feedback on its relevance. The final evaluation report would be provided to all partners for comments. 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.
- *Will the trainings disrupt the factories' day-to-day production requirements?*
We are extremely sensitive to this issue and have consulted with the factories in order to determine how we can conduct 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 their production demands. The duration of the trainings is two days and we work with the factories to find a date that is convenient. We do not undertake trainings in November and December to accommodate peak production schedules.

Regional Perceptions and Challenges - FAQs

- *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?*
Various stakeholders (private sector, government, NGOs, etc.) recognize the urgent need to increase the competitiveness of the Central American apparel and textile sector and they see increased compliance with labor standards as an important tool to achieve this goal. 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, its approach and its primary objectives, we have gotten support from the key stakeholders in each participating country with Nicaragua and Honduras displaying higher levels of interest.

We accept that we are working in 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 and government'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 is essential to the success of the project and requires building productive relationships and trust with stakeholders. We will achieve this trust through open and frequent engagement of the key stakeholders, transparency, consistency in our message, and respect for existing local institutions. Stakeholder engagement

is the core of our program and we have devoted substantial resources to ensure success in this area.

- *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 concept. The Continuous Improvement Alliance grew out of the USAID supported Guatemala pilot project rather than out of the ESCA project. CIMCAW distinguishes itself in that it focuses on training, rather than monitoring. The project does not fully replace ESCA or duplicate ESCA but is fully coordinated with ESCA and other key initiatives in the region to ensure maximum efficiency, effectiveness and local buy-in for this targeted effort aimed at bringing about change in the workplace.
- *How often will there be an update of the project status?*
Quarterly reports will be submitted to donors and all partners 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 meetings; 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; the project is developing a proposal for a Project Review Committee that may include key stakeholders such as – donors, think tanks, ILO, brands, etc. The Project Review Committee will be established in the third/fourth quarter of 2005.

Local Governments - FAQs

- *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 evaluate if 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.

Donors -FAQs

- *Do you see the project having a life beyond the current 4-year time frame?*
Yes if the project is relevant and demonstrates impact on working conditions we will have the funding to carry the initiative forward. USAID has established labor standards as an priority area 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 Central America 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 if there are demonstrable results over the next 6 months. Further, the Inter-American Development Bank (IDB) is proposing a \$5 million, 4-year project and USAID has, in principle, agreed with the idea of their joint collaboration in this area.
- *Where else do you expect to get funding?*
In addition to apparel company and brand contributions, public sector institutions such as the Inter-American Development Bank (IDB), World Bank and IFC (FIAS) have expressed a strong interest in the project and attended the New York CIMCAW briefing in mid November 2004. Follow-up conversations are being held with all these institutions. As mentioned above, the IDB has a program under consideration that would intensify the work on labor standards training over a 4 year period.

Project Staff and Alliance Partner Roles - FAQs

- *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 a key role in the worker trainings. Our Project office and team are independent of COVERCO.
- *What criteria were used to select the Project Manager, Homero Fuentes?*
The criteria for the selection of Project Director, Homero Fuentes, centered on finding a candidate who was from the region and who had an insider's perspective, who understood the issues and 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 excellent negotiation 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 been dogged in brokering the relationship among fractured stakeholders. We are partnering 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. Ms. Church will be able to use her knowledge of and excellent relationships with Governments, ILO and donors to expand the focus and relevance of our work with them. Their diverse and complimentary skills make an excellent team.

- *Is the Homero Fuentes working independently of COVERCO and committed to a long term role in leading the project?*
Mr. Fuentes was hired by DAI and has taken a formal leave of absence from his position as General Coordinator of COVERCO. He has been retained as COVERCO's President, which is a symbolic post with minimum time commitment. His contract reflects these arrangements and has taken steps to avoid any conflict of interest. Homero turned down a job offer from another donor to run this project because he 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) support for multistakeholder engagement 5) design and implementation of monitoring and evaluation frameworks 6) replication and dissemination of results 7) alliance builder and manager responsible for bringing more brands and donors into the project.
- *What will be the role of ITGLWF?*
ITGLWF bring their local network; global experience on labor standards; their training expertise; and the support of their local affiliated trade unions to the project. 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 improving working conditions in order to strengthen the competitiveness of the sector. By having worker representatives as part of the Alliance, it ensures that the project works towards improving the lives of workers.
- *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 after the end of global quotas. 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.

For specific questions regarding DAI and our corporate capabilities for working on labor standards in Central America please see attached annex.

ANNEX K

CIMCAW 2005-2006 WORKPLAN *Program Implementation Details

Outreach to additional apparel companies

CIMCAW will solicit participation and support from additional apparel companies throughout the life of the project. Apparel companies are vital to the success of the project, contributing broad private sector support, resources, and access to factories.

Diagnostics, needs assessment, and workplan development

Initially, diagnostics will be conducted in three countries: Nicaragua, Honduras and the Dominican Republic to gain an understanding of each country's unique needs. The objective of the diagnostic is to identify those country-level factors that could influence project implementation. This will allow for the development of a strategy to adapt the project to the realities on the ground. The diagnostic will:

- Identify key stakeholders at the national level. This will allow the project to develop and implement trainings and activities that are relevant to the country context and done in a manner that respects existing spaces for dialogue and/or promotes the strengthening of social dialogue.
- Identifies the needs, strengths, and weaknesses of local key stakeholders employers, unions, Ministries of Labor, NGOs – with respect to their possible participation in the project; their participation in a more constructive national social dialogue and their potential to contribute to strengthening the respect for workers' rights.

Multistakeholder Dialogue

Annual two-day multistakeholder workshops will be held in each country where a diagnostic was conducted. It will involve those key stakeholders as identified by the diagnostic. Attendees will most likely include representatives from the Ministries of Labor, unions, the private sector, NGOs and where possible, other interested actors. At the workshops, the CIMCAW team will elicit feedback on the project; seeking to identify points of consensus, dialogue, and exchange information on labor standards.

Auditor/Ministry of Labor Inspector Training

CIMCAW will develop and conduct one auditor/Ministry of Labor Inspector training session for interested countries in the region. The training will last approximately four days and can include up to 30 attendees. The trainings will be directed at the Ministries of Labor, and where possible other interested actors. The trainings will result in:

- Increased capacity of the Ministries of Labor and others where possible, to understand the current themes and methods in auditing the maquila sector.
- Strengthened role for government labor inspectors

Curriculum Development Workshop

CIMCAW will conduct curriculum development workshops in each of the countries where a diagnostic was conducted. The workshop attendees will jointly develop the outline of the worker-manager curriculum and methodology for their country. Attendees will include key stakeholders as defined by the diagnostic.

Applied Worker-Manager Training

Trainings will be conducted jointly for factory managers and workers in each of the countries where CIMCAW developed training curriculum. The immediate goals of the trainings are to:

- Improve the working conditions in the participating factories and;
- Improve the factor management systems in the participating factories.

This training activity will be divided into three phases:

- Phase I:
 - Design training for worker and management.
 - Validate curriculum with those same employer and worker representatives.
- Phase II:
 - Conduct training for workers and employers of participating countries with local and international trainers in labor rights, tools and methods to improve working conditions such as the integration of best practices, improved management systems, self-evaluation tools and factory level action plans.
- Phase III:
 - Provide follow-up technical assistance to participating factories. This may include visits to the factories, facilitation of contact with other organizations/service providers, further training, sharing of best practices, etc., depending on the factory needs.

Follow-up for the Factories

With information provided in the trainings, managers will conduct internal audits, identify gaps in meeting workplace standards, and develop a corrective action plan for their factory. CIMCAW staff and corporate partners will:

- Meet on a periodic basis with trained managers to provide guidance on gap analysis and factory action plans.
- Meet with newly created worker-manager teams to provide guidance

Follow-up to Worker Needs

Via the diagnostic and worker and key stakeholder interviews CIMCAW will evaluate the desire or need for worker rights resource and/or work/life center in each participating country. CIMCAW would facilitate the development of such a center if the need is identified. Two potential models are:

- Workers' Resource Center: coordinated and run by workers and their representatives. Provides legal advice, dialogue facilitation, worker rights training, and research projects
- Community Resource Centers: coordinated by multi-stakeholder groups and/or NGOs with direct links to business and government. Provides legal advice, welfare and housing, labor rights, childcare, nutrition, financial services, health, and transportation services.

Deeper Training in Selected Factories

At the request of participating factories, CIMCAW will provide a more in-depth training to a larger number of workers per factory and possibly tailor the trainings more to the needs of the factories. The Alliance is prepared to provide such training for 2-3 factories in approximately three countries.

Evaluation and Dissemination of Lesson Learned

The monitoring and evaluation activities will elicit both qualitative and quantitative data. The M&E will be designed to: 1) monitor project implementation and evaluate the lessons learned throughout the project, using these lessons to refine project activities and maximize impact on working conditions; 2) package data for business decision makers; and 3) develop the business case for improving workplace standards. Lessons learned and best practices will be disseminated.

