

**QUARTERLY REPORT  
JANUARY 1, 2006-MARCH 31, 2006**

**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, 2006 and March 31, 2006

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: GILCA Conference Agenda
- Annex B: GILCA Conference Attendee List
- Annex C: Summary Notes of GILCA Conference
- Annex D: GILCA Conference Outcome & Follow Up Compliance Assurance Working Group
- Annex E: Agenda for the Nicaragua Factory Workshop
- Annex F: Alliance Chair SOW
- Annex G: Draft Implementation Guide
- Annex H: Draft Trainers' Guide
- Annex I: Articles on GILCA Conference (attached separately as PDF files)
- Annex J: Report by ASIES for GILCA Conference on state of the textile and apparel sector (attached separately as PowerPoint)

# I. Continuous Improvement in the Central American Workplace (CIMCAW) Project Key Accomplishments, January 1 through March 31, 2006

## Introduction:

Among the most significant achievements of the third quarter were:

### **Multistakeholder Dialogue**

- The CIMCAW project co-sponsored a 2-day “Global Innovations in Labor Compliance Assurance: Competitiveness and Motivating Industry Growth through Market-Driven Social Responsibility in the Guatemalan Garment Sector” (GILCA) Symposium in Guatemala City on Feb. 23-24 with the Global Fairness Initiative. The event was attended by over 100 people, including Vice President Dr. Eduardo Stein Barillas of Guatemala, US Ambassador James Derham, Mario Estuardo Gordillo Galindo, the Vice Minister of Labor of Guatemala, Government officials from the Ministry of Economy of El Salvador, key stakeholders from the region, US Government Officials from USAID, the Department of State and multinational brands such as Gap Inc, Nike, Disney, and Jones Apparel (see Annex A for agenda, Annex B for participant list, and Annex C for a summary of the event).



GILCA: Ambassador James Derham, Vice President Eduardo Stein officials from the Ministry of Economy of El Salvador, key stakeholders from the region, US Government Officials from USAID, the Department of State and multinational brands such as Gap Inc, Nike, Disney, and Jones Apparel (see Annex A for agenda, Annex B for participant list, and Annex C for a summary of the event).



CIMCAW Project Director, Homero Fuentes

Rolando Figueroa of VESTEX, Dan Henkle of Gap, Gabriella Riggs of US DOS



Ambassador James Derham, Vice President Eduardo Stein

Day 2 Townhall Multistakeholder meeting

### ***Bilateral Dialogues with Stakeholders***

- In preparation for the GILCA meeting in Guatemala bilateral meetings were held with key stakeholders, including Carla Caballeros and Rolando Figueroa of VESTEX; Carlos Arias Jr. from Koramsa; Roberto Ardon of CACIF; Miguel Fernandez and Emmanuel Seidner of PRONACOM; Minister Jorge Francisco Gallardo and Vice Minister Rodolfo Colmenares of the Ministry of Labor; Minister of Economy, Vice Minister of Investment and Competency Luis Oscar Estrada; Unions and labor-related organizations such as UGT, UNSITRAGUA, UASP, Mario Lopez Larrave Foundation (Center of Studies of Labor Investigation), Friedrich Ebert Foundation; and NGOS such as INCEDES, ASIES, CALDH, AMES, COVERCO.
- The CIMCAW project sponsored an all day factory dialogue in Nicaragua on February 2, 2006. The dialogue was designed to present the project to the private sector, provide information to factories on the importance of improving labor standards; find factories that are interested in participating in the training; and develop their interest and trust in the project. The event achieved its objective: 30 factories attended and 23 *expressed interest in participating in the worker-manager training.*
- The CIMCAW project held a series of meetings and dialogue sessions with two factories in Guatemala that are interested in the worker-manager training. During these meetings, the conditions of the trainings and possible dates were negotiated.
- In the Dominican Republic, CIPAF, our local partner held key meetings with the 3 union federations.

### ***Multistakeholder Advisory Committee Activities***

- The Nicaraguan CIMCAW Advisory Committee, a multistakeholder committee that was established to support CIMCAW activities met regularly with CIMCAW's local partners INEH in an effort to develop and finalize the worker-manager training program, including training curriculum and methodology; and plan the trainings.
- In Honduras, a multistakeholder CIMCAW Advisory Committee is emerging similar to that in Nicaragua. In Honduras, this committee met in January and February to debate and come to agreement on the local partner who will be charged with implementation.

### ***Training Curriculum and Project Implementation Guides***

- Local partners in Nicaragua continued developing training curriculum in preparation for training scheduled for the end of May.
- The Nicaraguan and (the completed) Guatemalan training curriculum will be used as the basis of the curriculum used in the DR and Honduras.
- The international partners (Gap Inc., ITGLWF, SAI, and DAI) developed an Implementation Guide aimed at ensuring that the project's vision is clearly communicated and consistently applied throughout the region by the various local partners (See Annexes E).
- The international partners also developed a trainer's guide that provides background and X for the local trainers (see Annex F). Both this document and the Implementation Guide documents are meant to be guides for the local partners.

The international partners assume that the local partners will appropriately adapt the CIMCAW model as laid out in these documents to the local context.

### ***Alliance Partners***

- Held Alliance Partner meeting in Guatemala City on Feb. 20-21. All international and local partners participated.
- Nominated and confirmed Lynda Yanz (SAI Board Member with extensive experience with labor issues in Central America) as Alliance Chair (See Annex D for Alliance Chair SOW). Lynda will chair Alliance meetings and work with the Project Director to facilitate Alliance communication.

### ***Coordination with Other Projects***

- The CIMCAW project coordinated with the Global Fairness Initiative to organize and hold the GILCA event in Guatemala City in February 2006.
- Discussions with Cuple y Gana regarding coordinating with them on factory-level trainings on gender and discrimination.
- Decided *not* to work with the Greater Access to Trade Expansion (GATE) Project because we determined that there would not be sufficient data for them to measure the productivity improvements at the factory level.

### ***Administrative***

- Recruitment of Project Specialist to support work in the region ongoing.
- Continued updating of the website (internet and intranet).
- Contributed bi-weekly reports to USAID.
- At the request of Victoria Walton, the Project Director and Deputy Director met with Julia Roig and Norman Schepull who were working on an evaluation of regional projects and were interested in information on labor related projects.
- Finalized MOU with the Global Fairness Initiative to collaborate on the GILCA Conference in Guatemala.

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

| <b>ACCOMPLISHMENTS FY 2004-2005</b>                          |  |   |   |  |
|--|--|---|---|--|
| <b>INTERVENTION</b>  | <b>Qrtr. 1</b>   | <b>Qrtr. 2</b>  | <b>Qrtr. 3</b>  | <b>Qrtr. 4</b>   |
| <b>1. Needs Assessment for Coalition Building/Diagnostic</b> | <ul style="list-style-type: none"> <li>- Developed terms of reference for diagnostic.</li> <li>-Began identifying candidates to conduct the diagnostic in each country.</li> </ul> | <ul style="list-style-type: none"> <li>- Interviewed candidates in DR and Nicaragua, finalizing contracts. Sent TOR for Honduras to various stakeholders</li> </ul>   | <ul style="list-style-type: none"> <li>- Contracts signed and field work conducted for diagnostics in Nicaragua, Dominican Republic, and Honduras.</li> </ul>   | <ul style="list-style-type: none"> <li>- Public summaries of the diagnostics distributed to local stakeholders and posted on website.</li> <li>- Diagnostics presented to local stakeholders</li> <li>- Final revisions made based on feedback from local stakeholders</li> </ul>  |
| <b>2. Multi-Stakeholder Dialogue</b>                         | <ul style="list-style-type: none"> <li>-Identified key stakeholders in Honduras and Nicaragua and held initial discussions with them.</li> </ul>                                   | <ul style="list-style-type: none"> <li>- Identified key stakeholders in Costa Rica, Dominican Republic, and El Salvador held initial discussions with them.</li> <li>- Met with key players in follow- up visit to Nicaragua.</li> <li>- Meeting with FESTRAS, local union</li> </ul> | <ul style="list-style-type: none"> <li>- Identified and presented project to key stakeholders in Honduras.</li> <li>- Consultants interviewed all key stakeholders in Honduras, Nicaragua, and Dominican Republic.</li> <li>- Revised workplan to outline next steps for validation workshop and curriculum development.</li> </ul> | <ul style="list-style-type: none"> <li>- Validation workshops held in Nicaragua, Dominican Republic and Honduras with all key stakeholders present.</li> <li>- Multi stakeholder meeting to discuss local partner and project next steps in Nicaragua.</li> <li>- Discussions with local stakeholders regarding local partner in Honduras. Dominican Republic</li> </ul> |
| <b>3. Local Partner Selection</b>                            | THIS WAS ADDED BASED ON CHALLENGES IN HONDURAS AND NICARAGUA TO FIND LOCAL PARTNER THAT IS RECOGNIZED AS CREDIBLE BY ALL STAKEHOLDERS  |   | <ul style="list-style-type: none"> <li>- Local Partner presented at validation workshop in Dominican Republic.</li> </ul>   | <ul style="list-style-type: none"> <li>- Local stakeholders initiate meetings to discuss local partner options. Further search conducted, and consensus reached.</li> <li>- Project Director consulted with local stakeholders regarding local partner options.</li> </ul>   |
| <b>4. Training Design</b>                                    | <ul style="list-style-type: none"> <li>-Activity to be initiated in Qrtr 2</li> </ul>  | <ul style="list-style-type: none"> <li>- Visited training facility</li> <li>- Distributed Guatemalan training manual to key stakeholders in Nicaragua and El Salvador as sample</li> </ul>  | <ul style="list-style-type: none"> <li>- Developed materials to help prepare the workers regarding the training, its objectives, methodology and content.</li> </ul>  | <ul style="list-style-type: none"> <li>- Contracts with local partners negotiated, action plans including first curriculum development workshop developed.Fist quarter of FY 2006 workshops to be held.</li> </ul>   |
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**Table 2. SUMMARY MATRIX OF CIMCAW ACCOMPLISHMENTS  
ACCOMPLISHMENTS FY 2004-2005 (cont'd)**

| <b>INTERVENTION</b>   | <b>Qtr. 1</b>                      | <b>Qtr. 2</b>  | <b>Qtr. 3</b>  | <b>Qtr. 4</b>  |
|---|------------------------------------|--|--|--|
| <b>5. Integrated Training for Workers, Managers, and Auditors</b> |                                    |  |  | Scheduled for beginning of calendar year 2006.   |
| <b>6. Applied Training</b>  |                                    |  |  |  |
| <b>7. Worker Rights and Life Resource Facilities</b>              |                                    |  |  |  |
| <b>8. Capacity Building of Local Partners</b>                     | -Activity to be initiated in Qtr 3 | Discussed with Ministers of Labor regarding auditor training in CR, Nicaragua and El Salvador and the Sub Secretary in Dominican Republic. | Diagnostics will analyze strengths and weakness of local institutions and propose local partner organizations. Begin discussions on how to organize validation workshop and propose local partner organization.  | <ul style="list-style-type: none"> <li>- Auditor training conducted in Nicaragua.</li> <li>- Auditor training scheduled for first week in November in Honduras.</li> <li>- Possible auditor training for Dominican Republic and Guatemala first quarter FY 2006.</li> <li>- Sub contracts/letters of agreement with local partners signed by end of 2005.</li> </ul> |
| <b>9. Evaluation and Dissemination of Lessons Learned</b>         | -Activity to be initiated in Qtr 2 | Drafted Strategic Framework and Project Monitoring Plan with indicators, pending partner validation  | <ul style="list-style-type: none"> <li>- Drafted outline of problems from pilot project and proposed solutions.</li> <li>- Decided at partners meeting to conduct internal evaluation of CIMGUAW.</li> <li>- TOR and evaluation to be conducted next quarter.</li> </ul> | <ul style="list-style-type: none"> <li>- Indicators collected for first training workshop in Nicaragua.</li> <li>- Strategic Framework and PMP shared with GATE for development of productivity indicators in Dominican Republic.</li> </ul>   |

**Table 3. SUMMARY MATRIX OF CIMCAW ACCOMPLISHMENTS**

|   | <b>ACCOMPLISHMENT FY 2005-2006</b>   |   |                |                |
|---|--|---|----------------|----------------|
| <b>INTERVENTION</b>   | <b>Qrtr. 1</b>   | <b>Qrtr. 2</b>  | <b>Qrtr. 3</b> | <b>Qrtr. 4</b> |
| <b>1. Needs Assessment for Coalition Building/Diagnostic</b>      | Completed last year in Honduras, Nicaragua and Dominican Republic.   | <b>ACTIVITY COMPLETED</b>   | -----          | -----          |
| <b>2. Multi-Stakeholder Dialogue</b>                              | First Advisory Committee meeting held in Nicaragua.<br>Local partner met with unions in Dominican Republic.  | Nicaragua: Advisory Committee met regularly to develop and finalize training curriculum & plan for trainings.<br>DR: Local partner continued to meet with key unions in the.<br>Honduras: Advisory Committee established and held meetings in January and February.<br>Guatemala: Co-Sponsored GILCA, a multistakeholder symposium with over 100 participants from all sectors, including multinational brands. |                |                |
| <b>3. Training Design</b>   | First Curriculum Development workshop meeting in Nicaragua.  | Nicaragua: Finalizing training curriculum.<br>Guatemala: Training curriculum finalized.<br>DR: Will use Guatemalan and Nicaraguan training curriculum as basis for their curriculum.<br>Honduras: Same.   |                |                |
| <b>4. Integrated Training for Workers, Managers, and Auditors</b> | Nicaragua: Ministry of Labor Inspector and Auditor training <b>ACTIVITY COMPLETED.</b><br><br>Honduras: Ministry of Labor Inspector and Auditor training <b>ACTIVITY COMPLETED.</b><br><br>Dominican Republic: Ministry of Labor Inspector and Auditor training <b>ACTIVITY COMPLETED.</b> | First round of Worker-manager trainings re-scheduled in Nicaragua for the end of May-June.<br><br>Trainings in Guatemala scheduled for June-July<br><br>Honduras and DR will schedule their trainings next quarter.   |                |                |
| <b>5. Worker Rights and Life Resource Facilities</b>              | -Activity to be initiated in Qrtr 2 by local partners in DR, H, and N  | - Re-evaluating how to approach this activity.  |                |                |
| <b>6. Capacity Building of Local Partners</b>                     | - DAI worked with INEH and CIPAF on budgetary and contractual matters. Familiarized them with the requirements of a  | -CIMCAW local partners, INEH and CIPAF, have gained experience developing training curriculum in a multistakeholder setting. In the process, they're learning how   |                |                |

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|--|---|--|--|--|
|  | USAID contract. Contracts signed with INEH in Nicaragua and almost signed with CIPAF in Dominican Republic. | to effectively engage and work with the various stakeholders, including the international Alliance partners. |  |  |
| <b><i>7. Evaluation and Dissemination of Lessons Learned</i></b> | - Pre and post tests given at trainings in Dominican Republic, Honduras and Guatemala.                      | - Alliance to decide whether to contract outside evaluator or conduct internal evaluation.                   |  |  |

## CHALLENGES AND PROPOSED SOLUTIONS:

| Challenges   | Proposed Solutions  |
|--|---|
| <ul style="list-style-type: none"> <li>• Given that the project has 2 quarters remaining, the Alliance is focusing its energies on the low hanging fruit (i.e., Nicaragua, Dominican Republic, Guatemala, and Honduras). The Project will move full steam ahead in the remaining months to move forward with remaining deliverables. We are optimistic that we will be able to deliver in this time frame, but hope that there are not external or contextual issues that interfere.</li> <li>• Paula Church, the project Deputy Chief of Party, returned to her post with the U.S. Department of Labor.</li> <li>• Ensuring that varying interests and agendas of the international and local partners remain aligned when it comes to project implementation.</li> </ul> | <ul style="list-style-type: none"> <li>• The project is actively searching for ways to provide increased technical, administrative, and communications support to the field. While we won't be recruiting another DCOP, we are considering a couple of proposals, including hiring a technical specialist to focus on one or two countries, and an admin. specialist to support the project from Guatemala as well as increasing the support we receive from partners such as SAI. In order to facilitate Alliance communications, the Alliance have agreed to have Lynda Yanz act as Alliance Chair.</li> <li>• In an effort to clarify expectations and the project model, the international partners developed an Implementation Guide and a Trainers' Guide which was circulated to the local partner for comment. The final version is being used to ensure that there is consistency in the implementation of the CIMCAW project throughout the region. In addition to the Guides, the Alliance has initiated bi-weekly conference calls chaired by Lynda Yanz to facilitate implementation and effective communication.</li> </ul> |
| <p><b>Guatemala:</b></p> <ul style="list-style-type: none"> <li>• FESTRAS, ITGLWF's local union affiliate, is indicating some doubt about participating in the project.</li> <li>• Skepticism by private sector initially that this topic holds weight versus other challenges to the sector</li> <li>• Factories had some doubts about participating in the CIMCAW worker-manager trainings. Specifically, they were not in agreement with some of the conditions and processes.</li> </ul>   | <ul style="list-style-type: none"> <li>• We are working with FESTRAS and the ITGLWF to overcome this.</li> <li>• Engage the private sector and factories in a dialogue regarding their concerns. Gap Inc. was instrumental in this regard. They, along with our Project Director were involved in dialogue with the industry association, VESTEX and the factories, especially with upper management.</li> </ul> <p><b>Outcome:</b> This has resulted in the both a productive dialogue with VESTEX and their participation in CIMCAW events such as the GILCA Symposium as well as factories agreeing to participate in the training. CIMCAW is working with the factories to find a date for the trainings that</p>   |
| <p><b>Nicaragua:</b></p> <ul style="list-style-type: none"> <li>• Tensions among the different confederations and resistance to a multistakeholder dialogue that includes unions. Private sector distrust of the unions as destructive rather than constructive in dialogue – this has been overcome in the committee meetings, but will</li> </ul>  | <ul style="list-style-type: none"> <li>• The tensions have been overcome in the Advisory Committee meetings and bilateral meetings of the stakeholder with INEH, CIMCAW's local partner in Nicaragua.</li> <li>• The international partners developed an</li> </ul>   |

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|---|---|
| <p>still be a factor</p> <ul style="list-style-type: none"> <li>• International CIMCAW partners questioning methodologies that were agreed to previously by the local partner and the Advisory Committee.</li> </ul>  | <p>implementation guide and a trainer's guide to ensure consistency in the application of the CIMCAW model throughout the region. These tools also allow for local adaptation to local circumstances as the international partners value local input. The local partners and stakeholders seem open to accommodating the international partners' concerns.</p>  |
| <p><b>Dominican Republic:</b></p> <ul style="list-style-type: none"> <li>• Tense relations between local partner and an international partner regarding implementation have resulted in delays on workplan and signing of sub contract.</li> <li>• Sector facing serious challenges due to electricity, financial crisis, and other issues.</li> </ul>  | <ul style="list-style-type: none"> <li>• This is being overcome via dialogue, a face-to-face Alliance partner meeting that took place in Guatemala City in February 2006 and included international and local partners in Guatemala, and the production of the Implementation Guide and Trainers' Guide, which clarified the project vision and partners' expectations.</li> <li>• The second set of challenges are external and out of the project's hands. We will, however, take them into account as we engage the stakeholders and implement the project in the DR.</li> </ul> |
| <p><b>El Salvador</b></p> <ul style="list-style-type: none"> <li>• Ministry of Labor not interested in auditor training until it finishes internal training program (March 2006). Not particularly receptive to project.</li> <li>• Divisions among unions make it extremely difficult to work there.</li> <li>• World Bank/FLA/Adidas and other report little to no progress on worker rights in maquila.</li> </ul> | <ul style="list-style-type: none"> <li>• In April/May will be meeting with the Ministry of Labor to determine their interest and organize a training for the Inspectors from the Ministry of Labor.</li> <li>• Given our experience in El Salvador, that of other projects, and our understanding of the sector, we will not be undertaking worker-manager training in El Salvador.</li> <li>• However, we are considering combining efforts with Global Fairness Initiative to work on promoting dialogue in El Salvador around labor standards compliance assurance.</li> </ul>   |
| <p><b>Honduras</b></p> <ul style="list-style-type: none"> <li>• Tradition of tripartite dialogue makes including NGO's difficult.</li> <li>• Initial resistance to labor rights by AHM/Private sector has changed. They talk now of the importance of the labor issue.</li> <li>• Over 100 factory managers are trained by FLA on best practices.</li> </ul>  | <ul style="list-style-type: none"> <li>• Have included NGOs, but via bilateral consultations with project staff.</li> <li>• We are trying to take advantage of this opening by the private sector in Honduras. As a result, we may be working directly with their training arm PROCINCO in Honduras.</li> </ul>   |

## **CIMCAW NEXT STEPS FOR THIRD & FOURTH QUARTERS OF FY2005-2006**

1. Guatemala we are working with the factories to set the dates for the trainings in Guatemala for May-June.
2. Confirm that we will continue coordinating with Global Fairness Initiative in Guatemala and possibly, El Salvador.
3. Hold Advisory Committee meetings in Nicaragua to finalize the training program and set the May and June worker-manager training dates for Nicaragua.
4. In Honduras, the project will meet with key stakeholders and will work with the Advisory Committee to select the local partner. The project will work closely with the local partner on their workplan and providing them with training material from Nicaragua and Guatemala so that they can advance quickly to the worker-manager trainings.
5. Finalize training materials in the DR. Plan and deliver worker-manager trainings in the DR.
6. Conduct factory engagement workshops in Honduras and Dominican Republic to formally present the project and identify factories interested in participating in the trainings.
7. Conduct follow up to worker-manager trainings.
8. Contract outside organization to conduct project evaluation.
9. Recruit support for the project (see Challenges and Solutions section).
10. Meeting with the Ministry of Labor in El Salvador to determine interest in and possibility set dates for the Inspector training.
11. Update website.
12. Continue to coordinate with relevant labor-related initiatives in the region.
13. Continue promoting multistakeholder dialogue in all countries.
14. Continue to engage multinational brands.

ANNEX A

**Global Innovations in Labor Compliance Assurance:**

*Building Competitiveness and Motivating Industry Growth  
through Market-Driven Social Responsibility  
in the Guatemalan Garment Sector*

**A Garment Industry Symposium**

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*Guatemala City, Guatemala  
February 22 to 24, 2006*

*Sponsored By:*

**The Global Fairness Initiative**

**And**

**Project CIMCAW (Continuous Improvements in the Central American Workplace)**

**A Public-Private Partnership of:**

*USAID*

*DAI*

*SAI*

*ITGLWF*

*Gap Inc.*

*Limited Brands*

*Timberland*

## **Background and Context**

With the 2005 expiration of the Multi-Fiber Arrangement's (MFA) textile quota system, all textile-producing nations face new challenges, as up to 60% of post-quota global textile production will likely move to China. For the Central American nations\*, even with the new trade preferences provided by the Central America Free Trade Agreement (DR-CAFTA), they will certainly lose a portion of their production market share to their dominant competitor.

Some garment manufacturers and industry-dependent nations are seeking to compete with China and India by tapping a market niche driven by large, reputation risk averse retailers from the US and EU seeking to protect their brands from the tarnishing accusations of sweatshop abuse and corporate social irresponsibility. Recent studies and practical experiences indicate that if a country's garment sector is competitive in price, quality, speed to market and innovation, then "brand security"—in the form of verifiable labor rights compliance—becomes a significant factor in corporate sourcing decisions.

The key to industrial growth based on this emergent market niche is verifiable, credible and cross-sectorally acceptable assurances of labor rights protection. There are various models in practice or under development in some garment producing nations which have already delivered increased employment, enhanced conditions and improved productivity in the garment sector. While likely not fully replicable, some of these models may have highly relevant applications to the nations of Central America.

## **Examples of Success**

Fascinating models to improve working conditions and strengthen competitiveness are emerging all over the world. In Bulgaria, Nike Inc., in concert with the European Commission, has tested promising social auditing measures. In Turkey, six different international monitoring and labor organizations are working to harmonize their standards and codes of conduct. The MFA (Multi Fiber Agreement) Forum, which includes unions, brands, non-governmental organizations, the World Bank and other key actors, has conducted a series of remarkable stakeholder engagements on occupational safety issues in Bangladesh. In China, several North American brands are working with the different local stakeholders on a factory compliance standardization process. In Cambodia, compliance with the country's labor code is verified by a widely credible and acceptable verification mechanism, and factories are compelled by the government to correct their failures or jeopardize export licenses. In a number of countries, innovative models of internationally-administrated labor arbitration are providing meaningful dispute resolution and increasing productivity. The Fair Labor Association, an alliance of brands and non-governmental organizations, has published tracking charts to inform buyers and consumers on compliance in factories all over the world. All of this points to a vast potential for brand security as a sourcing criteria—and as a market niche for producers.

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\* Including the Dominican Republic

## **The Global Innovations Project**

Global Fairness Initiative is an international NGO that promotes innovation in market-driven social development, led by some of globalization's leading voices. The project CIMCAW is an alliance of US AID, Gap Inc., Limited Brands, Social Accountability International, the International Textile Garment and Leather Workers Federation, and Development Alternatives Inc., that works with the maquila sector to improve labor standards and competitiveness of the sector. For more information about these projects please see [www.globalfairness.org](http://www.globalfairness.org) and [www.cimcaw.org.gt](http://www.cimcaw.org.gt)

The *Global Innovations in Labor Compliance Assurance* (GILCA) project seeks to promote market-driven social responsibility as part of an industrial growth strategy in nations where garment production is critical to export growth, starting with Guatemala. The GILCA project is not designed to advocate the implementation of any particular model in Central America, rather the project seeks to introduce the Central American stakeholders to various tools developed in other parts of the world—including Bulgaria, Cambodia, Turkey and China—that could help the local industry meet the evolving compliance needs of international garment buyers.

With DR-CAFTA's ratification, the Central American garment industry faces new market access, and a temporary reprieve in the fierce competition with China and India. Industry experts agree, however, that these market advantages will not last long, and the isthmus industries will soon feel intense pressure. In addition, like all garment producers, the industry in Central America is in a state of transition, as production consolidates and modernizes. The GILCA partnership is designed to help the Guatemalan industry seize the moment—to seek out and implement innovations that are important to large-scale garment buyers, and to modernize their compliance as well as their production—they could be well positioned to compete into the future.

## **Success through Partnerships**

Mindful of the various concurrent efforts—funded by the US Government, multilateral financial institutions, NGOs and other country governments—designed to enhance labor rights in Central America, particularly in the garment assembly sector, GFI and CIMCAW are also coordinating with the Fair Labor Association, the US Department of Labor's Cumple y Gana project, the World Bank-BSR activities, the MFA Forum, as well as some brand-initiated programs.

GILCA has two primary goals. First, to provide an additional incentive for compliance with labor standards in Central America, and offer possible tools to help meet this goal. Second, and perhaps more important, the GILCA project seeks to leverage buyer interest to bolster compliance regimes among garment producers worldwide.

It is our hope that as part of a broader constellation of international initiatives, the GILCA project will introduce new concepts and CSR-based market possibilities to Central American garment industry stakeholders and will help build the political will to adopt these innovations in this unique post-CAFTA environment.

Most importantly, GILCA is seeking active partnerships among the key Guatemalan industry stakeholders—manufacturers, government, labor and civil society—and will engage them in the program design, making the conference respond to local interests and needs. We are hopeful that Guatemalan industry actors engage with this project at the highest levels, outreaching to their membership, participating in the dialogue, and most importantly, crafting next steps.

### ***GILCA Details***

The GILCA project is centered around a bellwether gathering in Guatemala City on February 23, 2006, where major garment buyers, multilateral institutions, manufacturers, country governments, unions and civil society will join the Guatemalan stakeholders to discuss these concepts. Both a high-level roundtable and a series of technical panels, the program is designed to be a forum providing multiple advantages for all stakeholders involved.

***The GILCA partnership is designed to help Guatemalan industry actors seize the moment—to seek out and implement innovations that are important to large-scale garment buyers, and to modernize their compliance as well as their production—so that they could be well positioned to compete into the future.***

# The Garment Industry Symposium

February 22, 23 and 24, 2006  
Intercontinental Hotel  
Guatemala City

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February 22  
18:00  
Cocktail Reception  
*Intercontinental Hotel – Rosul Room*

brief welcome/introductory comments from GFI and CIMCAW

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February 23  
Morning Program  
*The Guatemalan Garment Industry in the Regional and Global Markets:  
New Demands, New Opportunities*

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**8:00-8:30 Registration**  
*Coffee, tea and pastries available*

**8:30-9:00 Welcome Greeting**  
*Building Competitiveness through Social Compliance: Labor Rights and Economic Growth in Today's Guatemala*

Dr. Eduardo Stein Barillas, *Vice President, The Republic of Guatemala*  
and  
Ambassador James Derham, *Ambassador of the United States to Guatemala*

**Introductions**  
Samira Salem, *Project CIMCAW*  
Steven Bennett, *Global Fairness Initiative*

**9:00 – 10:30 PANEL I**  
*Competitive Challenges and Opportunities for the Guatemalan Garment Industry*

**Market Report**  
David Cristiani *Economist, ASIES*

**Moderator:** Andrew Samet *Sandler, Travis*  
○ Kristina Svensson, *CSR division, FIAS, World Bank Group*

- Carla Caballeros, *VESTEX*
- David Morales, *FESTRAS*
- Emmanuel Seidner, *Pronacom*

**10:30-10:45 Break**

**10:45-1:00 PANEL II - *Tools for Advancement: Global Innovations in Market-Driven Compliance Mechanisms***

**Observations from the Guatemalan government on labor compliance**

- Lic. Mario Estuardo Gordillo Galindo, *Vice Ministro de Trabajo*

**Presentations**

**Moderator:** Steven Bennett, *Global Fairness Initiative*

**Panelists**

- Laura Rubbo, *Senior Manager, Monitoring Operations, Disney*
- Ros Harvey, *Chief Technical Officer, Better Factories Cambodia*
- Jorge Pérez López, *Fair Labor Association*
- Judy Gearhart, *Program Director, Social Accountability International*

**12:00-1:00 PANEL II – Discussion**

*The Central American Garment Sector Context: Discussants Respond to Tools*

**Discussants:**

- Carlos Arias Jr, *KORAMSA*
- Michele Mariscovetere Schwartz, *CCSG*

**1:00-2:15 LUNCH and PRESENTATION**

Karen Tramontano: President and Founder, GFI Introduction

*“Sustainability as a Powerful Tool for Economic Growth”*

**President Bill Clinton** (*via video*)

**Afternoon Program**

*Seizing the Opportunity: Action Steps for Competitiveness and Compliance*

**2:15-3:30 PANEL III:**

*Garment Industry Competitiveness in a Post-Quota World: Can Corporate Social Responsibility be an Advantage?*

**Moderator:** Rolando Figueroa, *VESTEX*

**Panelists:**

- Dan Henkle, *Vice President of Social Responsibility, Gap Inc.*
- Gabriela Rigg, *Office of International Labor Affairs, US Department of State*
- Ken Loo, *Garment Manufacturers Association of Cambodia*
- Representative TBA, *Center for Human Rights Legal Action (CALDH)*

**3:30 – 3:45 Coffee Break**

**3:45 – 5:00 PANEL IV:**

*Building Competitiveness through Productivity: Management Systems Labor Standards*

**Moderator:** Gustavo Campos, *Cumple y Gana*

**Panelists**

- Homero Fuentes, *CIMCAW*
- Daniela Gould *Impactt*
- Laura Carter, *ITLGWF*
- Arnold Zack, *Harvard Law School*

**5:00-5:15 CLOSING COMMENTS**

*The Way Forward: Innovation in Modern Central America*

Salomón Cohen, *Ambassador Emeritus, Guatemala*

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**Sector Workshops  
February 24, 2006  
Intercontinental Hotel, Guatemala City**

**8:00-8:30 Registration**

*Coffee, tea and pastries available*

**9:00-9:30 Plenary: Welcome, methodological overview** *Luis Linares*

**9:30-12:30 Town Hall**

*Charting a Course for Compliance: Implementation and Next Steps*

**Lunch: 12:30 -1:30**

Facilitators: Karen Tramontano, *Global Fairness Initiative*

(Confirmed) **and** Solomán Cohen *Ambassador Emeritus, Guatemala* (Confirmed)

## ANNEX B

| DESCRIPCION DEL SECTOR            | ORGANIZACION / CONTACTO  | TEL / FAX / DIR. ELECTRONICA  | CANTIDAD | TOTAL     |
|-----------------------------------|--|---|----------|-----------|
| <b>Sector Gobierno</b>            |  |   |          |           |
| Guatemala                         | Vicepresidencia de la República, Dr. Eduardo Stein, Vicepresidente + Sindy Juárez, Secretaria                          | T 2238 0206, sjvarez@vicepresidencia.gob.gt                                     | 2        |           |
|                                   | Ministerio de Economía, Enrique Lacs, Viceministro + Rocío Molina  | T 2253 4150, rmolina@mail.mineco.gob.gt   | 2        |           |
|                                   | Ministerio de Trabajo y Previsión Social, Lic. Mario Gordillo, Viceministro  | T 2422 2522, TLFX 2412 2523   | 1        |           |
|                                   | Invest in Guatemala, Arturo Roldán   | T 2421 2484, manufacture@investinguatemala.org                                  | 1        |           |
|                                   | PRONACOM, Miguel Fernández, Comisionado + Emmanuel Seidner, Comisionado Adjunto + Gerardo Padilla                      | T 2332 8861, F 2332 8825, invercomp1@comisionado.gob.gt                         | 3        |           |
|                                   | IDC, Ligia Chinchilla + Roberto Sagastume  | T2363 1848, lchinchilla@idc.com.gt, rsagastume@idc.com.gt                       | 2        |           |
|                                   | centraRSE, Guillermo Monroy + Nicola Bahr  | T 2337 0440, director@centrarse.org, nbahr@centrarse.org                        | 2        |           |
|                                   | Cumple y Gana, Gustavo Campos  |   | 1        |           |
| Estados Unidos                    | State Department, Gabriella Rigg   | T 202 6472311, riggg@state.gov  | 1        |           |
|                                   | Embajada en Guatemala, James Derham, Embajador + Oliver Griffith, consejero económico + Troy Fitrell, agregado laboral | T 2326 4691   | 3        |           |
|                                   | DOL, Paula Church  | church-paula@dol.gov  | 1        |           |
| El Salvador                       | Ministerio de Economía, Claudia González   | T 2231 5759, F 2221 4771, cgonzalez@minec.gob.sv                                | 1        |           |
|                                   | Ministerio de Trabajo, Ronael Vela + Javier Rivas  | T 2209 3708, TLFX 2209 3748, rvela@mtps.gob.sv, jrivas@mtps.gob.sv              | 2        |           |
|                                   | Ministerio de Trabajo / Cumple y Gana, Sandra Dueñas   | sduenas@mtps.gob.sv, sduenas@funpadem.org                                       | 1        |           |
| <b>Total Sector Gobierno</b>      |  |   |          | <b>23</b> |
| <b>Sector Privado</b>             |  |   |          |           |
| Guatemala                         | VESTEX, Rolando Figueroa + Carla Caballeros + Teresa Guillermo   | rfigueroa@apparel.com.gt, ccaballeros@apparel.com.gt, tguillermo@apparel.com.gt | 3        |           |
|                                   | CORIX, S. A., Salomón Cohen  | T 2369 3015, corixsa@racsa.co.cr  | 1        |           |
| Honduras                          | AHM, Omar Benítez  |   | 1        |           |
| Camboya                           | Asociación de Manufactureros de la Confección, Kenneth Loo   |   | 1        |           |
| Fábricas Guatemala                | Manufacturas del Caribe, Rodrigo Bolaños   | C 5318 2594, rodbolanos@mc.com.gt   | 1        |           |
|                                   | Santa Verda, Edgar Lionel Fuentes, Representante Legal   | T 2434 0024, lionelfuentes@santaverda.com                                       | 1        |           |
|                                   | KORAMSA, Carlos Arias Bouscayrol   | T 2420 4747, carlos.arias@koramsa.com   | 1        |           |
|                                   | Rothschild, Clara Sáenz, Jefa Administrativa   | T 2437 4989, claras@imp.com.gt  | 1        |           |
|                                   | C-SITE, señor S. D. Lee + Shirley Navas, encargada de cumplimiento + señor Henry Choe                                  | T 6635 5328, shirley@c-site.co.kr, yjchoe@c-site.co.kr                          | 3        |           |
|                                   | ESTOFEL, sra. Linda Chen, Gerente General + Mara Escobar   | T 2434 3733, F 2434 3679, linda.chen@ghimli.com                                 | 2        |           |
|                                   | SAE A International, Malbina Barrera, Asesora Laboral  | C 5201 5905   | 1        |           |
| Abogados Laborales Guatemala      | IMP, Katina Salguero   | C 5208 7762, katinasal@turbonet.com   | 1        |           |
|                                   | C&N, Silvia Trujillo, Asistente y Alejandro Argueta, Gerente   | T 2238 0936, consolnej@intelnet.net.gt  | 2        |           |
| Abogados Laborales Estados Unidos | Sandler & Travis, Andrew Samet   | asamet@strtrade.com   | 1        |           |
| <b>Total Sector Privado</b>       |  |   |          | <b>20</b> |
| <b>Sindicatos</b>                 |  |   |          |           |
| Guatemala                         | Fundación Mario López Larrave - Centro de Capacitación Sindical de Guatemala, Sr. Michele Marsicovetere, Director      | T 2253 0038, TLFX 2232 4152, director@cencapgt.org                              | 1        |           |
|                                   | FESTRAS, José David Morales, Secretario General + Enrique Torres, Asesor   | festras@terra.com.gt, jetorres30@hotmail.com                                    | 2        |           |
|                                   | CGTG, Victoriano Zacarias  | T 2232 9234, cgtg@intelnet.com  | 1        |           |
|                                   | AFL/CIO Centro de Solidaridad, David Alvarado + Sheny Godínez  | T 2362 1661, dalvarado@solidaritycenter.org                                     | 2        |           |
|                                   | UGT y FESEBS, Reynaldo González  | feseb@intelnet.net.gt   | 1        |           |
| El Salvador                       | CTD, Germán García Facundo   | T 2235 8043   | 1        |           |
| Internacional                     | FITIVC, Laura Carter   | lcarter@itglwf.org  | 1        |           |
| <b>Total Sector Sindicatos</b>    |  |   |          | <b>9</b>  |
| <b>ONGs (Sociedad Civil)</b>      |  |   |          |           |
|                                   | CALDH, Florida Contreras   | mujeres@caldh.org   | 1        |           |
|                                   | ASIES, Lic. Luis Linares, Director Adj., David Cristiani, economista   | llinares@asies.org.gt   | 2        |           |

## ANNEX C

### GILCA Garment Industry Symposium

**Thursday Feb. 23<sup>rd</sup>**

Opening

**Vice President of Guatemala, Eduardo Stein**

The issues of development were considered over the peace talks in Guatemala and are part of the agreements. For the Guatemalan people these agreements are meant for everyone not only a group of the society.

Guatemalans, ourselves, have to take care of our own issues. If others do, they will do it based on their own interests.

**Ambassador of the US, James Derham**

DR-CAFTA represents great opportunities, especially for the textile industry. Since the expiration of MFA, the industry witnessed the change of work moving to China and India. CAFTA will reduce customs and this can be an advantage, but also can bring security and stability for the workers in the long term.

Guatemala has to increase its capacity and productivity. In order to be truly competitive, all sectors must work together to find a solid market. An example is labor compliance. Failing in labor compliance is illegal, immoral and it means low standards. Companies must ensure to its clients that they can trust the companies. Guatemala has made advancements regarding labor compliance, thanks to Vestex, the industry has good practices.

The Cimcaw project, the co-sponsor of the symposium, is an innovative alliance. It started in Guatemala, financed by USAID and has worked with the countries involved in DR-CAFTA. I can also mention the project Cumple y Gana, from the US, which has strengthen employers, employees and governments working to low labor conflicts. Guatemala has to produce brands that inspire respect by respecting labor conditions.

All these efforts want to improve Guatemala. This is a moment to take advantage of the opportunities. Guatemala has to be able to assure to the world that a product made in Guatemala is a product made with labor compliance.

Other brief words from Samira Salem, DAI – CIMCAW and Karen Tramontano, GFI.

I PANEL

Moderator: Andrew Samet, Sandler Travis

David Cristiani from ASIES, mentioned the importance of the apparel and textile market, as seen in the evaluations made by ASIES 5 years ago, and the most recent one. He also mentioned that the apparel and textiles exports are as relevant as the coffee exports.

(see power point presentation)

A. Samet mentioned the changes that have taken place in the market after MFA and how institutions around the world have made very modest comments. Each country must have strategies, since only one would not be effective for every one. DR-CAFTA is a good opportunity but is complicated, it is important to be faced as a set of dynamic rules. The situation is difficult because of the pressure by Asian countries.

**Emmanuel Seidner, Presidential Commissioner for Investment and Competitiveness**

(See 1 slide)

The re-launching of Pronacom (National Program for Competitiveness). The agenda presented in September 2005 supports that competitiveness per se is not a purpose; the purpose is a prosperous and fair Guatemala, by means of the agenda and its 6 axes. Everyone must participate (government, companies, workers, international organizations, etc.)

There are important sectors for Guatemala:

- Tourism. More tourists and more flights are coming from the US, Europe and Panama. This has generated a lot of small and medium businesses.
- Exports. The coffee industry (labor and environmental standards, for example, Guatemala is the largest provider for Starbucks Coffee and canned coffee drinks in Japan), fruits, vegetables and sugar. Also, call centers, technology products, and textiles.
- Logistic center. Guatemala's convenient geographic position. For 2004, the garment and textile sector presented strengths (geographic position and experience), weaknesses (lack of strategic plans, innovation and specialized finance). Threats (low salaries, China, no quotas), opportunities (DR-CAFTA and speed to market) and value (creativity, solidarity, tolerance, honesty, passion, excellence, etc.)

The 6 axes are:

1. Healthy, educated, trained society (curricular changes by Mineduc, Intecap and measuring systems)
2. Institutional strengthening and modernization (visas, work permits, taxes, customs, risk indicators BB+)
3. Environmental balance and sustainability (environmental and labor certifications, Rainforest Alliance for coffee, bananas, forests, tourism and solid waste treatment)
4. Local development (participation of local majors)
5. Strengthening of productivity and technology (high electricity costs, modern contracts, generation of renewable energy, interconnection system, industrial parks, zone franca)
6. Strengthening of productivity and exports (marketing elements, SR, full package)

**Kristina Svensso, from RSC, FIAS, World Bank**

(See power point presentation)

She talked about competitiveness and responsible practices; the case of El Salvador. For Guatemala she mentioned both good and bad predictions.

**Carla Caballeros, VESTEX**

(See a few slides)

The textile cluster begun strengthening in 1995 with a goal of 10 years, considering the products made in Guatemala at the time. But, around that time, President Clinton presented the issue of labor compliance. Currently, factories in Guatemala have between 5 – 7 clients.

**David Morales, FESTRAS**

After 20 years, currently there are only 2 unions in Guatemala. He asked whether employees do not want to join a union because the conditions in the "maquila" are good; or, if there are any internal factors. He mentioned that necessity of equity.

He also mentioned that despite in Guatemala true dialogue does not exist, there has been some progress, having benefits for both companies and workers.

He pointed that the job from international organizations is good but Guatemalans need to work internally.

**II PANEL**

**Moderator: Steven Bennett, GFI**

**Ros Harvey, Better Factories, Cambodia**

(See power point presentation)

She mentioned that globalization should be about a fair system in the world. She has no doubt that improving compliance is the right thing. But, is it intelligent? Is not a fight of right versus intelligent, they go hand in hand.

The experience in Cambodia: The exchange of quota for labor compliance. Since 2001, government, companies and workers have been working together. Groups of buyers who are interested in labor compliance are the niche. These are companies with known brands and high production. Significant results and understanding by a lot of people came a few years later. The most important thing about this project is that it has gone beyond monitoring, monitoring is not enough. The problems need to be identified, and then

propose solutions and work to improve that situation. Half of the project's budget is spent in building capacity and relationships between employers and employees.

Monitoring is not labor inspection; they don't compete with each other. Monitoring is supported by all parts, it is necessary that all registered factories are monitored. Monitoring means: monitoring the national law.

The program has an information system on labor compliance to which buyers have access. It offers different levels and groups for training and resources.

[www.betterfactories.org/ilo](http://www.betterfactories.org/ilo)

#### **Laura Rubbo. Disney's International Labor Effort**

Disney is a multimedia and entertainment company. Only 7% of its income comes from consumer products, among them, apparel.

10 year ago, Disney created a group for labor protection, aiming to look after its brands and characters, so that the products made with them, must be produced at factories that care about labor compliance.

Disney gives a lot of licences over the characters and brands. Disney has suppliers in over 50 countries. In 1996, Disney started with a program in Cambodia. Production of Disney products is banned in Cambodia due to bad labor conditions. In 2005, they started a pilot project. Eventhough it is still banned, there are 5 factories in Cambodia, producing Disney products. In June 2006 Disney will make a decision regarding the ban.

[www.disneylaborstandards.com](http://www.disneylaborstandards.com)

#### **Jorge Pérez-López, Fair Labor Association**

The FLA code of conduct is based on national labor law of every country and some standards of ILO, and is compromised to make changes and improvement. The objective is resolve and improve conditions, not grade anyone. International brands had 3600 factories in 73 countries and approximately 2,7 million workers.

CAmP Central American Project (July 2004 – January 2006). Improve discrimination, through compromise of companies, developing guidelines to promote good practices. 85% of participants said they could use what they learned at the trainings.

#### **Judy Gearhart, SAI**

(See power point presentation)

[www.sa-intl.org](http://www.sa-intl.org)

#### **Mario Gordillo, Vice Minister of Labor**

For the Ministry of Labor, any effort related to investment in Guatemala is welcomed. Guatemala and Central America have the labor rules, but can it be met? There are limitations when it comes to executing these rules. Some weak points include the Ministry of Labor itself. The first goal is to strengthen the Ministry of Labor and it's maquila unit. Thanks to international support, there is optimism. He also mentioned the Center for alternate solution of conflicts.

Carlos Arias from Koramsa

Nothing can be achieved without compliance; and that has been in the mind of Koramsa for many years.

As an industry, Koramsa has worked for over 10 years, only through good practices we (Koramsa) can serve our clients. Koramsa believes in global standards, but wished to see a consensus and no more 7 different auditors.

Koramsa is worried that Guatemala is no longer a low cost country, China is.

#### **Michele Marsicovetere, Fundación Mario López Larrave, union training center of Guatemala**

This foundation receives Danish funds. He thinks that Guatemala is used to take partial pictures and zooms back from a global appreciation. If one or two factories are doing things well, it doesn't mean that all factories handle things the same level of justice. Today's world is interested in SR. In Guatemala, the employer tells the employee how to perform. The Ministry of Labor does not have a worthy budget and the efforts have not been enough. Tripartite work is vital to production, competitiveness and progress. Training is a process that takes time and not in all factories we can see equity.

### **III PANEL**

Moderator: Rolando Figueroa, Vestex

Companies in the garment industry have started social responsibility practices and this will benefit not only the employees.

#### **Dan Henkle, VP SR GAP**

GAP has a 92 members team for SR, one of them is Jose Arguedas, in charge of the Central America area. GAP produces with 2500 factories in 50 countries. 4 years ago they started auditing the factories. In the results, some of the factories didn't do very well. Now, if GAP doesn't see the compliance, they simply don't work with that factory. Last year, instead of evaluating SR, GAP also evaluated other aspects that are considered important: SR and bottom line performance. If one of their suppliers has systems for SR, it is probable that that factory has systems to do well in other areas of business. When workers are treated with dignity and respect, their performance improves. Over the last years, GAP has introduced the concept of monitoring, where 35% of the factories have received the SA8000 certification.

Those countries that had invested on SR before the expiration of quotas have had better performance. With the participation of all parts, there has been advancement, that's the conclusion, everyone has to play a role in the SR practices.

#### **Gabriela Rigg, Representan of the US office for Democracy, Human Resources and Labor Rights**

##### **Kenn Loo, Cambodia**

The project began in 2001. The factories started to see the benefits of labor compliance. In 2003 the factories association started another project. Cambodia tries to see the benefits of compliance to convince de factories to get involved with SR. Factories will do anything necessary to please their customers. Not all customers carry out everything they say, they talk about SR but when placing an order, what really matters is price.

There are many similarities between Cambodia and Guatemala, such as the history of war, the textile industry and our emerging economies. Guatemala can learn from Cambodia.

It's necessary that all factories participate; it's very difficult when only a few factories, suppliers and buyers participate. The strength lies in everyone.

##### **Floralma Contreras, CALDH**

She works with a program that works for women rights, political training and impact., in order to improve the life quality of women working at factories.

It is important that the brands are considering what is SR and responding to the demands of a world where everyone is looking for a job – employers, employees and buyers. If every country fulfilled its national and international regulations, there would be no need for meetings like this. Guatemala has signed many agreements, if we (Guatemalans) fulfilled all of them, we wouldn't be pressured by anyone, not the US, nor the brands and we will be a developing country. If everyone involved does its job, SR could be understood and SR would be a reality.

#### **IV PANEL**

##### **Moderator: Gustavo Campos, Cumple y Gana**

##### **Arnold Zack, Law School, Harvard University**

Prof. Zack has experience in conflict resolution, in Asia and Africa.

He mentioned that is important that everyone participate and that the dialogues carry actions. In some parts of the world NGOs have substitute the unions.

The tripartite proposal is: unions, companies and government.

The code of conduct and systems for conflict solution, must be prepared to deal with those people who don't believe in them.

If workers believe that they have equity and everyone comes with good will to the table, then something can be achieved.

### **Daniella Gould, Impactt**

(See power point presentation)

[www.impacttlimited.com/site/overtimereport.pdf](http://www.impacttlimited.com/site/overtimereport.pdf)

### **Laura Carter, FITTVC**

Companies are producing in fewer countries. Some brands produced in 60 factories and now only in 12. The case of China: 3 years after MFA, China invested 20Billion dollars, doubling its capacity, despite the high numbers of human rights abuse. 60 to 70 producing countries are competing in the sector around the world. In Guatemala, 30,000 jobs have been lost since 2005.

The 4 pillars for competitiveness are: price, quality, time and labor compliance.

In Guatemala, there are only 3 unions. Although the law grants free association, there is like a "employer's strike" that does not allow that free association.

Implications of labor problems in the industry. When working 60 hours per week, people are not productive, the same happens when rumors of people getting fired for joining unions circulate. For the brands, all this represent a problem too.

She presented the case of Bangladesh where a coalition of buyers begun the dialogue after 700 employees were fired. The coalition got to an agreement and since then it's been easier to resolve conflicts.

### **Homero Fuentes, CIMCAW**

Competitiveness and equity have been in discussion for over 10 years. Today, we talk more about human relationships as part of competitiveness and compliance of labor rights. Cimcaw wants to promote labor rights and a social dialogue. It's a tool for the factories from the private sector to compete by compliance of labor rights.

The Cimcaw project wants to contribute with employers and employees in the countries were it is present.

### **Salomón Cohen**

An important subject today was the need and desire of something common. If we get to that conclusion, it will be important to work on verification, in a way that has credibility to all parts, and how do make this a sustainable initiative.

How do we sell these ideas in Guatemala? How do we achieve this? Can it be like preventive medicine prior to DR-CAFTA?

If social dialogue happens, we need representation from all parts, creativity to be flexible and adjust the means so that the goal remains labor compliance in Guatemala.

### **Friday Feb. 24<sup>th</sup>**

Is compliance a competitive tool in the market?

Which are the necessary elements that will make labor compliance a competitive market tool?

Today's session has union representatives, NGOs, private sector, legal, Invest in Guatemala, Ministry of Labor from El Salvador, Central de Trabajadores Sindicados de El Salvador, Asociacion Hondureña de Maquiladores.

CentraRSE mentioned that they have 60 companies registered and interested in SR.

It is very important to anchor the effort in local institutions for the follow-up, since they can guarantee the continuity of the efforts.

A representative from Nike Inc. emphasize the importance of meetings like this one and mentioned that is necessary that more brands or buyers participate, since the ones present are very similar (GAP, Nike, Johns Apparel). She commented on the experience of Nike where some factories in CA are making improvements to reach minimum levels of requirements and are doing so because now they know what the requirements are and how to fulfill them. It's not necessary to invest in more equipment but in management systems. To Nike in CA the compliance is important.

It was suggested that governments and institutions in their own countries contact brands that are not here today and maybe they are not giving much importance to compliance.

Professor Zack suggested the creation of a system to ensure the compliance (privatized judicial system).

Also, one of the attendees pointed out to really know the local law, because there are cases where the law contradicts itself, and he mentioned an example in Guatemala.

GAP mentioned that now we are talking about compliance at a national level, as a country. For GAP consumers compliance is important although they are not going to know about the situation at every factory, but the general situation where those factories are located. To accomplish something country level, it is very important the representation of all sectors. Guatemala can make this dialogue happen and stand out as a country.

It all starts by respecting the Guatemalan law and the international agreements. Guatemala could become a model country.

There was a proposal for a private institution where government is not represented, and be the one to extend compliance certificates. But, it was clear that we are not here to create institutions but to follow-up these efforts. So the consensus was to call a Follow-up Group among today's attendees, without implanting anything.

Arturo Roldán from Invest in Guatemala presented the idea that Pronacom (National Program for Competitiveness) be the link between the public and private sector. Follow-up must include all sectors. It was suggested to invite the Ministry of Labor and Ministry of Economy (both absent today).

L. Carter pointed out that actions must head to promote good industrial relationships, we are far, but the Follow-up Group seems like an excellent idea and should be a central issue.

It was also mentioned the importance of the representation of women, being the largest work force at garment and textile factories (maquilas).

For the Follow-up Group attendees propose the participation of:

FESTRAS and FESES (unions)

CALDH and other women organizations

CIMCAW (USAID)

FLA

GFI

GAP, NIKE, John's Apparel and invite other brands

WORLD BANK (IBD, BCIE)

ASIES

VESTEX

CACIF

MINECO

MINTRAB

Embassy of the US

It is necessary to come up with an agenda that defines the next steps with realistic deadlines.

As organizer, GFI mentioned that the discussion has taking the course that they expected and hope that the actions will benefit the textile sector.

Union representatives mentioned the importance of the approach to the brands since some employers sometimes use the brands as an excuse not to allow unions.

S. Cohen asked Mr. Fitrell, from the Embassy of the US to get in touch with the Ministry of Labor on this subject.

The representative from Disney stated their satisfaction with this effort, but mentioned that Disney can not participate because they don't have personnel in CA, but want to support the effort and want to ask GAP to keep them informed and be able to give that support.

GAP mentioned that at this moment they can not compromise in something so large as being part of a group of continuous work, but they want to support the Follow-up Group and will present it to the company.

Martina Barrera from Vestex mentioned that the Ministry of Labor used to certify the Ministry of Economy when a factory was not fulfilling the requirements to suspend the export permit and this could be an option when talking about labor compliance too.

Julian Vargas from Johns Apparel mentioned a program where they participate and said that it's best that the employees themselves defend their rights, starting by knowing those rights.

A union representative suggested releasing a document or statement of this meeting since it is important that the employees are aware of this efforts. To that, the moderator said that it was the organizers decision to do that.

Mrs. Tramontano made the promise on GFI name to make this a reality, since she also sees the necessity of having more brands. Action is the goal, to make an agenda and delegate activities for a national action plan in this industry.

## ANNEX D



### **DAI's CIMCAW Project Co-sponsors 1<sup>st</sup> Multistakeholder Symposium on Competitiveness in Guatemala's Apparel Sector**

Guatemala City, Guatemala - With the 2005 expiration of the Multi-Fiber Arrangement's textile quota system, all textile-producing nations are facing new challenges, as up to 60% of post-quota global textile production will likely move to China and India. Even with the new trade preferences provided by the Central America Free Trade Agreement (CAFTA), experts agree that these market advantages will not last long for the isthmus industries.

In response to the growing crisis, The *Continuous Improvement in the Central American Workplace* (CIMCAW) project, in collaboration with the Global Fairness Initiative, hosted the Global Innovations in Labor Compliance Assurance (GILCA) Symposium in Guatemala City on February 23 & 24, 2006. The GILCA Symposium generated a dialogue on unique approaches to garment industry competitiveness at a critical moment in the industry's history. Specifically, the GILCA Symposium provided tools and information to help the Guatemalan industry become competitive through enhancing labor compliance—using market forces to create new jobs and new exports, while advancing the cause of social development.

This highly successful event drew over 100 people, including Vice President Dr. Eduardo Stein Barillas of Guatemala, US Ambassador James Derham who gave the opening speeches. In addition, the CIMCAW Alliance, a USAID funded public-private partnership, helped bring leading clothing vendors such as GAP Inc., Disney, Nike, and Jones Apparel, along with representatives from the World Bank, IFC, and ILO to participate in a series of technical panels and a high-level roundtable discussion.

The symposium provided a unique opportunity for key Guatemalan industry stakeholders to recognize the crisis in the Guatemalan garment industry and, more importantly, to agree that all actors must work together to bolster compliance regimes among garment producers. Organizers and participants, mindful of various concurrent efforts, expressed a serious commitment to a multi-stakeholder approach as the only viable process towards ensuring Guatemala's compliance system is credible, verifiable, and sustainable.

Three factors combine to make labor standards so important in Central America: 1) the isthmus industries cannot survive if they compete on the three traditional factors in corporate sourcing decisions – price, quality, and speed to market; 2) multinational brands are increasingly demanding compliance with such standards; and 3) international trade agreements such as CAFTA make compliance a requirement for receiving trade benefits. A buyer survey conducted in 2004, presented by the World Bank, showed that almost 80% say that labor and environmental compliance is of equal or more importance than economic issues.

The hope is that this process can yield a competitiveness strategy for Guatemala that promotes industrial growth through labor compliance, simultaneously enhancing Guatemala's market share and international image. As Ambassador Derham concluded, the current situation "requires that Guatemala becomes capable of assuring the international market that 'Made in Guatemala' signifies a product finished by workers whose international labor rights are respected. Guatemala cannot improve its competitiveness without compliance to these standards."

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*The following two paragraphs represent an excerpt from GFI document on GILCA follow up:*

On February 24, GILCA participants gathered to discuss the viability of pursuing a system of compliance assurance in Guatemala. Unions, manufacturers, government, buyers and civil society groups worked together to articulate key messages, identify potential tools for implementation, and plan next steps.<sup>†</sup> There was a general consensus among all parties to pursue a compliance assurance system. And there was a consensus that the system designed and adopted be appropriate to Guatemala's current reality, and be credible, verifiable and sustainable.

*The discussion section of GILCA has resulted in a clear next step: organizing a tripartite "Compliance Assurance Working Group," that is supported by civil society allies and concerned international stakeholders. The Global Fairness Initiative has agreed to convene the Working Group, and will host the gathering on April 19, 2006 at the Intercontinental Hotel in Guatemala City.*

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<sup>†</sup> Like the conference on February 23, this gathering was remarkable *ipso facto*, as tripartite or any stakeholder gathering giving equal voice to unions, government and business, and which are actually productive engagements (as opposed to debates) are exceedingly rare in Guatemala.

## ANNEX E



Limitedbrands

Gap Inc.



**PROYECTO REGIONAL PARA EL MEJORAMIENTO CONTINUO EN LA MAQUILA (MECOMAQ)**  
*Continuous Improvement in the Central American Workplace (CIMCAW)*

1ª. Calle 7-66 zona 9, Edificio Plaza Uno; Teléfonos (502) 2332 0585 2332 0624 Guatemala, Guatemala, América Central

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When: Thursday, Feb. 2, 2006  
Where: Hotel Camino Real, Managua Nicaragua  
Who: Factories from the Free Trade Zones and the CIMCAW project  
Why: To present the project to the factories so they can participate

The Continuous Improvement in the Central American Workplace (CIMCAW) project is an AID Global Development Alliance project to improve labor standards and competitiveness in the maquila sector in Central America. CIMCAW helps garment workers and manufactures in Central America confront the increasing challenges from the January 2005 expiration of the Multi Fiber Agreement by providing training and technical assistance.

CIMCAW is run by an Alliance that includes:

- **Gap Inc.**, and **The Limited Brands**, well-known multinational corporations and leaders in integrating corporate social responsibility into their production chains.
- **Social Accountability International (SAI)** a nongovernmental organization that specializes in corporate social responsibility and labor standards, and manages the SA8000 program.
- **Development Alternatives Inc. (DAI)**, a consulting firm with wide ranging experience in implementing and administrating sustainable development projects.
- **International Textile, Garment, and Leather Workers Federation**, an international labor organization representing 10 million garment sector workers.

The project in Nicaragua has:

- Conducted a brief diagnostic of the maquila sector (May)
- Presented the project and findings of the diagnostic to the key local stakeholders at first official project event. (July)
- Held various meetings of key local stakeholders to discuss possible local partners.
- Selected INEH, the Instituto Nicaraguense de Estudios Humanisticos, as the local partner to advance with the workplan in Nicaragua and continue to convene the key stakeholders.
- Formed and convened a local Advisory Board to provide feedback to the project.

The morning event on Tuesday is to present the project to factories and stress how improving labor standards can be a competitive advantage in the apparel manufacturing sector. Two of the Alliance partners, the Gap Inc., and SAI will make presentations, as well as the local partner and project staff. The afternoon will provide a very brief training for the factories Human Resource Directors. The goal is to identify factories that are interested and wiling to participate in the training program.

## **ANNEX F**

### **CMCAW Alliance Chair SOW**

The Chair will work closely with the Project Implementation Team to facilitate or ensure:

- effective communication among the partners;
- effective relationships among the partners;
- that Alliance decisions are respected;
- that partners follow up on activities to which they've committed in a timely manner and;
- that the governance guidelines are adhered to by the Partners.

The Chair bears responsibility for productive meetings. In this respect, among the specific duties of the Chair are the following:

1. Call Alliance meetings to order on a regular basis (e.g., bi-monthly, quarterly).
2. Work closely with Project Implementation Team to develop meeting agendas.
3. Moderate the Alliance meetings.
4. Coordinate with the Project Implementation Team to determine when extraordinary meetings need to be organized and call the meeting.
5. Confirm that there is a minute taker (the project assistant) that circulates the minutes in a timely fashion.
6. Ensure that the action points defined at the meeting are appropriately assigned to a Partner and/or the Project Implementation Team and that there is follow through.

# **ANNEX G**

## **PROYECTO CIMCAW**

### **GUIA PARA LA IMPLEMENTACION A NIVEL NACIONAL**

#### **INTRODUCCIÓN**

El proyecto CIMCAW ha sido diseñado por actores internacionales claves en la industria del vestuario, incluyendo algunas marcas importantes, la Federación Sindical Mundial que representa a los trabajadores del sector y organizaciones con experiencia en ética comercial y temas de desarrollo.

Para implementar el proyecto a nivel nacional, la alianza internacional ha hecho o busca hacer un acuerdo en cada país con una ONG responsable de la coordinación o de llevar a cabo las actividades con el involucramiento de los actores nacionales (empleadores, sindicatos y gobiernos).

Este borrador está dirigido a los socios locales y debe ser manejado como confidencial hasta que esté finalizado. La meta del documento es determinar los principios y requerimientos básicos que definen el proyecto y que los socios locales y los comités consultivos deben seguir para asegurar que las actividades a nivel nacional sean consistentes con la visión general del proyecto.

#### **METAS Y OBJETIVOS**

En un ambiente posterior a las cuotas, los productores de vestuario enfrentan un aumento de la competencia y necesitan demostrar que pueden competir en todas las dimensiones que los compradores demandan, incluyendo innovación, calidad, costo, rapidez y cumplimiento social. Para América Central, satisfacer la demanda del consumidor de productos hechos en condiciones decentes, podría ser la clave para la sobrevivencia de la industria. Sin embargo, al momento, una cultura de cumplimiento con estándares laborales internacionales y leyes laborales nacionales, no está suficientemente difundida entre los productores de vestuario.

Se han hecho esfuerzos para remediar esta situación, principalmente, por medio del monitoreo y auditoría social, pero se ha hecho claro que tales medidas impuestas desde afuera no son suficientes para estimular los cambios necesarios.

Actualmente, se reconoce cada vez más que los cambios duraderos suceden únicamente cuando los manufactureros se apropian más activamente de la mejora de sus prácticas gerenciales y laborales, cuando los trabajadores tienen más conciencia de sus derechos y puedan ejercerlos y los gobiernos interesados sean más efectivos en reforzar sus propias leyes laborales. Estas son las metas del proyecto CIMCAW.

Para cumplir estas metas, el proyecto se dirige a:

- que tanto trabajadores como gerentes sepan el significado de las leyes laborales, la importancia de la defensa de estas leyes y los instrumentos y mecanismos disponibles para hacerlos respetar.
- identificar, desde la perspectiva única de trabajadores y empleadores, las brechas en el cumplimiento y posibles soluciones a los problemas identificados;
- proporcionar asistencia técnica a la gerencia, si se requiere, para establecer sistemas gerenciales para superar los problemas identificados.
- aumentar la comprensión y mejorar las prácticas de auditoría social y de verificación proporcionando capacitación para inspectores laborales, auditores comerciales, auditores de ONGs, auditores de marcas y otros entes que verifican cumplimiento social, etc.

- mejorar el diálogo entre las autoridades de trabajo, empleadores, trabajadores, sindicatos, ONGs que trabajan en derechos laborales, grupos de desarrollo, gobiernos, y otras organizaciones relevantes.

Las actividades del proyecto incluyen:

- Un diagnóstico de país
- Capacitación de auditores
- Capacitación conjunta de trabajadores/gerentes en derechos laborales
- Provisión de asistencia técnica, si se requiere
- Establecer un consorcio y/o una propuesta para la creación de centros de apoyo (pendiente)

## **NATURALEZA MULTIPARTITA DEL PROYECTO**

El proyecto se basa en un enfoque multipartito que involucra la industria, el movimiento laboral, ONGs y grupos de desarrollo y gobiernos. La fortaleza del proyecto está en que utiliza la experiencia de diferentes actores, promueve el diálogo entre ellos y busca llegar a soluciones que serán más efectivas y, como resultado, mejor apoyadas.

Los diferentes actores están involucrados en distintos grados y a distintos niveles:

### **La industria**

Marcas y minoristas: The Gap, Inc., Limited y Timberland son socios de la alianza. Frecuentemente, ellos tienen representantes en el país, quienes son capaces de desempeñar un papel activo.

Manufactureros: los proveedores de las mayores corporaciones de vestuario y minoristas son los beneficiarios clave de este proyecto y juegan un papel crítico para su éxito.

Asociaciones patronales: se necesita hacer esfuerzos a nivel nacional para consultar e involucrar a asociaciones patronales y más específicamente a asociaciones industriales para promover el diálogo y la cooperación.

### *El movimiento sindical*

La FITTVC es un socio de la alianza y sus afiliados (y otros sindicatos que trabajan en cooperación con afiliados de FITTVC) necesitan estar activamente involucrados en todos los niveles del trabajo a nivel nacional.

### *ONGs y grupos de desarrollo*

SAI y DAI son socios de la alianza. A nivel nacional SAI juega un papel en proporcionar capacitación (capacitación de auditores y, por lo menos al principio, la capacitación conjunta), así como asistencia técnica. DAI maneja la Alianza y apoya directamente las actividades de evaluación del proyecto.

La ONG seleccionada como socio local a nivel nacional desempeña un importante papel en facilitar la implementación del proyecto a nivel nacional y en promover el diálogo entre los actores nacionales.

### *Gobiernos*

Los inspectores laborales forman el grupo clave al que se dirige la capacitación de auditores y actividades dirigidas a promover el diálogo social y funcionarios del gobierno también pueden desempeñar un papel en el comité consultivo.

## **TRABAJANDO CON EMPRESAS (FABRICAS) Y SINDICATOS**

Todos los actores tendrán un papel activo en el proyecto, y es importante prestar particular atención a la necesidad de trabajar constructivamente con las fábricas y sindicatos que participan para estimular el diálogo social y la efectividad del proyecto.

### ***Participación sindical***

La participación sindical es esencial y se debe tener mucho cuidado de evitar crear tensiones o divisiones dentro del movimiento sindical. La FITTVC es un socio del proyecto y sus afiliados (y cuando es adecuado otras federaciones sindicales que puedan trabajar en cooperación con FITTVC) deben jugar un papel activo en el trabajo del comité consultivo, así como en la implementación de la capacitación conjunta para que el proyecto sea exitoso. La participación de federaciones sindicales que no están afiliadas a ITGLWF quedará a discreción de la alianza internacional.

La participación sindical incluye:

- Su participación junta con otros representantes del proyecto, en la presentación del proyecto a los trabajadores y en ser testigos en la selección de participantes.
- Su participación en la capacitación, la cual incluirá en el taller conjunto con trabajadores y gerentes, una presentación acerca de la importancia de respetar la libertad de asociación.
- El objetivo del proyecto es mejorar el cumplimiento social. Por lo tanto, el respeto a las buenas prácticas de relaciones industriales requiere que cuando en el lugar de trabajo existe un sindicato, debe solicitarse su cooperación y participación en una etapa temprana, incluyendo su participación en la selección de aquellos trabajadores que participaran en la capacitación (Referirse a la sección acerca la selección de participantes).

Los afiliados de la FITTVC, y si corresponde otros sindicatos, designaran a un representante para conducir la sesión mencionada anteriormente.

Todos los socios del proyecto tienen bien en claro que éste es un programa de capacitación, no un proyecto de organización. Si ninguna fábrica aceptara el papel del sindicato en el programa de capacitación, el socio local, los sindicatos locales y los socios de la Alianza determinarán si serían útiles actividades alternativas en ese país en particular.

### ***Participación de la Fábrica***

Este programa de capacitación conjunta y asistencia técnica es una iniciativa voluntaria para empresas que buscan mejorar sus prácticas gerenciales y laborales.

Para que cualquier cambio sea sostenible, la gerencia tiene que apoyar el programa. En muchos casos, los gerentes deberán experimentar un cambio en cómo piensan acerca de sus negocios y cómo los manejan. Trabajando constructivamente, y al mismo tiempo comprendiendo las restricciones de tiempo y conocimiento de los gerentes (en relación a temas sociales) ayudará a asegurar cambios duraderos en las fábricas.

Hacia ese fin el equipo local de capacitación deberá:

- Asegurar que el programa sea presentado con claridad, de modo que las empresas participantes sepan lo que involucra la capacitación y qué tipo de seguimiento se propone
- Asegurar que el programa sea implementado minimizando interrupciones de las operaciones;
- Maximizar la utilidad de la capacitación en asegurar la competitividad de la empresa, y al mismo tiempo asegurar el mejoramiento de la comprensión tanto del valor comercial como moral del respeto a los derechos de los trabajadores;
- Dar un informe a las empresas que participan, a continuación de la capacitación, indicando los hallazgos y conclusiones de la capacitación
- Asegurar la puntualidad y el respeto a los horarios acordados.

Las empresas participantes deberán:

- Apoyar los propósitos de la capacitación conjunta
- Estar de acuerdo con el programa del taller de trabajo;
- Asegurar que la capacitación conjunta alcance al público al que está dirigida, mediante la nominación de empleados que satisfacen los criterios para participantes gerenciales y permitir que los trabajadores elijan entre ellos a los que son más capaces de beneficiarse del taller de trabajo y contribuir a él;
- Estar de acuerdo con reunirse con el equipo local de capacitación al finalizar el taller de trabajo para revisar los hallazgos y conclusiones del taller y para discutir si se requiere asistencia técnica.
- En fábricas sindicalizadas, reconocer que el sindicato tiene un importante papel que cumplir en asegurar el cumplimiento social y además en contribuir al éxito de la capacitación (por ejemplo, ayudando en el proceso de selección de participantes);
- Estimular a los empleados para que participen asegurándoles que no perderán remuneración, y garantizando que se tomarán medidas para asegurar que los trabajadores no sufran ningún tipo de discriminación como resultado de su participación.
- Permitir que el proyecto conduzca entrevistas de seguimiento con trabajadores para asegurar que no han habido consecuencias no intencionadas, así como evaluar el impacto del proyecto.

La lista de fábricas que participan debe acordarse con la alianza.

## **CÓMO SE IMPLEMENTA EL PROYECTO A NIVEL NACIONAL**

### **Socio local**

Para asegurar la implementación efectiva y sostenible del proyecto a nivel nacional, la Alianza Internacional ha formado una relación contractual con el socio local en cada país.

El detalle de las responsabilidades del socio local están asentadas en el documento adjunto “Proyecto MECOMAQ: Muestra de Interés para Socio Local”.

El socio local desempeña el papel de facilitar la promoción del diálogo entre los diferentes actores, como las fábricas participantes, los sindicatos participantes, las asociaciones patronales y las autoridades laborales. El socio del proyecto debe desarrollar una buena relación bilateral con las empresas y los sindicatos involucrados, quienes deben desempeñar un papel activo en la modelación del proyecto.

El socio local debe conducir las actividades como están delineadas por la alianza internacional. Cualquier sugerencia de cambio debe ser comunicada a la alianza, cual las revisará para determinar si fomentan los objetivos del proyecto. (Ver también ‘Comunicación entre la Alianza y el socio local del proyecto’).

El socio local también desempeña un importante papel en la provisión de la capacitación conjunta y en asegurar que la capacitación en derechos laborales cubra adecuadamente los temas de preocupación en el país. Este tipo de proyecto requiere instructores que tengan experiencia en educación de trabajadores y tengan pericia para conducir capacitación conjunta de trabajadores/gerentes.

## **COMITÉ CONSULTIVO**

La composición del comité consultivo puede variar entre los países. Sin embargo, lo importante es mantener el enfoque mediante la inclusión de grupos que sean representativos de la industria de la maquila.

El comité consultivo revisará y dará información acerca de: el plan de trabajo de CIMCAW nacional; participará en el desarrollo/revisión de contenidos; dará asesoramiento acerca de qué fábricas estarían calificadas para la capacitación; formar el equipo de capacitación.

### **Equipo de capacitación**

Un equipo de capacitación que incluya al socio local, representantes de la Alianza, y representantes del empleador local y de organizaciones de trabajadores, determinará cómo estructurar y quién participará en ciertas actividades en el sitio, como informar a la fuerza de trabajo acerca del proyecto, selección de participantes y la provisión de asistencia técnica. Se debe dar consideración al tamaño de la fábrica con respecto al tamaño del equipo de capacitación.

## **CAPACITACIÓN DE AUDITORES**

Este taller de trabajo de cuatro días busca reunir a inspectores laborales, auditores comerciales, monitores de ONGs y organizaciones de trabajadores, y oficiales de cumplimiento de empresas, con el propósito de analizar nuevas metodologías y proveer herramientas para elevar el nivel de verificación de condiciones laborales en el sector manufacturero.

El bosquejo del taller de trabajo está incluido en el documento anexo "Proyecto CIMCAW: Perfil de la Capacitación para Auditores". El taller de trabajo está conducido por SAI, y coordinado conjuntamente con el socio local.

## **CAPACITACIÓN CONJUNTA EN DERECHOS LABORALES DE TRABAJADORES/GERENTES**

El propósito de esta capacitación de dos días es doble:

- a) asegurar que tanto trabajadores como gerentes comprendan el significado de las leyes laborales, la importancia de sostener esas leyes, y conocer los instrumentos y mecanismos a disposición para sostenerlas, y
- b) buscar brechas y obstáculos para el cumplimiento, e identificar posibles soluciones.

La primera ronda de capacitaciones está dirigida y coordinada por el socio local y acompañada por SAI, y el socio local conducirá subsecuentes capacitaciones. La capacitación incluye también presentaciones de las marcas, (cuando corresponde), del representante del afiliado a ITGLWF, de la asociación industrial y de las autoridades laborales.

### **Contenidos de la capacitación**

Las líneas generales del taller de trabajo están contenido en el documento adjuntado "Proyecto CIMCAW: Perfil de la Capacitación Conjunta Trabajadores /Gerentes", que sienta las metas que se deben lograr y el contenido mínimo que debe ser cubierto.

### **Materiales**

Los materiales deben ser desarrollados por el socio local con el aporte de actores nacionales. Materiales utilizados en otros países pueden estar disponibles y preferentemente deben ser usados como la base para cualquier material nuevo o revisado. Los materiales deben estar orientados al nivel de los participantes.

### **Grupos a los que el proyecto está dirigido**

Grupos de gerencia: empleados de gerencia cuya función en la empresa requiere una comprensión de las leyes laborales y de los instrumentos disponibles para asegurar que las leyes laborales son respetadas. Los gerentes seleccionados para la capacitación conjunta debieran idealmente incluir una mezcla de representantes de distintos niveles gerenciales, incluyendo gerencia general, gerencia de cumplimiento, recursos humanos y supervisores de línea.

Grupos de trabajadores: Trabajadores que tengan la habilidad de beneficiarse de la capacitación en derechos básicos y la habilidad de contribuir en la identificación de problemas desde el punto de vista de los trabajadores, que sean capaces de representar las preocupaciones de sus compañeros de trabajo, y que desean trabajar constructivamente en identificar problemas y proponer soluciones.

Es necesario que haya una representación equilibrada de las distintas secciones de la fábrica.

## **Reunión de información**

Para asegurar que la capacitación conjunta llegue al grupo al que está dirigida, se debe informar a la totalidad de la fuerza de trabajo acerca de los propósitos del proyecto y las metas del taller de trabajo. En esta sesión informativa, un enfoque positivo hacia el proyecto por todos los actores, incluyendo la gerencia y el representante del sindicato del sector, ayudará a generar interés en la capacitación conjunta. Los trabajadores deben ser informados de cómo operará el proceso de selección (ver más abajo). En particular se deben hacer esfuerzos para estimular la participación de mujeres. Se debe distribuir un volante. La reunión informativa debe hacerse de tal manera que se minimicen las interrupciones de las operaciones de la planta. La gerencia debería ser informada e involucrada en el diseño de la logística para llevar a cabo el proceso de selección dentro del marco de trabajo de los principios aquí presentados. Esto será necesario para conservar su apoyo y para minimizar las interrupciones de producción.

## **Proceso de selección**

Los participantes gerenciales deben ser nominados por la gerencia.

Los participantes trabajadores deben ser nominados por los trabajadores mismos por un proceso colectivo. Esto es importante para asegurar que los elegidos representen los puntos de vista de la fuerza de trabajo y que la totalidad de la fuerza de trabajo sepa de qué se trata el programa de capacitación y cómo fueron sus compañeros elegidos para participar.

El proceso de selección de los trabajadores participantes debe ser abierto y transparente. Se recomienda que la selección se lleve a cabo varios días después de la reunión de información para permitir que los trabajadores digieran la información, busquen más información, consulten entre ellos, etc. Debe realizarse colectivamente y ser observada por un representante del equipo del proyecto.

El procedimiento recomendado es reunir a los trabajadores por área o departamento y pedir nominaciones o voluntarios, con el entendimiento que si hay más nominaciones que aperturas, se conducirá una votación. Si una votación fuera necesaria, el equipo del proyecto debe estar preparado para conducirla con rapidez y eficiencia. La gerencia debería ser informada e involucrada en el diseño de la logística para llevar a cabo el proceso de selección dentro del marco de trabajo de los principios aquí presentados. Esto será necesario para conservar su apoyo y para minimizar las interrupciones de producción.

Cuando existe un sindicato en el lugar de trabajo, éste debe estar involucrado en el proceso de selección (ver más abajo).

### **Participación del sindicato del lugar de trabajo, cuando existe sindicato**

El propósito del proyecto es la mejora del cumplimiento social. Por lo que, el respeto a buenas prácticas de relaciones industriales requiere que cuando existe un sindicato, se debe buscar tempranamente su cooperación y participación.

Cuando existe un sindicato, éste debe seleccionar los participantes. En efecto, un representante del sindicato está en posición privilegiada para determinar quién dentro de la fuerza de trabajo cumple con los criterios del grupo al que está dirigido.

Esto no significa que los participantes deben ser miembros del sindicato. Por el contrario, un sindicato que está bien informado acerca del proyecto debe querer ver una representación equilibrada, y querrá asegurar que los participantes se ajusten al perfil, indiferente a si son o no miembros del sindicato.

Puede ocurrir que el sindicato en ese lugar de trabajo tenga sólo un limitado número de miembros, o tenga un número significativo de miembros en cierta sección y virtualmente ningún miembro en otras. Es necesario entonces tener una discusión con el sindicato para dilucidar hasta qué punto pueden asistir en la selección de participantes. De modo que puede ocurrir que en ciertas secciones de la fábrica los participantes sean elegidos directamente por los trabajadores, y no a través del sindicato.

Para asegurar el compromiso, es importante que los dirigentes sindicales en la fábrica estén incluidos entre los participantes. Es también importante asegurar que el sindicato de la fábrica sea consultado cada vez que se realicen visitas al sitio como parte del proyecto.

## **ASISTENCIA TÉCNICA Y OTROS SEGUIMIENTOS**

La alianza reconoce que capacitación solamente no es suficiente para asegurar mejoras en las condiciones del lugar de trabajo, que es el propósito explícito del proyecto. De modo que se ofrece asistencia técnica a las empresas para asistirles en avanzar un paso más e implementar sistemas gerenciales dirigidos a asegurar el cumplimiento social.

Sin embargo, debe quedar entendido que el programa es voluntario. De modo que el trabajo a nivel local debe estar enfocado a trabajar en cooperación con las empresas de manera de hacerles ver los beneficios del cumplimiento social.

Como parte del seguimiento, el equipo de capacitación someterá a la empresa un amplio y confidencial informe escrito con las conclusiones y hallazgos del taller de trabajo.

Un subgrupo del equipo local de capacitación (socio local y SAI) procurará reunirse con la empresa para discutir – confidencialmente – el informe y la necesidad de asistencia técnica para instalar sistemas de gerencia adecuados dirigidos a asegurar el cumplimiento social.

La asistencia técnica puede incluir apoyo en áreas como:

- Desarrollo de servicios profesionales de recursos humanos
- Desarrollo de políticas claras en temas claves y comunicarlas claramente a todos los niveles de la empresa para asegurar que todos, desde la gerencia más alta hasta los supervisores, agentes de seguridad, trabajadores conozcan estas políticas.
- Revisión de prácticas laborales con el propósito de reducir las horas extra e incrementar la productividad.
- Identificar necesidades ulteriores de capacitación.

Puede ser que la gerencia desee hacer seguimiento con los trabajadores participantes en sus esfuerzos futuros dirigidos a asegurar cumplimiento, pero esto no es necesario. En efecto, cualquier requerimiento que involucre trabajadores que no han sido elegidos libremente, podría ser visto como que el proyecto estuviera construyendo medios alternativos de representación laboral.

Además de la responsabilidad de la gerencia de respetar los derechos de los trabajadores, los trabajadores mismos deben desempeñar un papel en defensa de sus propios derechos. Es importante que ésta sea una iniciativa dirigida por los trabajadores. Por lo que el foco principal debe estar en asegurar que trabajadores capacitados comprendan sus derechos y cómo se aplican en el lugar de trabajo y que puedan ejercerlos libres de discriminación o interferencia.

Es necesario conducir entrevistas en el sitio con actores de varias fábricas incluyendo el sindicato (si lo hay) y los participantes del taller de trabajo para asegurar que el proyecto no ha tenido un impacto negativo en ninguno de ellos ni en las relaciones entre ellos, así como también para evaluar el impacto del proyecto en general.

## **EVALUACIÓN DE IMPACTO**

En relación a la asistencia técnica, se espera que las fábricas continuarán participando (voluntariamente) y que permitirán una evaluación de impacto que incluya entrevistas con gerentes y trabajadores. Dentro del marco de tiempo acordado, el socio local debe conducir entrevistas de salida con la gerencia superior, con trabajadores y gerentes que participaron en el taller de trabajo, con el sindicato, si es que lo hay, y posiblemente con trabajadores elegidos al azar, que no participaron en la capacitación.

Las entrevistas deben cubrir áreas como:

- Como resultado de la capacitación proporcionada, ¿piensan los trabajadores que son más conscientes de sus derechos y que pueden actuar mejor para asegurar que sean respetados?
- Como resultado de la capacitación ¿tienen los trabajadores una mejor comprensión del contexto competitivo que la industria enfrenta y por qué todos los elementos de competitividad, incluyendo el cumplimiento social, son importantes para el bienestar de la industria?
- Como resultado de la capacitación proporcionada, ¿son los gerentes y superiores más sensibles a los derechos de los trabajadores?
- ¿Han mejorado los sistemas gerenciales como resultado de la asistencia técnica proporcionada?

- ¿Se han establecido mecanismos regulares de comunicación y consulta entre la gerencia y la fuerza laboral?
- ¿Ha habido alguna mejora en asuntos que preocupan a los trabajadores, como horas extra, consulta sobre metas de producción, provisión de recibos de sueldo comprensibles, salud y seguridad, etc.?
- ¿Se han puesto en efecto nuevas políticas y procedimientos que aseguren que los estándares se mantengan, y si es así, han sido estas políticas comunicadas claramente a todos los niveles de la empresa?
- ¿Han habido consecuencias negativas o que no eran las intencionadas como resultado del proyecto?

## COMUNICACIÓN ENTRE LA ALIANZA INTERNACIONAL Y EL SOCIO LOCAL

Este documento brinda las líneas generales de cómo el proyecto debiera desarrollarse en cada país. Sin embargo, en la implementación nacional de un proyecto que se ha desarrollado a nivel internacional, ciertos ajustes son a veces necesarios para tomar en cuenta la realidad local.

Se pide a los socios locales que desarrollen planes de trabajo que estarán a disposición para revisión y comentarios por los socios de la alianza. En el caso que los socios locales piensen que el contexto local requiere que se aparten de las guías establecidas por el proyecto, estos puntos de divergencia serán remarcados para ser comentados y se seguirá el procedimiento siguiente:

- Los socios locales comunicarán sus propuestas al Equipo de Implementación del Proyecto (EIP) quien será responsable de prontamente llamar la atención de los socios internacionales sobre este asunto.
- Si el asunto no puede ser resuelto en el primer intercambio, entonces el EIP tiene la responsabilidad de coordinar el establecimiento de un subcomité compuesto por representantes de los socios internacionales dispuestos a participar.
- El subcomité considerará la propuesta (en algunos casos, esto incluirá una discusión con los socios locales) y dará su respuesta no más tarde de 10 días hábiles después del establecimiento del subcomité.

# ANNEX H

Draft

## CIMCAW TRAINERS' GUIDE

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  - d. Right to organize and bargain collectively
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IV Existing mechanisms for ensuring compliance

Presentations from the brands (where applicable) or social auditors, the Ministry of Labour, the Employers' Association, and a representative union of workers in the sector.

**V Evaluating conditions in the factory**

**VI Developing a plan of action**

**VII Evaluation**

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## **NOTE TO THE TRAINERS**

The aim is to hold most of the training jointly, so that workers and managers receive the same information, and have the chance to hear the concerns of others. This also allows workers to see that the company is willing to let workers hear the same message as management. In this way, it is possible to start building better understanding between the two groups.

Of course, joint training presents a number of challenges, such as the different level of knowledge of the participants and the tensions that will inevitably exist. It therefore requires skilled trainers, who can ensure that the contributions of all the participants are valued and that the two groups can work together constructively.

The suggested workshop programme includes joint lead-in sessions (e.g. sessions on particular topics such as labour rights), followed by group work where workers and managers work separately and then come back together for a joint report-back session. At least until the participants feel more at ease with each other, it may be necessary for the report-back to be given by the trainer.

Depending on the situation, it may be necessary, at least in the first sessions of the workshop, to hold separate lead-in sessions, with the same content, for workers and managers. However, the goal is to ensure that as many sessions as possible can be held jointly.

## **SAMPLE TWO-DAY PROGRAMME**

### **Day 1:**

**8:30-9:00: Introductions; presentation of the program; goals of the program (joint session)**

**9:00-10:00 Challenges facing the maquila sector in Central America and the benefits of social compliance (joint session)**

**10:00-1:00 International labor standards and national laws (joint session)**

**2:00-3:30 Mechanisms for social compliance: presentations by brands, government, employers' associations and union leaders. Include discussion of management systems. (joint session)**

**3:30-5:30 How does the maquila sector measure up? Identifying gaps in compliance in the factory. (separate sessions for workers and managers)**

### **Day 2:**

**8:30-11:00: Report back: identifying problems (joint session).**

**11:00-1:00 Group work: envisioning solutions (small groups of workers and managers, separate)**

**2:00-4:00: Report back (joint session)**

**4:00-5:00: Wrap-up and conclusions**

## **OUTLINE OF THE CIMCAW PROJECT AND OF THE JOINT WORKSHOP**

Goals of the session:

- To make sure the participants understand what the project and the workshop are about, and what is expected to happen as a result of the workshop.
- To put the participants at ease about the workshop.

The trainer should set out the goals of the project and of the workshop, as outlined in the 'Guide for Implementation'.

Overall, the goals of the project are to improve working conditions and management.

The goals of this particular workshop are to make the participants aware of the benefits of social compliance in a post MFA industry, to increase their understanding about labour rights so that awareness can become an engine of change, and to identify problems and obstacles and helping to identify possible solutions. At the end of the workshop, the local partner will present a report to the company on the gaps that exist in compliance with labour laws and international standards, the obstacles that prevent compliance, and possible suggestions for change from the unique perspective of the workers and management employees of the company.

While being positive about the process, the trainer should ensure that the participants, particularly workers, are aware that this is a training course, not a decision-making forum, and that changes won't happen overnight. They must also understand that while it is management's responsibility to ensure that laws are

respected, it is not enough to leave it to management. Workers themselves have an important role to play in being informed and exercising their rights.

The participants should be made aware of what role they are likely to play in assessing the impact of the project.

## **THE CHALLENGES FACING THE SECTOR AND THE BENEFITS OF SOCIAL COMPLIANCE IN THE POST-MFA INDUSTRY**

**Goals of the session: By the end of the session, the participants should have an understanding of the situation in the industry and of the fact that social compliance could be the key to the survival of the industry.**

### **The impact of the MFA phase-out**

As a result of the liberalisation of trade in textiles and clothing at the start of 2005, the industry is undergoing drastic change on every continent. Thousands of factories have closed and hundreds of thousands of jobs have disappeared in Europe, the Americas, Africa and across Asia and the Pacific. Today, the ITGLWF estimated that production base shifts threaten the jobs of as many as 30 million workers directly and the jobs of a further 30 million who depend on the industry.

In Guatemala, for instance, VESTEX reported a net loss of [25,590 jobs and 21 factories in operation from 2004 to 2005](#)

The Multi-Fibre Arrangement (MFA) had governed trade in textiles and clothing through a system of quotas for more than thirty years. Originally designed to protect European and North American producers, it led to the globalisation of the sector providing a host of developing countries with an entry to the industry and sheltering them from global competition.

The MFA globalised textile and garment production to a stage where production was being carried out in as many as 160 countries. Today, trade liberalisation threatens the future of many of these nations not just through the domination of China but also from production shifts and consolidation within and among countries resulting from the new found ability of retailers, brands, and international suppliers, who are often multinationals in their own right, to base their production decisions more fully on considerations of competitiveness, rather than on import restraints. Though some buyers have indicated that they do not intend to put all their eggs in just a few baskets, one industry survey found that some brands now sourcing clothes from 40-50 countries plan to consolidate production in 12 -15 countries. Apart from China, this leaves room for very few winners. (Source: ITGLWF. Trainers may fill in other data from other sources).

While other countries were slow to realise the impact the MFA phase-out would have on their industry, China was positioning itself to dominate world markets. Investment in China's textile and clothing industry has been phenomenal – US\$21 billion in the three years leading to the MFA phase-out, which increased its capacity by 50%. Though Chinese manufacturers do not offer the lowest prices on the world market, these investments by the government and the private sector have enabled them to provide full-package offerings that are extremely competitive in quality, product and process innovation, speed to market, and that remain competitive on price. All this has enabled China to reach production levels of more than 20 billion garments a year – four items of clothing for every man, woman and child on the globe. China has, of course, a massive labour force. Most are internal migrants whose rights are often compromised. Though conditions differ by factory, many Chinese workers regularly work 12 to 14 hours a day, sometimes without getting a day off for weeks at a time. As a result of all of this, China is now on track to capture as much as 75% of

world production in the next few years. This means that some 160 countries are having to compete for 25% of world trade. (Source: ITGLWF. Trainers can provide data from other sources)

The increased competition between countries is having a devastating impact. Since the days of the industrial revolution the textiles and clothing industries have traditionally been the engine of development for countries in every continent. Today, textiles and clothing dominate the economies of nations in every part of the world, often constituting the sole source of export earnings and industrial employment. One small African nation, Lesotho, relies on the sector for more than 90%, of its exports earnings; Honduras for 75%. In all of these countries the textile and clothing industry is the main or only source of manufacturing employment. The garment sector alone provides 1.8 million direct jobs in Bangladesh. Employment in Pakistan totals nearly 1.5 million. Garments form the backbone of industrial employment across the Caribbean and Central America, Mexico, Turkey, much of Africa, Central and Eastern Europe and almost every nation in Asia. If the industry disappears, many of these national economies will enter into crisis, and the impact would be almost unimaginable. (Source: ITGLWF. Trainers can fill in with data from other sources).

Temporary measures taken in the US and European Union to clamp-down on imports from China has provided some respite for the industry in other parts of the world. But under WTO rules measures against Chinese imports cannot continue past 2008. From 2009 onwards trade will be fully liberalised with no prospect of protection. *It is therefore essential to use the breathing space of the next two years to strengthen the industry by building its international competitiveness.*

### **Social compliance as a factor of competitiveness**

One of the few bright spots in this gloomy picture is the fact that the end of the MFA is encouraging some image-sensitive companies to establish longer-term business relationships with fewer suppliers and to invest in improved working conditions and labour practices in those facilities.

Producing countries are today aware of the need to find ways to differentiate themselves from China. Manufacturers are becoming increasingly aware of the need to build competitiveness on improved productivity, quality, delivery and social reputation – the four pillars for success in today's global market.

Customer demand for social compliance stems from a variety of reasons. Brands have increasingly taken action and demonstrated a commitment over time to improving working conditions and respecting human rights, and some have integrated social responsibility into their guiding principles and core company values. This trend is on the rise, and many brands prefer to do business with vendors that share this commitment and are engaged in a process of continual improvement to improve working conditions in their facilities.

Brands increasingly recognize the correlation between good performance in social compliance and good performance in other factors of competitiveness, such as quality and on-time delivery. Much of this is common sense. Excessively long hours are likely to result in low productivity and low quality, a higher level of accidents and illness, and a high level of worker turnover which is costly for employers.

Finally, brands want to be responsive to their consumers, and they understand that consumers are increasingly interested in social compliance.

However, because of the inability of the labour authorities in most countries to ensure adherence with national laws, many retailers have developed their own monitoring programmes to ensure compliance with their own codes of conduct.

Many factories are producing for six or seven different brands, each with its own code of conduct and monitoring requirements. Some factories report being audited over 30 times a year by different clients, each

with their own slightly different requirements, with sometimes absurd results. For example, each code might have different requirements on the height of the fire extinguishers, so many factories simply put hooks on the wall at different heights to enable them to easily adjust the height of the extinguishers depending on who is doing the auditing.

This has led to ‘audit-fatigue’ on the part of suppliers. And at a cost of roughly US\$3,000 per audit, it has also led to a huge waste of resources, with only limited results.

Some workers are growing tired of auditing. Many audits include sometimes extensive interviews with workers, but this can create frustration if it does not lead to improvements in workplace conditions.

For all these reasons, many now agree that while voluntary monitoring and auditing programmes may be a good way to identify problems, they are not the way to resolve them if they lack root-cause analysis of the problems and effective corrective action plans. Many retailers are therefore changing their approach from policing to remediation, from determining what is wrong to *why it is wrong*.

It is increasingly recognised that lasting change will happen only when manufacturers improve their management and labour practices, when workers are free to exercise their rights, and the governments concerned can effectively enforce their own labour laws. This is precisely what the CIMCAW project aims to achieve.

## **INTERNATIONAL LABOUR STANDARDS, NATIONAL LAWS AND CODES OF CONDUCT**

Goals of the session: By the end of the session the participants should have a practical understanding of their rights, particularly in those areas where violations routinely occur in the maquila sector

The trainer should start with a brief overview of ILO Conventions, labour laws and codes of conduct.

### **International Labour Conventions**

The ILO is the UN Agency that deals with labour issues. It is unique in the UN family in that it brings together workers, employers and governments. Its role is essentially to develop international law on labour issues and to supervise its application.

ILO Conventions are developed out of consensus between member states, taking into account the views of employers, workers and governments from 175 member nations. They are binding on the countries that ratify them. To hold ratifying countries accountable for meeting their international obligations, the ILO has established a sophisticated supervisory system.

The ILO distinguishes between ‘core labour standards’ (or ‘fundamental rights’) and other rights. This does not mean that other rights are less important. The difference is that some rights are uniform across the world, regardless of a country’s level of development, and others are not. In other words, while it would be unfair to say the minimum wage in Guatemala should be the same as the minimum wage in Germany, it is fair to say that workers everywhere, in rich and poor countries alike, must have the right to organise and bargain collectively so they can determine wages rates through a process of collective bargaining in line with their country’s level of development.

The core labour rights, which include the right to organise and bargain collectively, non-discrimination, and the prohibition of forced labour and child labour, are considered fundamental human rights.

### **National laws**

Each country of course has its own National Labour Code. When a country ratifies an ILO Convention, it must ensure it is applied in practice through its national laws. The reality in Central America is that labour laws are generally adequate, but the problem lies in their implementation.

### **Codes of Conduct**

Most retailers have developed their own Codes of Conduct, which are essentially a set of rules that manufacturers must follow. Most cover the core labour conventions as well as other rights relating to pay, hours of work and working conditions.

These codes of conduct vary from one retailer to another, thus often creating conflicting demands on the manufacturers concerned. The implementation of these Codes of Conduct through monitoring or social auditing also varies from retailer to retailer.

## **I) CORE LABOUR STANDARDS**

The meaning of the core standards is derived not only from the text of the relevant ILO Conventions, but also in the detailed jurisprudence that has been built up over the years.

In each country, the training should provide an overview of these fundamental rights, paying particular attention on those issues which pose a major problem in the country concerned (those areas that have previously been identified through the diagnostic exercise). The training should review in more detail how international standards are translated into national law, and any problems that might exist in terms of compliance.

### **A) CHILD LABOUR**

#### **a) Introduction**

International standards distinguish between unacceptable 'child labor' that is to be abolished and 'child work' that may contribute to a child's healthy development. In some countries, children as young as six are forced to work in the garment and leather industries, sometimes as bonded slaves.

Although international standards state that the general minimum age should not be less than the age for completing compulsory schooling and in any event should not be less than 15 years of age - the ultimate goal should be 16 years - it offers some flexibility for developing nations that are unable to meet this target by allowing them to set a minimum age of 14 until they are able to comply fully with the convention.

There is a stricter standard relating to the 'worst forms of child labour', which says that the minimum age for occupations which may jeopardise the health, safety or morals of a young person must be 18 years.

Key principles:

- ILO, national labor law and codes of conduct seek to prohibit child labor
- In the case of young workers, work should not interfere with their formal education. They should be protected from all risks to their health and safety
- Some codes of conduct require remediation if child labor is found

What does the national law say about Child Labor?

The trainer should outline what the Labour Code says regarding child labour as it relates to the garment industry.

What are some of the potential problem areas? (these may or may not be prevalent in the maquila sector, depending on the country)

- False documentation
- Young workers' working overtime
- Young workers working in hazardous conditions
- Young workers unable to meet education needs
- Internship programs or apprenticeships paid below minimum wage

What are some of the resources in the country to help with the remediation of children found working who seek to return to school and/or – more commonly for maquila workers – to support young workers seeking to combine work and their secondary level of school?

- Ministry of Labor
- Children's rights programs
- NGO or government programs to support children and youth at risk

## **B) FORCED LABOUR**

Introduction and key principles

Forced labour is defined internationally as 'all work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered voluntarily'.

The major categories of forced or involuntary labour cover extreme practices such as slavery, bonded labour, indentured labour, and 'rehabilitation through work'. It does not include practices such as compulsory military service.

In extreme circumstances, practices such as the use of migrant labour can also be considered forced labour, for instance when migrants have to pay a deposit to the employer or where the employer withholds the worker's identity papers.

### **What does national law say about forced labor?**

The trainer should outline what the Labour Code says regarding forced and bonded labour as it relates to the garment industry. They should also outline which ILO conventions on forced and bonded labour have been ratified.

### **Potential Problem Areas**

While these extreme practices unfortunately continue to exist in many parts of the world, they are seldom found in Central America. The trainer needs to be aware of any practices in the country that might constitute forced or bonded labour.

What about forced and excessive overtime, does that constitute forced labour? In general, it is considered that overtime does not constitute forced labor so long as it is within the limits permitted by national legislation or international standards, according to which overtime work (work exceeding 48 hours per

weeks) should not exceed 12 hours per week. Nevertheless, overtime hours (exceeding 48 hours per week) must be worked voluntarily and compensated at a premium. The issue of overtime is examined in the session dealing with wages, hours of work and working conditions.

Bonded labor: Other potential problems might be the use of loans to force workers to stay, or forcing workers to sign letters saying they “volunteer” to work.

## **C) NON-DISCRIMINATION**

Introduction and key principles:

‘Discrimination’ refers to any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin. National laws and codes of conduct often include other categories, like age, disability, sexual orientation and union membership

Special measures designed to meet the particular requirements of persons who, for reasons such as sex, age, disablement, family responsibilities or social or cultural status, are generally recognised to require special protection or assistance. Such measures are not considered to be discrimination.

What about discrimination against women? It is considered a violation of international standards if there exist different rates of pay for work of equal value based on gender – in other words, if for the same or similar type of work, different rates of pay apply depending on whether the worker is male or female. This also means that all workers should have access to the same or comparable promotion opportunities, regardless of their gender, ethnicity, political or religious affiliation, etc.

### **What does national law say about discrimination?**

The trainer should outline what the Labour Code says regarding discrimination as it relates to the garment industry. They should also outline which ILO conventions on discrimination have been ratified.

### **Potential Problem Areas**

- Discrimination in hiring and firing on the basis of sex and pregnancy is pervasive problem in the sector.
- Blacklisting and discriminatory practices against trade union members
- Discrimination against indigenous peoples
- Discrimination on the basis of sexual orientation
- Sexual harrasment

## **D) THE RIGHT TO ORGANISE AND BARGAIN COLLECTIVELY**

### **a) Introduction**

Freedom of association refers to the right of workers to organize themselves to assert and defend their rights. It does not mean that a company’s workforce must be organised. Rather, it means that all workers must be able to form and join a trade union of their choice without fear of intimidation or reprisal

Freedom of association and the right to bargain are considered so fundamental that simply by virtue of ILO membership all Member States are bound to respect the two core conventions dealing with these rights – No. 87 and No. 98 –, regardless of whether or not the country concerned has ratified the relevant Conventions.

The Conventions dealing with the right to organise and bargain are as follows:

- Freedom of Association and Protection of the Right to Organize Convention, 1948 (No.87)
- Right to Organize and Collective Bargaining Convention, 1949 (No. 98)
- Workers’ Representatives Convention, 1971 (No 135)

The Workers Representative Convention has been ratified by Nicaragua, but not by Honduras, Guatemala or the Dominican Republic.

In addition to the standards articulated in the Conventions, the principles of freedom of association in particular have been developed by the ILO’s supervisory bodies for over fifty years. These principles are as important as the Conventions themselves. Thus, for instance, although the right to strike is not set out explicitly in any ILO Convention, it is protected through ILO jurisprudence.

### **b) What are the key principles of freedom of association?**

The following principles are drawn from the conventions, as well as ILO jurisprudence:

- All workers without distinction are entitled to the right of association.
- Workers must have the freedom of choice regarding the union to which they wish to belong. It must be possible for instance to have more than one union in a sector of employment or at plant level.
- No worker should be prejudiced in his or her employment by reason of membership of a trade union or for engaging in legitimate trade union activities. Protection against acts of dismissal should cover not only hiring and dismissal, but also any discriminatory measures during employment, in particular transfers, denial of promotion, downgrading, disciplinary measures, compulsory retirement, blacklisting, and deprivations or restrictions on pay and social benefits, and other acts that are prejudicial to the worker.
- Employers must not interfere in the internal affairs of trade unions and must not do anything that might seem to favour one group within a union at the expense of another. Indeed, placing one organisation at an advantage or at a disadvantage in relation to others may directly or indirectly influence the choice of workers regarding the organisation to which they intend to belong, since they will undeniably want to belong to the union best able to serve them, even if their natural preference would have led them to join a different organisation.
- Solidarista associations, which are organisations under the employer’s control, should not get involved in trade union activities. There should be no inequalities of treatment in favour of solidarista associations.
- Workers and their organisations should have the right to elect their representatives in full freedom. Since the creation of works’ councils can constitute a preliminary step towards the setting up of independent and freely-established trade unions, all official positions in such councils should, without exception, be occupied by persons who are freely elected by the workers concerned.
- Collective bargaining is an important means for unions to defend their rights and seek improvements in their working conditions. Genuine and constructive negotiations should take place in good faith and every effort should be made to reach agreement. Any unjustified delay in holding negotiations should be avoided. Collective bargaining should not be conducted on behalf of workers by representatives

appointed by or under the domination of the employer. The employer and the union share the duty to bargain in good faith and make every effort to come to an agreement.

The right to strike is one of the essential means through which workers and their organisations may defend their economic and social interests. However, it can not be considered an absolute right, because legal procedures must be respected.

The ILO's Workers' Representatives Convention No. 135 **says that** such facilities in the undertaking should be provided as may be appropriate in order to enable workers' representatives to carry out their functions properly and efficiently, taking into account the industrial relations system of the country and the needs, size and capabilities of the undertaking concerned, and in a manner as not to impair the efficient operation of the workplace concerned. These facilities include the ability to collect union dues on company premises, posting of trade union notices, and distribution of union documents related to normal trade union activities in the enterprise, and time-off with pay for union activities.

The ILO's Committee on Freedom of Association says that trade union representatives should be guaranteed access to workplaces, with due respect for the rights of property and management, so that trade unions can communicate with workers in order to apprise them of the potential advantages of unionisation

- Unions must be able to carry out their activities in a climate of freedom and security.

#### **What does national law say about the right to organise and bargain collectively?**

- The trainer should review national laws relating to the right to organise and bargain. The trainer should also draw attention to areas where national laws are not in compliance with international standards.

#### **How well is the right of freedom of association respected in practice?**

The trainer should review some examples of violations of the right of freedom of association. The participants will later identify specific examples from their own experience during the group work session.

### **E) WAGES**

#### **a) What does the national law say about remuneration?**

The trainer will provide information on:

Minimum wage, piece rates and incentive bonuses  
Providing an understandable wage statement  
Overtime: hours of overtime, rates of pay  
Severance pay

#### **b) Potential problem areas**

- Piece rate wages can be below minimum wage

- Illegal deductions and fines
- Workers do not understand wage statements
- Benefits not paid when workers are laid off.

## F: HOURS OF WORK

### a) What does the national law say about working hours and overtime?

The trainer provides information on what the law says about working hours and overtime, including time off and vacation

- b) Potential problem areas

Abuse of overtime

Overtime not paid according to law

## G. Health and Safety

- a) What does the law say about a company's responsibility for health and safety at the workplace?

The trainer provides information on what the law requires a company to do/provide in terms of safety and health conditions in the workplace

- b) Risks for health and safety in the maquila

Lack of proper personal protective equipment (PPE)

Lack of training on health and safety risks

Poor ventilation

Noise

Fatigue

Ergonomic problems

Dust and fiber particles

Blocked hallways

Inadequate exit signs

Chemicals

Poor lighting

Inadequate bathroom facilities

Electrical, mechanical and burn risks.

Fire hazards

Etc.

## H. Disciplinary Practices

- a) What the law says about disciplinary practices

The trainer indicates what the law says about abusive disciplinary practices

- b) Potential problem areas

Arbitrary disciplinary practices

Verbal abuse

Unlawful fines

## **HOW DOES THE MAQUILA SECTOR MEASURE UP?**

Goals of the session: Now that the participants have an understanding of the protection workers are afforded by law, they will look at how well those laws are applied in practice, and what are the obstacles that stand in the way of social compliance. The problems and obstacles identified in this session will be included in the report that will be presented to the company at the end of the workshop.

The problems identified are likely to include some or all of the following:

- freedom of association;
- wages
- hours of work and overtime;
- leave
- piece rates and production targets;
- health and safety issues: dust, heat, noise, sanitation
- productivity issues;
- communication between management and workers;
- sexual harassment;
- maternity rights;
- access to social security.

The obstacles identified are likely to include issues such as:

- Overseas managers are not aware of the rights of the country in which they are operating.
- The pressure of work creates tensions on the factory floor.
- Management lacks systems and procedures to deal with issues such as sexual harassment, discipline, grievance handling.
- There is a lack of information and consultation.
- Manufacturers face cost and delivery pressures from customers
- Buyers themselves are under pressure from consumers.
- Workers are denied legal recourse when problems occur, because the legal system is too slow and too expensive.
- The Labour Ministry is weak and labour inspections do not operate efficiently
- The post-MFA climate has led some government to exempt the garment industry from labour protection.

- Workers are not aware of their rights.
- Because of the crisis in the industry workers are desperate to keep their jobs and so are less likely to stand up for their rights.
- Workers are in many cases denied the right to organise and bargain collectively
- Workers are often afraid to exercise the right of freedom of association because of the prevailing anti-union culture

## **EXISTING MECHANISMS FOR ENSURING COMPLIANCE**

Goals of the sessions: These sessions are aimed at giving the participants the opportunity of hearing different perspectives on what can be done to uphold labour laws at the workplace.

### **Brand perspective**

A presentation by a brand representative or social auditor on the process of monitoring and social auditing.

### **Labour authority perspective**

A presentation by a representative of the Labour Ministry on what the authorities do to uphold labour laws.

### **Employer association perspective**

A presentation on what role the employer association plays in upholding labour rights. This is likely to include initiatives such as the Alternative Resolution of Conflicts.

### **Trade union perspective**

A presentation by an ITGLWF affiliate (or other representative union where appropriate) on the role of trade unions..

Presenters will share and discuss their talking points with the training team prior to the session.

## **HOW MANAGEMENT SYSTEMS CAN HELP IMPROVE SOCIAL COMPLIANCE AND PRODUCTIVITY**

Goal of the session: to provide manager participants with an understanding of what is meant by management systems, and their benefits. This could include the benefits of, for instance:

- Developing clear policies on key issues – such as the workers’ rights discussed in the training – and communicating them clearly at all levels company to ensure that everyone, from top management to supervisors to security agents to workers, are aware of these policies.
- Reviewing working practices with a view to reducing overtime and accidents and increasing productivity.
- Developing systems for handling accidents or grievances, tracking the number of such cases and how management handles them.
- Developing root-case analysis of problems

- Developing non-discriminatory hiring policies
- Developing a policy against sexual harassment

### **WHAT ARE THE POSSIBLE SOLUTIONS ?**

Goals of the session: Having identified the problems and the obstacles to compliance, the participants should now focus on how those problems and obstacles should be overcome. This is a separate group activity followed by a joint report-back session and a discussion. By the end of the session the trainer should be able to sum up the possible solutions that will be presented to management.

These are likely to include elements such as:

- Maintaining a positive working environment based on mutual respect and involving regular communication and consultation between management and the workforce.
- Developing proper policies on key issues, such as freedom of association, sexual harassment, discipline, and grievance handling.
- Ensuring better communication on issues such as piece rates, quality and productivity.
- Looking at reducing overtime and compensating the loss of pay through gains in productivity.
- Ensuring that overtime is voluntary.
- Ensuring that workers receive an understandable wage statement.
- Following up with other agencies as required to ensure workers have access to medical attention through social security.

### **EVALUATION QUESTIONNAIRE**

Goals of the workshop: to get the views of the participants in order to see how such workshops can be improved in the future. This is a separate group activity followed by a report back from each group. The participants can also be asked to fill in a questionnaire in writing

What did you think about the presentations? Was the subject matter clear?

What did you think about the materials?

What did you think about the methods used?

What did you think about the joint sessions?

What did you like best about the workshop?

What did you like least about the workshop?

Are there areas where you would like more information?

Any other comments or suggestions?

