

# Quarterly Report No. 13

## Continuous Improvement in the Central American Workplace **CIMCAW**

*January 31, 2008*

*Submitted to Sandra Lorena Duarte, CIMCAW CTO for Approval*

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

# **QUARTERLY REPORT #13 OCTOBER 01 – DECEMBER 31, 2007**

## **Continuous Improvement in the Central American Workplace USAID Global Development Alliance**

The Continuous Improvement in the Central American Workplace Project will continue to work toward improving working conditions in the textile and apparel sector of Central America through capacity building around labor standards compliance and enforcement and promoting social dialogue. In doing so, the project will help increase factories' ability to meet the growing demands for social compliance as well as increases their competitiveness. The CIMCAW project submits the following Quarterly Report on project activities carried out between October 1 and December 31, 2007.

The format for the CIMCAW Quarterly Report follows:

- Part I EXECUTIVE SUMMARY
- Part II KEY ACCOMPLISHMENTS THIS QUARTER
- Part III STATUS OF THE PROJECT ACCORDING TO INDICATORS
- Part IV ALLIANCE AND MANAGEMENT UPDATE
- Part V SUMMARY OF LESSONS LEARNED
- Part VI CHALLENGES AND PROPOSED SOLUTIONS

## CONTINUOUS IMPROVEMENT IN THE CENTRAL AMERICAN WORKPLACE, THIRTEENTH QUARTERLY REPORT, OCTOBER – DECEMBER 2007

### I. EXECUTIVE SUMMARY

This report represents CIMCAW's 13<sup>th</sup> quarterly report. It covers the period from October 1, 2007 to December 31, 2007. During this quarter CIMCAW has made significant progress toward achieving many of its goals. The following section as well as the matrix in Section III summarizes these achievements.

- CIMCAW successfully delivered trainings to 82 workers and managers in Nicaragua and the Dominican Republic with a total workforce of 13,328 workers.
- CIMCAW delivered training to 17 inspectors from the Ministry of Labor in Honduras. The pre and post test demonstrated a 31% improvement in the trainees' understanding of the training materials. Significant advances were made in the planning of similar trainings in Nicaragua, and the Dominican Republic.
- **Success Story:** CIMCAW has documented factory improvements that affect another **1,800** more workers. Specifically, as a result of follow up work with USLC Nicaragua, the factory has implemented a new internal communication policy. With the documented improvements in USLC Nicaragua, the number of workers affected by documented improvements in factories increased to 8,850 workers.
- The Consultative Committees from Nicaragua, Honduras and Dominican Republic met, on average, once a month in meetings facilitated by the CIMCAW Local Partners and directed at considering issues of importance to the project in the particular country.
- The project completed the Diagnostic for El Salvador and in Guatemala, officially confirmed COVERCO (Comisión para la Verificación de Códigos de Conducta) as the local partner for Guatemala.
- CIMCAW continued its efforts to build the capacity of Local Partners (LP) to implement the project. As part of this effort, the project held a Regional Meeting in December whereby all LPs as well as international partners, including USAID were invited to attend. The point of the Regional Meeting was to ensure that the project approach and evaluation methodology was harmonized across the region and simultaneously refine the approach to the realities on the ground. The project work closely with Sandra Lorena Duarte, CIMCAW CTO on data quality and methodologies. Data quality and indicators that measure impact were defined, methodologies for gathering data established and regular reporting emphasized.
- The CIMCAW Regional Office (RO) consolidated its capacity by hiring and training a full-time Communications and Project Assistant charged with streamlining and strengthening project communication, improving quality of reports and the public profile of the project.
- In **Guatemala**, the SC confirmed COVERCO as the Local Partner. The Regional Office had bilateral meetings with the "Central General de Trabajadores de Guatemala" (CGTG) who agreed to work with COVERCO and become a member of the Consultative Committee, and COVERCO has defined the targets of the factories to be approached and the number of trainings to be developed.
- During this quarter, the Local Partner in the **Dominican Republic** completed a feasibility study of the "Instituto de Formacion Tecnica y Profesional" (INFOTEP) to identify its capacity and cultural fit with the CIMCAW program. This report has been presented to and reviewed by the members of the Steering Committee (SC). A

joint training session was delivered in November for 34 workers and managers from West Point Manufacturing, Inc. (522 workers) which is part of the D'Clase Corporation. Management expressed interest in moving forward with the follow up and Technical Assistance process, to be started on February 2008.

- CIMCAW developed a comprehensive manual, standardizing procedures and methodologies and tools to be used by Local Partners when approaching factories, and delivered a regional workshop in December. This is a tremendously valuable tool aimed at strengthening LP capacity that includes materials worth well over \$6,000 that the LP will be able to use even after CIMCAW is over.
- CIMCAW also developed a Best Practice Manual, which represents a significant contribution of the project to the region in that it outlines a menu of global best practices for addressing common compliance gaps in the factories. This is to be disseminated initially to those factories that participate in the CIMCAW program.
- With the intention of disseminating experiences from CIMCAW, the RO participated in the 10<sup>th</sup> SAI Conference and in the 5<sup>th</sup> CSR Inter American Conference, and held various meetings with different cooperation labor-related initiatives –such as Business Social Responsibility, Global Fairness Initiative and the Cumple y Gana Project. The weekly reports increased their contents and systematization. The webpage was modified and updated, new brochures and promotional flyers in Spanish and English were performed and submitted for approval to the SC. The first issue of the CIMCAW Regional Bulletin was developed, a promotional CD was developed.

## II. KEY PROJECT ACCOMPLISHMENTS THIS QUARTER

Prior to presenting key project accomplishments by country, some key regional-level accomplishments are presented below.

### CIMCAW Training Report

#### ***Joint Worker-Manager***

- **Current Quarter:** 82 workers and managers were trained (24 workers and 24 managers in Nicaragua and 25 workers and 9 managers in the Dominican Republic) were trained.
- **Cumulative:** A total of 433 workers and managers have been trained to date (253 in Nicaragua, 91 in Guatemala, 89 Dominican Republic).
- **Goal:** 690 workers and managers (this is based on the proposal developed recently by the Local Partners for the extension period, see below).

#### ***Inspector/Auditor Training***

- **Current Quarter<sup>1</sup>:** 17 inspectors from the Honduran Ministry of Labor participated in the workshop<sup>2</sup>.
- **Cumulative:** 353 inspectors from the Labor Ministries have participated in CIMCAW trainings (El Salvador 148, Guatemala 21, Dominican Republic 74, Honduras 79, Nicaragua 31),
- **Goal:** Provide training to 80 more inspectors and/or auditors (one training session to approximately 20 inspectors from each of the Salvadoran, Guatemalan, Dominican and Nicaraguan Ministries of Labor).

<sup>1</sup> The workshops initiated in Honduras were qualitatively different from the trainings CIMCAW has provided to inspectors and auditors previously. While the previous trainings were a 101 version, this workshop builds upon previous lessons and experience and can be considered a 102 version.

<sup>2</sup> Two of the 17 inspectors had previously participated in CIMCAW training course.

## **CIMCAW Impact Report**

By September 2007, CIMCAW documented improvements in factories that have affected 7,050 workers (4,050 in 2 factories in Guatemala C-Site and SAE and 3,000 in Nicaragua, Istmo Textil). These factories received CIMCAW training and follow up. As a result of this process, problems in the factory which contributed to non-compliance were highlighted. The documented changes reflected problems identified. As part of the follow up process, workers and managers were interviewed regarding changes that had occurred in factories as a result of the CIMCAW program. A training impact report documenting the impact was submitted to the CIMCAW CTO beginning in October 2007 and the final version submitted in December 2007.

In addition to the 7,050 workers impacted by documented changes in their factories, the project has recently been able to document factory improvements that affect **1,800** more workers. Specifically, as a result of follow up work with USLC Nicaragua, the factory has implemented a new internal communication policy.

With the documented improvements in USLC Nicaragua, the number of workers affected by documented improvements in factories increased to 8,850 workers. The detailed training impact report, documenting changes in the factory will be submitted to the CIMCAW CTO shortly.

**Goal:** Based on the proposal provided by the Local Partners and still to be discussed with the CIMCAW CTO, the LP expect to be able to document improvements in work relations/environment in the factory that may benefit between 30,105 and 40,703 (see Table 5 in section below).

### **Local Partner Capacity Building**

CIMCAW continued its efforts to build the capacity of Local Partners (LP) to implement the project. As part of this effort, the project held a Regional Meeting in December whereby all LPs as well as international partners, including USAID were invited to attend. The point of the Regional Meeting was to ensure that the project approach and evaluation methodology was harmonized across the region and simultaneously refine the approach to the realities on the ground. The project work closely with Sandra Lorena Duarte, CIMCAW CTO on data quality and methodologies. Data quality and indicators that measure impact were defined, methodologies for gathering data established and regular reporting emphasized.

In an effort to systematically report on this quarter's achievements vis-à-vis the project's deliverables, the following section has been organized according to the project's deliverables as defined by the agreement with USAID (see modification #6). Please note that deliverables may be country specific. Thus, the deliverable having to do with "Needs Assessment for Coalition Building" is only discussed under El Salvador and Guatemala because it applies to these countries. A similarly organized matrix summarizing project achievements *to date* directly follows this section.

## **II.1. NICARAGUA**

### **Deliverable 2: Multi-Stakeholder Dialogue**

#### **Consultative Committee Functioning and Meeting Regularly**

The Consultative Committee (CC) continued to meet on a monthly basis. An agenda is developed by the Local Partner in advance of each meeting and meeting notes are taken. Recently, the main issue addressed in the meetings has been how to more effectively recruit factories to participate in the CIMCAW program (i.e., joint training, follow up, and impact assessment).

Since November 2007, the representative of the Ministry of Labor has begun to regularly attend the CC meetings. His active participation has ensured a tripartite approach to the issues discussed and reviewed by the CC. Interestingly, Karla Cook, the Ethical Standards Regional Manager for Wal-Mart Global Procurement recently participated in a CC meeting in which she discussed Wal-Mart's participation in the project. Her presentation fully endorsed the CIMCAW project and caught the attention of the Ministry of Labor representative, seemingly increasing his interest in the project.

#### **Deliverable 4: Capacity Building and Technical Assistance at the Factory Level**

##### Joint Worker-Manager Trainings

The 4<sup>th</sup> Round of joint worker-manager trainings started on August 25<sup>th</sup> and concluded on November 3, 2007. Three new factories participated in this round and a total of 39 new workers were trained. Table 1 provides some detail on the participants; these factories employ 7,806 workers. In addition, 9 workers who had not completed the training in previous rounds also participated in the 4<sup>th</sup> training round. In total 48 workers participated in this round; of these nineteen were males (12 workers and 7 managers) and twenty-nine were females (12 workers and 17 managers). (See Table 1). The results of the pre and post test administered in the training are not yet available, but will be forthcoming.

**Table 1 – Participants in Round 4 of the Joint Training, Nicaragua**

Factory	# of Workers	Workers Representatives		Management Representatives		TOTAL
		Men	Women	Men	Women	
<b>NEW FACTORIES</b>						
Chih Hsing	2700	1	7	1	6	15
Knitwear	250	0	0	1	2	3
Istmo Textil	3000	7	5	3	6	21
<b>CATCH UP: FACTORIES THAT PARTICIPATED IN PREVIOUS ROUNDS</b>						
Chao Hsing	3006	3	0	0	2	5
Knitwear	250	0	0	1	0	1
Industria Sta. Maria	1800	1	0	1	0	2
USLC	1800	0	0	0	1	1
Totals	12 806	12	12	7	17	48

The joint training program is composed of six eight-hour modules. Table 2 outlines the topics covered in each module and the dates they were delivered.

**Table 2 – Training Session Schedule**

Nr.	Module	Date
1	Introduction to New Global Context for the Maquila Sector Human Relationships and Team Work	25 AUG 2007
2	Obligations and Rights of Workers and Employers	08 SEP 2007
3	Freedom of Association and Collective Bargaining	22 SEP 2007
4	Gender Discrimination in the Labor World and Child Labor	06 OCT 2007
5A	Occupational Health and Safety – Part I	20 OCT 2007
5B	Occupational Health and Safety – Part II	03 NOV 2007

Subsequent to the trainings, a report/action plan was prepared and delivered to each of the seven factories that participated in this round of training. These factories are being offered follow up/technical assistance and have been asked to participate in an evaluation to determine the impact of CIMCAW's interventions in their factories.

Despite a systematic effort by INEH to recruit new factories to participate in a new round of trainings, there were no new rounds of trainings initiated in the Fall. While the factories were interested in participating due to: 1) electricity blackouts their production schedule was considerably affected (tightened) and they no longer had the time they'd expected to have to participate in the training and; 2) once the electricity blackouts were over, then the peak holiday production period for the factories started, and factories were not in a position to allow workers and managers time to participate in a training as they needed all employees to contribute to high production demand.

A factory presentation was scheduled for October 2007 in which multiple factories would be invited to participate and it was planned that Wal-Mart and Gap Inc. would be featured as key presenters. Unfortunately, the brand partners were not able to make it. So the possibility of recruiting other factories via the factory presentation was put on hold.

Nevertheless, on November 15<sup>th</sup>, in an effort to encourage Wal-Mart supplier factories to participate in the joint trainings, Karla Cook from Wal-Mart, INEH and the RO visited the following factories: Atlantic Apparel, Istmo Textil, Hansae, SAE, Tecnotex and Textiles Validos. As a result of this visit and follow up work by INEH, has been able to obtain a commitment from these factories to participate in the training round scheduled to begin in January 2008.

**Success Story:** In 2006, Jorge Duarte Diaz, the manager of a jean manufacturing firm in Managua, Nicaragua was invited by INEH, to attend the CIMCAW program. Morale in the factory was low, employee productivity was declining, and the company was struggling to stay competitive. An anonymous survey determined what Duarte Diaz already knew -- that workers felt disconnected from the management team and from the leadership's decision-making process.

The company needed to change -- and soon -- if it was going to survive. "We had many problems and we were struggling," said Duarte Diaz. "Communication between the workers and managers was the biggest problem."

In an effort to save his company and stabilize employee relations, Duarte Diaz decided to accept the invitation to participate in the CIMCAW (Continuous Improvement in the Central American Workplace) labor standards training program.

"The trainings were very important for worker empowerment and initiative, as well as building trust between workers and managers," said Duarte Diaz. "The greatest advantage of the training was that they engendered peer-to-peer communications so that messages are passed between co-workers rather than through supervisors." The result was a more stable working environment where managers are better "oriented to obey the law on labor standards." Without the training, he said, "the factory would still be searching for solutions to its problems and struggling to improve competitiveness."

In addition to joint training, USLC participated in the follow up technical assistance. As part of the follow up,, CIMCAW developed a tailored Strategic Plan for Internal Communications that was presented to and adopted by the factory. The success of the CIMCAW program and in particular the follow up technical assistance provided to USLC is expressed in the words of Mr. Jorge Duarte, Administrative Manager and Human from USLC: "...this activity improved the working environment in the factory. Before this action, we were not able to realize the dimension of the internal communication problems that we had in the factory. Now, we have a plan that is helping us to improve this situation".

### Training Follow Up/Technical Assistance

During this quarter, USLC, Istmo Textil and Chih Hsing (from the Nien Hsing Group) received follow up.

After a discussion on the outcome of the training, USLC came to an agreement with INEH that they would benefit from technical assistance aimed at improving the factory's communication strategy. Subsequently, INEH administered a survey to nearly a fifth of the workers and used this along with employee and manager interviews as input into a tailored Strategic Plan for Internal Communications. INEH then delivered a training on communications to the factory and the Communications Plan was adopted by the factory.

By implementing the Internal Communications Plan, the project has affected policy change in the USLC factory that benefits 1,800 workers.

## **II.2. HONDURAS**

### **Deliverable 1: Needs Assessment for Coalition Building**

As discussed in the previous quarterly report, Homero Fuentes, was designated by the Honduran CC as the CIMCAW Country Representative for Honduras. The CIMCAW Steering Committee confirmed this designation and since then Homero Fuentes, has hired Laura Elvir Gallo, a local lawyer to support him locally. The team has been working together, organizing and managing regular CC meetings, actively engaging local factories, multinational companies, finalizing the training program, and organizing management training for February 2008. This team approach has guaranteed sufficient local capacity and the systematic and permanent communication with Honduras and RO. Deliverable 1.3 from the workplan (Honduran Local Partner Selected and Working) has been accomplished.

### **Deliverable 2: Multi-Stakeholder Dialogue**

#### Consultative Committee Functioning

The CC continued to meet four times over the quarter, surpassing the target. Both the trade union organizations and the Association of Honduran Manufacturers (AHM) offered to contact several factories to promote the training program. During the week of October 23, 2007, a representative from the Ministry of Labor began actively participating, thereby cementing the tripartite nature of the committee. Her participation was formally requested during the second quarter of 2007, but it wasn't made official until October 2007. Despite her absence prior to October 2007, she was kept informed of the developments of the project and the CC.

On November 12<sup>th</sup>, 2007, Karla Cook from Wal-Mart participated in a CC meeting. As a recent partner of CIMCAW alliance, she was interested in learning about the work that this tripartite body was developing under the CIMCAW project and wanted to identify the best way to transmit the goals and activities of the project to Wal-Mart's suppliers in the region. She was positively impressed of the level of participation, empowerment of the CC and the representation of all key sectors. After the meeting, she forwarded a proposal to the CC to organize a meeting on November 28<sup>th</sup> with Wal-Mart's supplier factories in Honduras, in order to encourage them to participate in the training programs. This activity was enthusiastically received by the CC members. However, at Wal-Mart's request, the event was postponed until February 2008.

### **Deliverable 3: Tailored Training Design**

During this quarter, the CC invested significant time reviewing and reaching consensus on the content of the Freedom of Association module which was ready for approval at the end of December 2007. The fact that these stakeholders wrestled with this highly sensitive module and came to an agreement about its content represents a tremendous achievement of the project. This not only resulted in a tailored training design that is approved by all sectors, but the process of reaching consensus on this module in particular engendered serious social dialogue. With this module completed, the manuals for Honduras are ready to be printed in the form of Training Manuals to be used during the joint WM training sessions and deliverable 3.1 (Development of tailored training program in each country) has been achieved.

## **Deliverable 4: Capacity Building and Technical Assistance at the Factory Level:**

### Joint Worker-Manager Trainings

Visits to factories to recruit them to participate in the joint training has been one of the activities prioritized by Homero Fuentes. During this quarter, he has started to negotiate training dates with some of the largest factories in Honduras such as Grupo Kattan, VFC and Gildan. Factories have expressed interest, however there seems to be a fear of being the first one to participate. So, Homero has tried different strategies to get around this. The hope was that with the support of Wal-Mart in the November event, they would be able to convince factories to participate. However, as mentioned above that event has been put on hold until early February. Gildan and VFC have told Homero that they are extremely interested in participating, but after negotiations and conversations with both him and DAI, they are now awaiting the final "green light" from their headquarters. As a result of the efforts to date, the Honduras team expects that training will take place in February or March 2008. In the meantime, they will deliver a manager only training, in order to break the ice with the factories and entice them to participate in the entire training program.

## **Deliverable 5: Capacity Building for Inspectors/Auditors**

Under SAI's leadership and after a successful coordination between the Secretary of Labor and the Country Representative for Honduras and his team, the inspector training/working group session took place in the Hotel Telamar in Tela City, Department of Atlantic in Honduras, on December 8<sup>th</sup>, 2007. Despite the fact that it was a weekend and the Ministry of Labor requested that the date and location be changed at the last minute, seventeen inspectors from the regional office of the Ministry of Labor San Pedro Sula, Cortes, Yoro and El Progreso, attended the workshop. The trainers were from SAI and the Regional Office. Despite the program's request that inspectors who had previously attended the training participate, only 2 of the trainees had attended the previous CIMCAW training. The methodology was prepared with the assumption that the participants already have had participated in prior training delivered by CIMCAW. This situation required some last minute changes in methodology so that trainees who had not previously participated could be briefed on key pieces of the previous training that they needed to know in order to fully participate in the workshop. Despite this fact, the level of participation and interest of the inspectors speeded up the use of the participatory methodology originally prepared. In addition, SAI expected other sectors to participate and they did not.

A deep review of the current global situation, the end of the multi-fiber agreement (MFA), how that was affecting the maquila sector in the country and how their inspector roles could support the increase of competitiveness in the country by increasing a culture of compliance.

Due to the level of participation and discussion of the inspectors, the trainers considered that the goals of the training had been achieved. Certificates were extended to each participant, signed by SAI and CIMCAW.

Pre and post tests were administered to the participants. The results of the pre and post tests show that there was an average improvement of 31%. . As such, CIMCAW met the target of 30% improvements in understanding as a result of the training set in the CIMCAW PMP. With the completion of this activity, CIMCAW accomplished its goals around inspector training in Honduras.

### **II.3. EL SALVADOR**

#### **Deliverable 1: Needs Assessment for Coalition Building**

##### Diagnostic

After intense involvement of the Steering Committee (SC) members in the review and reaching consensus on the SOW for the diagnostic, the RO shared it with all three sectors in El Salvador to see if they could recommend a local candidate to assist the RO in conducting the Diagnostic, the RO received 6 CVs, representing all 3 sectors. The criteria used to evaluate each person were:

- ✓ Their knowledge, experience and attitude toward the tripartite model and inter-sectoral dialogue;
- ✓ Knowledge about labor and CSR issues;
- ✓ Planning and research capacity;
- ✓ Communication skills and contacts with different sectors;
- ✓ Accessibility to information and feasibility of working in the study.

The RO selected Glenda Alicia Vaquerano as the consultant for this study. Her selection was approved by the SC.

Rafael Amador and the consultant began work in October 2007 and the study was completed by the end of November 2007 and once it was translated into English it was sent to the SC members for their comments. Depending on the outcomes of this review process, the RO will define the next steps to be developed in the country.

### **II.4. GUATEMALA**

#### **Deliverable 1: Needs Assessment for Coalition Building**

##### Plan for Addressing Challenges in Guatemala Developed

Guatemala celebrated their general elections during this quarter and the announcement of the new authorities was not made until the end of December 2007. According to the strategy submitted in August of 2007 on how to develop the activities in Guatemala, the Regional Office (RO) together with COVERCO decided not to approach the current authorities and wait for the new ones to take office in January 2008. Meanwhile, both have worked together in the development of the project work plan and communication mechanism. Prior to approaching the new authorities in the Ministry of Labor, they will coordinate with USAID.

#### **Deliverable 2: Multi-stakeholder Dialogue**

##### Consultative Committee

In early October, the COP and the DCOP made a visit to VESTEX, the industry association in Guatemala, in order to re-initiate a relationship with them. The outcome of that meeting was the response from VESTEX that in correspondence that their Board addressed to the Guatemalan Government and the US Department of State in January 2007, they stated that they would not participate in labor-related initiatives. They put CIMCAW in that category. The RO requested the opportunity to present the workplan for the extension of the project to the Board to clarify any misperceptions of the project and see if despite their statement, their might exist the opportunity to work together. On December 20<sup>th</sup>, the RO received a telephone call from VESTEX's Executive Secretary, stating that VESTEX agreed to have a meeting in January 2008 where the project could be presented to the Board. The RO understood this initiative as a good sign for starting a productive communication and potential relationship with VESTEX.

Meanwhile, during October 2007, the project had bilateral meetings with the “Central General de Trabajadores de Guatemala” (CGTG) who agreed to work with COVERCO and become a member of the Consultative Committee.

### Project Approach by Country

By the end of the September, and after an intense exchange of information with the members of the Steering Committee (SC), the SC agreed to appoint COVERCO as the local partner in Guatemala. COVERCO began to organize their workplan based on the overall project workplan defined by the RO. The lack of final response from VESTEX regarding their participation in/support for the project has been an important potential obstacle raised by COVERCO to starting bilateral meetings with factories. COVERCO wants to ensure that at the very least VESTEX will not interfere and try to dissuade factories from participation in the training.

## **Deliverable 4: Capacity Building and Technical Assistance at the Factory Level**

### Joint Worker-Manager Trainings

Despite COVERCO’s experience and contacts with at least 28 factories of the country, they have not started a bilateral approach with these expecting to have a written statement from VESTEX, where they agree on working with the project or at least, manifesting no objection of CIMCAW’s work in Guatemala. On November 15<sup>th</sup> 2007, the RO sent VESTEX a letter regarding the projects’ decision to contact factories directly, and requesting their position to this approach. No written answer was received. We hope that with their acceptance to receive the project in January will overcome this lack of communication and so that COVERCO can move forward more aggressively with their workplan.

Meanwhile, COVERCO has proposed the targets number of trainings, factories and workers to be trained. The details of this proposal are presented in a later section.

## **II.5. DOMINICAN REPUBLIC**

### **Deliverable 2: Multi-Stakeholder Dialogue**

#### Consultative Committee Functioning

During this quarter, CIPAF reported two formal meetings of the Tripartite Commission, which serves as the CIMCAW Consultative Committee. In order to keep all the members informed of project activities, CIPAF informed them of the work they were planning with Colleen von Haden, Senior Manager for Code of Conduct at Timberland, to promote the participation of two to three of their suppliers in CIMCAW’s trainings. The CC in the DR is functioning and meeting regularly. It represents a good example of how the project can re-invigorate local bodies that were no longer functional. CIMCAW has given this legally-appointed body a *raison d’être* as they now come together to discuss concrete issues facing the sector and the potential role of CIMCAW in addressing some of the many troubling issues the sector faces.

#### Pilot Program for Collaboration with National Training Institute

As outlined in the agreement with USAID and the CIMCAW workplan, CIPAF carried out a feasibility study of the “Instituto de Formacion Tecnica y Profesional” (INFOTEP), highlighting its mission, the nature of tripartite participation in the institution, its capacity and cultural fit with the CIMCAW program and an analysis of the benefits as well as drawbacks of their supporting the training component of the CIMCAW program.

This report was presented to and reviewed by the members of the SC. After thorough discussion, the SC posed some follow up questions to CIPAF, which CIPAF answered. Some doubts emerged about the advisability of advancing any work with INFOTEP, rather than focusing limited project resources on getting more training delivered. In addition, there was concern that INFOTEP may not represent the interests of the union sector well. The SC hit a roadblock, and in December 2007, members of the SC organized a meeting between Laura Carter of the ITGLWF and Magaly Pineda of CIPAF to discuss remaining concerns in an effort to overcome them. They agreed that Laura would directly consult local unions in the DR to: 1) obtain their opinion on whether they feel that they have a voice in INFOTEP and; 2) determine whether they believe that the proposed activity would be beneficial for the country. Laura agreed to report her findings to the SC by January 15, 2008. In the case that the local unions confirmed to her their approval, this would imply that the SC could reach a consensus to proceed with the work with INFOTEP.

### **Deliverable 3: Tailored Training Design**

During this quarter, CIPAF has been working on editing and re-designing the training manuals so that they are more worker-friendly and better suited for the environment in the DR. CIPAF expects to have this completed early in the first quarter of 2008.

### **Deliverable 4: Capacity Building and Technical Assistance at the Factory Level**

#### Joint Worker-Manager Trainings

On September 26<sup>th</sup>, Colleen Von Haden from Timberland visited the Dominican Republic in order to announce together with CIPAF to begin the CIMCAW program in Timberland’s supplier D’Clase. Colleen’s participation and CIPAF’s team enthusiasm enhanced both, managers and workers interest and participation. After 2 hours of intense exchange of information, it was agreed that workers and managers from West Point Manufacturing, Inc. (522 workers) which is one of the D’Clase Corporation’s factories, would participate in the eight-hour joint training that CIMCAW was planning for November 2007.

The training at D’Clase’s West Point factory training took place on November 17<sup>th</sup>, 2007 at the “Activity Saloon” of the Free Zone Park of La Esperanza. During this work shop, twenty five workers and 9 managers participated, for a total amount of 34 persons. According to CIPAF’s report of the activity, the entire goals were achieved. CIPAF has yet to deliver the results of the pre and post test. They are working with this factory to deliver follow up some time the first quarter of 2008.

According to the training methodology, one report outlining the findings of the training should have been delivered to this factory. However, this will be delayed until the first quarter of 2008. The content of the training is shown in Table 3:

**Table 3 – Training Modules Delivered**

<b>Module</b>	
1	Introduction to New Global Context for the Maquila Sector Human Relationships and Team Work
2	Obligations and Rights of Workers and Employers
3	Freedom of Association and Collective Bargaining
4	Gender Discrimination in the Labor World and Child Labor

Source: CIPAF, Report of training materials used in DR, November 2007.

The managers from this factory demonstrated their willingness to move forward with the follow up and technical assistance process, to be started on February 2008. This commitment is a significant achievement for the project because it shows confidence of the factory to CIMCAW’s model and CIPAF as a Local Partner.

In addition to the successful experience D'Clase, during this quarter as part of their recruitment efforts CIPAF has visited the factories listed in Table 4. The information that was gathered concerning the size of the factory and for whom they produce is presented in this table as well. Timberland has indicated that they would like RFC to participate in training, but apart from that none of the other factories have confirmed their participation. Quarter 1 of 2008 will see a more concerted effort to get these and other factories to agree to participate in the training program.

**Table 4 – CIPAF Recruitment Efforts  
October – December 2007, Dominican Republic**

<b>Group/factory</b>	<b>Workers' Population</b>	<b>Brands</b>
Grupo M	5,000	Gap Inc.
The RFC	2,000	Timberland
3MT	156	DNA(*)
Capaz International, S. A	529	DNA(*)
<b>Total Workers' Population</b>	<b>7685</b>	

Source: CIPAF report, January 2008.

(\*): Data Not Available

The Dominican Republic has planned a total of 8 training rounds for the CIMCAW extension, and has completed one. However, the challenge to demonstrate documented improvements that affect workers remains. CIPAF is clear regarding the methodology and what they need to do to show documented improvements and have agreed to exert a significant effort toward achieving this goal.

#### Training Follow Up/Technical Assistance

As mentioned above, West Point Manufacturing agreed to go participate in the CIMCAW Training Follow Up . Meanwhile, CIPAF has continued to contact the other four factories that participated in the joint workers –managers training during February 2007, so they also participate in the CIMCAW Training Follow Up. To date, “FM Industries S.A.” (700 workers) from Grupo M has expressed interest in participating.

## **II.6. REGIONAL OFFICE**

### **Deliverable 1: Needs Assessment for Coalition Building**

#### Diagnostic in El Salvador

The regional office (RO) was led the development of the ToR, identification of candidates and selection of the consultant that would support the development of the diagnostic. After a series of interviews, Lic. Glenda Vaquerano was determined to be the best qualified for the position. She supported Rafael Amador, who led the diagnostic team. In this, she has proven to be well organized, professional, completes her assignments on time, very collaborative and flexible with regard to the OR's requests. With the exception of CAMTEX (the industry umbrella association), who stated that they had already met with the team on 2 occasions and didn't feel the need to meet again, she was able to organize all the interviews with the various stakeholders. In the case of CAMTEX, despite clearly explaining the purpose of the meeting and the CTO's intervention, the diagnostic team was not able to secure a meeting. The report was completed at the end of November 2007 and subsequently translated into English for the SC. This version was shared with the SC members for their comments and feedback to be provided at the first SC meeting on the 22<sup>nd</sup> of January 2008. The next steps in El Salvador will depend on the feedback the RO receives from the SC.

## Project Approach by Country

At the beginning of this quarter, El Salvador and Guatemala were the only countries that still had not completed this deliverable. By the end of the quarter, Guatemala had achieved this deliverable (more information can be find in Guatemala section) while we are still waiting on the outcome of the SC consultation to determine the project approach in El Salvador. The RO has every intention to work closely with the SC to advance quickly in the definition of the El Salvador project approach and to lead subsequent activities.

### **Deliverable 2: Multi-Stakeholder Dialogue**

#### Consultative Committee (CC)

During this quarter, the Chief of Party participated in two Consultative Committee (CC) meetings in Nicaragua. One of them was an extraordinary meeting that was requested by Nicaraguan local partner (INEH) in order to take advantage of Karla Cook's (from Wal-Mart) visit to the country (more information can be find in Nicaragua section).

The Regional Office stopped its direct participation in Honduras CC due to Homero Fuentes's appointment as the liaison person for the project in the country. As Homero used to work at the regional level and his communication with the office was permanent and smooth, the RO took advantage of this situation and considered that Homero would cover the presence of the RO. Meanwhile, the RO has planned to participate in national activities organized by the CC, mainly those related with the Capacity Building for Inspectors/Auditors (Deliverable 5) and with the Industry Promotion Strategy (Deliverable 2.3). Therefore, the COP participated in the Inspectors and Auditors Workshop that took place in December 8<sup>th</sup>, 2007 (more information can be find in Honduras section) and an active presence of the RO has been planned for the first quarter of 2008 for participating in the meetings that are planned to take place with the private sector to launch the project.

### **Deliverable 3: Tailored Training Design**

During November 2007, the RO decided to harmonize and edit the manuals that have been developed in every country, so that the project could start to produce all printing material following a uniform style. Compliance with USAID guidelines for publications is being taking into account. These training manuals are a significant contribution of the CIMCAW program to the region and an important mechanism for achieving sustainability at the factory and regional level. The Project Assistant has been charged with this task.

### **Deliverable 4: Capacity Building and Technical Assistance at the Factory Level**

#### Joint Worker-Manager Trainings

During this quarter, the RO, the LP, DAI representatives devoted significant effort in establishing realistic, yet ambitious targets for the following deliverables:

- 4.1: "Number of workers that benefit from documented improvements in factory labor practices", (Please be reminded that this indicator was discussed and re-define on October 1<sup>st</sup>, 2007),
- 4.2: "Trained Workers",
- 4.3: "Trained Managers" and,
- 4.7: "Number of Factories Trained".

This effort was required because during this quarter it became evident that for a variety of reasons, including unrealistic initial targets that indicated that the CIMCAW initiative would impact 100% of the factories that it trained; the unforeseen

crisis in the textile sector in the Dominican Republic, which has made it difficult to attract factories to participate because they're closing down and concerned with immediate day-to-day survival; the fact that the CC in Honduras would not be able to reach agreement on a LP until this quarter, seriously delaying our work in Honduras; the unforeseen stalemate within the Alliance on the choice of a LP in Guatemala; and the strong political resistance on the part of the VESTEX in Guatemala to participating in or simply supporting the project. The latter has required that the RO spend precious time lobbying VESTEX to change their mind or at the very least take a neutral stance vis-à-vis the project. During the course of this quarter, the project (RO, SC, and LP) has been able to work through those obstacles within our control and in an effort to minimize the negative impact on our work have tried to determine solutions for those challenges that are exogenous (e.g., the crisis in the DR and the position of VESTEX). As part of this process, the RO and DAI have engaged USAID in discussions about the targets and have let them know that based on the current context and what was outlined above, it would not be possible to meet the following target:

- 92 factories trained (found in agreement with USAID). When this target was defined, the assumption was that on average, the factories would employ 1,000 workers. CIMCAW is now targeting larger factories (30% larger), so instead of going after many small factories, we will be concentrating our efforts on larger factories as they have the potential to affect many more workers. As such, the number of factories we're targeting is between 32 and 43.

The RO & DAI proposed that they would work with the LP directly to get a better sense of what they believed were realistic, yet ambitious goals given the remaining time, their resources and the current context. In the Guatemala City meeting in December, the LP agreed to provide the RO with this information and justifications for the new targets and the RO and DAI agreed to work with Sandra Lorena Duarte, CIMCAW CTO, to come to an agreement based on the information provided by the LP to adjust the one target in the agreement (above) and the target that is found in the definition of the main indicator on documented improvements in the workplace (not included in the agreement). The LP have provided their initial inputs and the RO and DAI are in the process of finalizing their analysis and will be formally presenting a reviewed version of Table 5 along with a narrative that justifies these numbers to the CIMCAW CTO for discussion and approval early in the first quarter of 2008.

Table 5 below represents the input provided by the LP.

**Table 5  
Training and Impact Targets for the Period Covering May 2007 to September 2008,  
as Proposed by the CIMCAW LP**

Variable/Country	Honduras	Guatemala	Nicaragua	D. Republic	Total	
# of training round by country	5	6	4	8	23	
# of factories participating in training	8 to 10	12 to 15	8 to 12	4 to 6	32-43	
Estimated population of workers in each factory	1,500	1,200	2,000	550		
# of workers reached by training (low)	12,000	14,400	16,000	2,200	44,600	
# of workers reached by training (high)	15,000	18,000	24,000	3,300	60,300	
# of Workers to be benefited by documented improvements in factory labor practices (*)	Total (Low)	8,100	9,720	10,800	1,485	30,105
	Total (High)	10,125	12,150	16,200	2,228	40,703

(\*) Assumptions: at least 50% of the factories agree to participate in the follow up and a positive impact is found and documented in 50% of these factories. A 35% of positive documented impact is expected among those factories that do not agree to participate in the follow up.

Calculations		HONDURAS	GUATEMALA	NICARAGUA	D. REPUBLIC	TOTAL
# of Factories	Low	8	12	8	4	32
With Follow Up		6,000	7,200	8,000	1,100	
Without Follow Up		2,100	2,520	2,800	385	
Total		8100	9720	10800	1485	30,105
# of Factories	High	10	15	12	6	43
With Follow Up		7,500	9,000	12,000	1,650	
With out Follow Up		2,625	3,150	4,200	578	
Total		10,125	12,150	16,200	2,228	40,703

In summary, Table 5 indicates that the LP expect that their trainings will reach factories representing between 44,600 and 60,300 workers and they expect that between 30,105 and 40,703 workers may benefit from documented improvements in factories' labor practices.

### Training Follow Up/Technical Assistance

In order to improve the quality of data to be gathered by local partners during the follow-up and technical assistance activities in the factories, the Regional Office and SAI planned and delivered a regional workshop aimed at LP capacity building in Guatemala City from December 12 to 14, 2007. As part of the preparation for this workshop, a comprehensive manual outlining the process for implementing CIMCAW methodology for training and providing follow up to factories was developed and distributed to the LP. Some of the topics covered include, training methodology and process; guidelines for the development of action plan/report for the factories; factory recruitment strategies and tools; tools to evaluate management systems; tools to provide follow up aimed at continuous improvement and management systems improvements. This is a tremendously valuable tool aimed at strengthening LP capacity that includes materials worth well over \$6,000 that the LP will be able to use even after CIMCAW is over. This contributes to Deliverable 8.1 "Develop tools and methods to improve workplace conditions" and Deliverable 6 "Build NGO Capacity to Deliver High Quality Workplace Trainings".

The workshop represented an effort to standardize procedures, data collection methods, and methods and tools to be used by Local Partners when approaching factories. As part of the workshop, an in-depth discussion on Indicators to be used to measure concrete impact at the factory level was discussed as well. This activity is linked to Deliverable 6 (Build Capacity to Deliver High Quality Workplace Trainings) and to Deliverable 8 (Develop Tools and Methods to Improve Workplace Conditions).

During this workshop attended by all LP as well as Gap Inc., Wal-Mart, ITGLWF, DAI and USAID, the local partners had the opportunity to present an update of the situation in each country and share experiences and materials. This was an incredibly valuable exercise that allowed the project to refine and harmonize our approach, and troubleshoot.

As part of the activities developed during the regional work shop, USAID CTO Sandra Duarte presented the Data Quality Assessment to all the Local Partner and the Regional office.

On December 21<sup>st</sup>, 2007, the RO submitted a Draft Impact Report to USAID's CTO, Sandra Lorena Duarte, in order to document the 7,050 workers reported by the project for FY 2006-2007. We have not yet received any comments on this report.

### **Deliverable 5: Capacity Building for Inspectors/Auditors**

The project has continued to coordinate with SAI on the planning and implementation of the inspector/auditor capacity building activity. Despite the fact that this activity is SAI's responsibility, the RO has requested SAI to coordinate closely with the LP, so they are informed and involved. In addition, the RO has had to provide training support when SAI has not had sufficient capacity to do so. For example, in the case of the training in Honduras, Rafael Amador, filled in for one of their trainers, playing a significant role in its delivery. SAI has planned the remaining workshops in the rest of the countries for the first three months of 2008. In organizing these workshops with the Labor Ministries, SAI is now aware that they will have to contact USAID/EI Salvador first before directly communicating with high level Ministry officials.

### **Deliverable 7: Brand Recruitment**

In the previous quarterly report, we reported that DAI had developed a new scheme for brand affiliation to the project, which allow brands to choose the level of their engagement with the project because we've found that not one size fits all in terms of participation. The expectation driving this document is that this will make the project more attractive to a wider range of brands, make the decision to participate easier and also minimize the importance of the time factor. This document has been agreed to by the SC and finalized.

We are now using this document in the recruitment of new brand partners and believe that it has yielded positive returns. Coldwater Creek and Anvil have expressed interest in participating at a tier III affiliation and at least one of these companies has suggested that while they would like to expand their commitment to the project later on, that for now the tier III affiliation is the "right fit" for them as they get their feet wet. So, this has encouraged brands to participate in the project.

With regard to the status of discussions with prospective brand affiliates, the project has the following to report:

- The project met with the **Coldwater Creek** representative at the BSR meeting in San Francisco and the representative said that they as long as CIMCAW had a platform to work in Guatemala, they would now be interested in participating. They asked for the brand affiliation document and suggested that we have a follow up conversation in the month of November to discuss their possible participation in more detail. DAI followed up with Coldwater Creek in November and their representative said that the timing was right for Coldwater Creek to work with the project in Guatemala. He mentioned that they had 4 factories that they would ideally like us to train and provide follow up to. He then said that Coldwater Creek was having a series of high-level corporate meetings over the next few weeks and that they would be able to take a definitive decision soon. He asked for more key project

materials so that they could review. DAI sent these to them and has established a phone call for the second week of January to finalize things.

- We're very close to confirming **Vanity Fair Corp.** (Lee Jeans, Nautica, Wrangler, North Face, etc.) as a Tier I -- or full partner. DAI has confirmed a phone call with them for the second week of January and will have more to report subsequently
- SAI is working on obtaining a Letter of Commitment signed by **New Balance**. We expect to have it early in the first quarter of the new year.
- **Anvil** has also told SAI that they want to participate at a Tier III level with a focus on Honduras. We will be following up intensively early in the first quarter of 2008. \
- DAI has had subsequent conversations with the **Walt Disney Corporation** representative and based on the tiered affiliation document, they said they might be interested in participating. They said they fully support the program, but didn't have the capacity to commit to being a full partner, but would like to talk about coming in as a lower tier affiliate. We agreed to provide them with the corporate affiliation document so that we can use this as the basis of a follow up conversation to determine how they can participate. Due to the holidays, we expect to have the follow up conversation early in the first quarter of 2008.
- The Honduras Representative has had ongoing conversations with Gildan about their participation in the project. It appears that they're interested in a tier III affiliation and in working with the project in Honduras, Nicaragua, and possibly, the Dominican Republic. We've provided all of the key headquarters and regional staff with briefings and all of the information they've requested, we've held numerous meetings and have now been asked await the decision of their regional manager regarding their participation in CIMCAW. If we don't hear from them soon, we will follow up with them in early 2008.

DAI understands that getting more brands to participate in the project, providing lists of their target factories and actively encouraging their factories to participate is key to getting more factories and workers trained, which is what the project would like to do. As such, DAI is actively working with our partners to make a strong push toward confirming new partners and getting them to support the entire CIMCAW program. We expect to have one brand confirmed as a new alliance affiliate by the end of January 2008, and another by the end of February 2008. We hope to surpass our minimum.

### **Wal-Mart Signing Event**

On November 27, 2007 representatives from USAID and Wal-Mart held a signing ceremony at the National Press Club in Washington DC, signaling Wal-Mart's entry into the Continuous Improvement in the Central American Workplace (CIMCAW) Alliance. USAID and other USG representatives, IFC, DAI, SAI, and representatives from organizations involved in labor-related and Central American initiatives also attended.

The signing ceremony presents an opportunity to commend the Alliance for its work on labor standards, and to commend Wal-Mart for its commitment to work as part of the CIMCAW Alliance to improve labor standards in the Central America apparel sector.

### **Deliverable 8: Develop Tools and Methods to Improve Workplace Conditions**

See discussion under Deliverable 6 above on the development of the manual outlining the process for implementing CIMCAW methodology for training and providing follow up to factories that was developed and distributed to the LP in December 2007.

The project also finalized the Best Practices Manual, which represents a significant contribution of the project to the region in that it outlines a menu of global best practices for addressing common compliance gaps in the factories. This is to be disseminated initially to those factories that participate in the CIMCAW program.

## **Deliverable 9: Leverage**

Please see separate financial pipeline and leverage report for updated figures.

## **Deliverable 10: Evaluation and Dissemination:**

### Participation in 10th Annual SAI Conference

SAI invited the CIMCAW's Chief of Party (COP) to participate in their 10<sup>th</sup> anniversary conference in New York City on November 5, 2007. The COP was asked to moderate the table "Remediation at the Site", where he shared CIMCAW's experience in Central America and the Dominican Republic together with the experiences of 3 other panelists from the Business Social Compliance Initiative from Belgium, the "Better Work Program" from ILO, and the Social Compliance Director of Yesim Textile from Turkey. The CIMCAW COP discussed the CIMCAW project's approach and methodology and this was received with much interest on the part of the audience. In particular, the audience was interested in the issue of promoting social dialogue among the diverse sectors and the development of joint trainings among worker and managers. Other issue that were of interest were the project's follow up and the work the project is doing to develop instruments to measure impact. This latter was especially intriguing because it became clear that while there is a lot of interest in measurement tools, no one has been able to develop robust impact measurement tools for this sector.

### Participation on the 5<sup>th</sup> CSR Inter American Conference: "A Shared Responsibility", Guatemala City

On December 12, 2007, Elena Arengo from SAI participated in a plenary session on "Implementation Tools" at the IDB CSR Conference entitled "A Shared Responsibility" in Guatemala City. Elena presented the CIMCAW model and the project approach to an audience of well over 300 stakeholders from around the region. The goal of this session was to review the instruments that have been developed and that have shown to contribute to a better implementation of CSR in productive and value chains. During the session, SAI's intervention was very clear in identifying ways to monitor and follow up on productive chains, by means of using the norm SA 8000. The interest of the audience was centered in the methodologies implemented in CIMCAW with SAI support and how the project was preparing conditions to start to evaluate impact in the work places with the participation of workers and managers.

## **Cooperation with Labor-Related Initiatives**

### Meeting with BSR

During the IDB Conference in Guatemala City, Samira Salem from DAI, Elena Arengo from SAI and Rafael Amador CIMCAW's COP, met with representatives from BSR and INCAE in order to identify potential lines of collaboration between CIMCAW and a new project financed focused on worker rights by the US Department of State that they have been awarded recently. CIMCAW shared their experience in the region, challenges they see, areas that need some attention by other projects, etc. As several actions that CIMCAW is already developing are in this new project agenda, there was a lot of interest in developing future collaboration. BSR, INCAE and CIMCAW agreed to have a follow up meeting in the new year to follow up on potential opportunities for collaboration.

### Meeting with GFI

On November 2007, Salomon Cohen from GFI met with the COP and the DCOP in the RO in order to review the possibilities of developing a joint workshop in El Salvador during the first quarter of 2007. Due to the strategy that CIMCAW had planned for El Salvador and other priorities of the project, this proposal was declined. Instead, both Mr. Cohen and the COP saw as pertinent the co-sponsoring a meeting of regional projects working on compliance and labor issues. The proposal was submitted to the SC for approval. Despite the importance of the proposal, the SC did not see it as part of the deliverables of the project and the decision that was communicated to Mr. Cohen. Even though a tacit agreement of communication between both initiatives, there isn't any systematic plan defined in this direction.

### Meeting with CRS/ Project Todas y Todos Trabajamos

On October 2007, the DCOP and the COP met with the regional coordinator of this project, Hugo Ayala in San Salvador. The purpose of the meeting was to identify potential collaboration among both projects. As both projects attend once per month to the Donor's coordination meeting sponsored by USAID in El Salvador, future coordination's were defined to continue to be done in this space.

### Other Dissemination Efforts

During this quarter, the project put forward a concerted effort to improve the quality of the weekly reports. The project webpage was modified and updated, including all public documents, All the reports and information produced by the project and that are not of public domain, were uploaded to the Salesforce.com portal, providing each partner with access.

New project brochures and promotional flyers in Spanish and English were developed and submitted for approval to the SC. Feedback is expected to be in the first 15 days of January 2008, in order to continue with their reproduction and distribution.

The first issue of the CIMCAW Regional Quarterly Bulletin was developed and distributed. The main focus was a summary of the principal accomplishments of the project during the third quarter of 2007. An article prepared by Samira Salem from DAI was on the link between competitiveness and labor standards was included in the guest column. It is expected that this should become an interactive space where stakeholders, participating or with interest in the project could express their opinions, share there experiences and communicate their agendas.

A promotional CD containing several materials produced by the project (manuals used in the joint training session from Nicaragua and Honduras, the first issue of the Regional Bulletin, a summary of the project and others) was developed. Five hundred samples were reproduced. Two hundred were given during SAI's participation in the 5<sup>th</sup> CSR Inter American Conference. The other 300 were given in equal amounts to the Local Partners so that they could disseminate project information.



### III. STATUS OF THE PROJECT ACCORDING TO INDICATORS

DELIVERABLES AS DEFINED IN THE AGREEMENT WITH USAID	EXPECTED RESULTS	TARGETS	INDICATORS USED TO MEASURE PROGRESS	STATUS
<b>DELIVERABLE 1: NEEDS ASSESSMENT FOR COALITION BUILDING</b>				
1.1. Diagnostic in El Salvador	A comprehensive diagnostic on the state of labor compliance and social dialogue. The diagnostic will analyze the context and obtain stakeholder opinions regarding their receptivity to the CIMCAW Project and also obtain stakeholder opinion on how to effectively tailor relevant aspects of CIMCAW's approach to El Salvador.	Completed diagnostic report by last quarter of 2007.	1.1 (see PMP)	Diagnostic completed in El Salvador. The diagnostic is currently under review by CIMCAW partners and will become an input into the approach developed for MS dialogue.
1.2. Consultative Committee (CC) established and functioning in Guatemala	Guatemala will have a CC functioning on regular, systematic and sustainable basis.	Guatemalan consultative committee functioning.	1.2 (see PMP)	Local partner is working on forming the CC in Guatemala.
1.3 Honduran Local partner selected and working	A local partner defined by Honduran's CC will be supporting CIMCAW implementation in the country.	One person or partners selected by CC consensus and approved by the SC.	1.3 (see PMP)	Honduras Country Representative, Homero Fuentes, has been selected and has formed a local team to support him.
1.4 Project Approach by Country	A fully developed project approach for each country that is current and relevant for the local country context.	Completed project approach for El Salvador by end of first quarter 2008.	1.4	The SC has reviewed the diagnostic and is in the process of working with the Regional Office (RO) to develop an approach/plan for El Salvador. All other country approaches plans have been completed.
<b>Deliverable 2: Multi-Stakeholder Dialogue</b>				
2.1. Consultative Committee holds monthly meetings	Nicaragua, DR and Honduras will have CC's providing significant input into the decision making process of the project and functioning on regular, systematic and sustainable basis. Lay the foundation for a more effective and sustainable national industrial relations system at the workplace level, and ongoing social dialogue. Launch dialogue providing common ground for improved labor relations.	11 monthly meetings (No meetings planned for December).	2.1 (see PMP)	CC in Nicaragua, DR, and Honduras have been meeting at least once a month. Honduras has met 4 times over the last quarter, Nicaragua has met 3 times and the DR twice. CC in Guatemala being formed. No requirement for CC in El Salvador.
2.2. Pilot program for collaboration with national training institute developed	Through the collaboration received by INFOTEP from CIMCAW DR will be able to continue receiving the approach developed by the project in a sustainable way.	-Feasibility study completed. -Joint training program designed and delivered to INFOTEP by end of second quarter of 2008.	2.2a. (see PMP) 2.2b	A feasibility study has been completed and the international partners have discussed with local stakeholders to secure their buy-in. International partners have agreed to the feasibility of the work. Local partner in the DR is preparing to move forward

				with the development of pilot program.
2.3. Identify communications and industry promotion strategy upon which the diverse participants agree (improve social dialogue around labor standards)	With the support of international expertise linked to the project, each country will develop a national workshop where different stakeholders will share the Good Practices developed, and their impact in their factories in order to improve an attitude of compliance. Foster understanding of the important role labor standards play in increasing competitiveness and worker productivity, strengthening rule of law, and creating employment aimed at pro-poor growth. Gain broad support for creating a culture of labor standards compliance.	-National best practices events in each country/event on the social state of the industry; -Regional Symposium; Buyer's Forum.	2.3a, 2.3B, 2.3C	The project has held a National Best Practices event/event on the social state of the industry in Nicaragua others are planned for Honduras, Guatemala, and the DR. Working closely with CC on this. Also planning Regional Multi-Stakeholder Symposium, and Buyers' Forum.
2.4 Establish mandate/legal framework where CC members commit to work together.	A sustainable CC in Honduras, Nicaragua, DR, and Guatemala.		2.4	In the DR established by Presidential Decree (pre-CIMCAW), and working on establishing a formal framework in Honduras, and Nicaragua.
<b>Deliverable 3: Tailored Training Design</b>				
3.1. Development of tailored training program in each country	Each country will have a tailored training program developed through a consensus process with the participation of the members of the CC. As such, project activities, along with training workshops, materials, and methodologies will have increased relevance as a result of being tailored to the local context. Trainers and/or leaders from business, NGO, government and labor sectors are engaged in developing trainings and related strategies for improving labor standards.	By the first quarter of 2008, each country will have published the following number of manuals: 5 Nicaragua 1 Guatemala 1 Dominican Republic 5 Honduras	3.1.	Completed in Guatemala, Honduras, Nicaragua, and the DR (in the DR undergoing some refinement).
<b>Deliverable 4: Capacity Building at the Factory Level (textile and other)</b>				
4.1. Workers that benefited from documented improvements in factory labor practices.	Workers and Managers from participating factories acquire knowledge on labor standards and this is integrated into management systems resulting in continuous improvement.	Between 30,105 and 40,703 workers that benefit from documented improvements in factory labor practices.	4.1. Between 30,105 and 40,703 workers that benefit from documented improvements in factory labor practices (5).	By September 2007, CIMCAW documented improvements that have affected 7,050 workers (4,050 in 2 factories in Guatemala C-Site and SAE and 3,000 in Nicaragua, Istmo Textil). For the quarter ending December 31, 2007, 1,800 more workers have been documented to have improved their labor relations due to the implementation of the internal communication policy in USLC of Nicaragua. This increases the number of documented improvement up to 8,850 workers..

DELIVERABLES	EXPECTED RESULTS	TARGETS OVER THE LIFE OF THE PROJECT	INDICATORS USED TO MEASURE PROGRESS	STATUS
4.2.Trained workers	Four hundred and eighty-three workers will have completed CIMCAW'S training in all the countries participating in the project.	[483 workers Trained	4.2. [483 workers Trained] (7)	This quarter, 49 workers have been trained (24 from Nicaragua and 25 from DR)
4.3 Trained managers	Two hundred and seven managers will have completed CIMCAW'S training in all the countries participating in the project.	[207 managers Trained	4.3. [207 managers Trained] (7)	This quarter, 33 managers have been trained (24 from Nicaragua and 9 from DR)
4.4 Increase in the understanding of national labor laws and ILO Core Labor Standards of workers in participating factories.	Those workers and managers participating in the training will have increased their knowledge on workers rights according to an average increase of 30 % of their scores.	At least, a 30% improvement in understanding between pre and post test.	4.4. At least, a 30% improvement in understanding between pre and post test. (11)	Workers and Managers took a pre and post test in Nicaragua and the DR's training. Results will be forthcoming for both countries.
4.5.Strategy for Improving Factory Labor Standards	The project would have presented at least 32 reports to the same number of factories in all the countries participating in the project.	32 to 43 Reports developed and presented to factories	4.5. 32 to 43 Reports developed and presented to factories (13)	To date, 4 documents have been delivered to equal number of factories (two in Guat. and 2 in Nic). One of the 2 from Nic was delivered during this quarter. Nicaragua is in the process of developing 7 reports for the trainings completed in Round 4 and the DR is in the process of developing one.
4.6 Alliance Outreach	Local partners will work with industry associations to engage factories; International brand partners will encourage vendors to participate in CIMCAW; worker organization briefings will also be conducted.	Local partners develop plan and/or joint activities to encourage factories with industry associations; international brand partners actively encourage vendors to participate;  ITG conducts 1 worker briefing in Honduras, Guatemala, DR, and Nicaragua.	4.6a. One plan for organizing at least one encounter as part of the agendas of CC in each country. In total, 4 plans proposed in CC's agenda (one by country).  4.6b. One worker briefing performed by country. At least, 4 in the region.	To date, this issue has been in the agendas of the CC from Nicaragua, Honduras and DR. (at least 3 in total, 75% accomplished).  ITG started to coordinate with LP from DR, Honduras and Nicaragua in order to start these briefings during the first quarter of 2008.
4.7 Reach at least 32 factories Number of Factories Trained	Labor standards training that result in shared understanding and expectations are fostered on workplace strategies for improving labor standards compliance.	Reach 43 factories (assuming 1,000 workers, per factory)	4.7. Thirty two up to 43 factories directly trained.	Up to date, 18 factories have been trained (including first phase of CIMCAW). Partners have indicated that they can train between 32 and 43 more factories. If the lower number is used, CIMCAW would have achieved 56% of this indicator.
4.8 Training follow up/technical assistance	Training results are reinforced and rapidly taken to scale in the workplace. Interim assessments of training impact are made in timely manner. Links are established between training curriculum and factory improvements. Data is gathered on qualitative and quantitative change in factories and hundreds of workers and managers involved in factory improvement process.	At least 50% of the factories agree with the follow up (FU) and a positive impact is found and documented in 50% of these factories. A 35% of positive documented impact is expected among those factories that do not agree with the FU.	4.8. At least 50% of the factories agree with the follow up (FU) and a positive impact is found and documented in 50% of these factories. A 35% of positive documented impact is expected among those factories that do not agree with the FU.	Training follow up has been performed in 4 factories (2 in Guat. and 2 in Nic.). A total of 18 have participated in training, this means that only 22% the factories have agreed and performed FU and TA. This is 50% of the planned.  Nicaragua has informed of the agreement of 2 more factories as well as DR (total 4), planning to start during first quarter 2008.

Deliverable 5: Capacity Building for Auditors				
DELIVERABLES	EXPECTED RESULTS	TARGETS OVER THE LIFE OF THE PROJECT	INDICATORS USED TO MEASURE PROGRESS	STATUS
5.1. Inspectors trained or reached in working group sessions	R.B.3. – MOL Inspectors from the countries participating in the project have increased their knowledge on industry best practices, shared and collaborate with key actors of the sector in order to improve compliance.	One workshop developed in each one of the countries with participation of inspectors and others working in verification.	5.1. Number of attendance list (8)	Completed inspector training in Honduras (17 inspectors). Despite the fact that other sectors were invited, all the participants were inspectors. The content of the workshop was guaranteed but not to kind of participants.  Others being planned for Guatemala, Nicaragua, DR, and El Salvador.
5.2 Other actors reached in the working group sessions.	Key actors working in verification from the countries participating in the project, have improved their knowledge on industry best practices.	One workshop developed in each one of the countries with participation of inspectors and others working in verification	5.2. Number of attendance list (9)	Completed inspector training in Honduras (17 inspectors). Despite the fact that other sectors were invited, all the participants were inspectors. The content of the workshop was guaranteed but not to kind of participants.  Others being planned for Guatemala, Nicaragua, DR, and El Salvador.
5.3. Increase in understanding of auditing methods by workshop participants.	Those Inspectors and key actors working in verification participating in CIMCAW's workshops will have increased their knowledge on compliance and verification issues according to an average increase of 30 % of their scores.	At least, an 30% improvement in understanding between Pre and Post test	5.3. At least, an 30% improvement in understanding between Pre and Post test (10)	In Honduras, the results of the pre- and post test showed a 31% improvement.
Deliverable 6: Build NGO capacity to Deliver High Quality Workplace Trainings				
6.1. Increased capacity of local partners.	The local partners are able to : a) Deliver training independently; b) provide factory follow up; c) provide fee-based CIMCAW like training and Technical Assistance (sustainability); d) engage stakeholders at regional level.  The project expects that a sustainable cadre of organizations to meet local demand around labor standards compliance will be established.	One regional workshop with the attendance of Local partners during the forth quarter of 2007.	6.1A. one regional workshop with the attendance of Local partners in order to be trained in the manuals and methodologies developed by the project during the forth quarter of 2007.	In December 2007 held 4 day capacity building session for local partners with the manual and methodology developed by CIMCAW. <b>Activity Accomplished.</b>
		Two Local International and local partners meetings.  Joint local and international partner activities and work.	6.1b. Two Regional International and local partners meetings performed.	International partners have worked closely with local partners on capacity building efforts. In July 2007 held partner meeting working with local partners. The second meeting is going to be planned by SC on February 2008. <b>Up to date 100% accomplishment.</b>
Deliverable 7: Brand Recruitment				
7.1. Increase in the number of new brands participants.	Alliance defined and implemented systematic process which has been successfully used for the incorporation of new brands (Phase II).	Three to six new brands participating in the project.	7.1. Three new brands participating in the project.	Created new brand affiliation scheme. Recruited Wal-Mart In serious discussions with: Coldwater Creek, New Balance, Vanity Fair Corp./Nautica, ANVIL and Gildan Activewear.

Deliverable 8: Develop Tools and Methods to Improve Workplace Conditions				
DELIVERABLES	EXPECTED RESULTS	TARGETS OVER THE LIFE OF THE PROJECT	INDICATORS USED TO MEASURE PROGRESS	STATUS
8.1 Develop tools and methods to improve workplace conditions	CIMCAW developed a comprehensive manual that fits the needs as a guide for local partners, Workers and Managers from participating factories for developing labor standards integrated into management systems.	By the end of the forth quarter of 2007, one comprehensive manual performed and ready to be used by the LP and factories participating in the project	8.1. By the end of the forth quarter of 2007, one comprehensive manual performed and ready to be used by the LP and factories participating in the project which contains the methodology of the trainings, the performance of the reports for the factories, the evaluation of the management system, the performance of the intervention plan and the evaluation of the plan.	Have developed <i>Best Practices Manual</i> for region; communications strategy for Nicaragua; new training methods and tailored training programs. In addition, have developed Final version expected to be ready for February 2008.  A comprehensive manual outlining the process for implementing CIMCAW methodology for training and providing follow up to factories was developed and distributed to the LP.
Deliverable 9: Leverage				
9.1 \$3.2 million target	Alliance success on the incorporation of new brands increased the leverage of the project.	. \$3.2 million target	9.1. \$ 1.4 mn	To date, CIMCAW has leveraged \$1.7 million.
Deliverable 10: Evaluation and Dissemination				
10.1 Data regularly gathered.	CIMCAW has a PMP which is the project base instrument for the quarterly and final reports.	Approved PMP and data gathered monthly by RO.	10.1 Progress on indicators outlined in PMP reported in quarterly and final reports.	PMP developed (yet to be officially approved). Local partners have an excerpt of the indicators they have to evaluate every quarter, which are linked to the PMP.
10.2 Webpage developed and maintained.	CIMCAW has an updated and friendly web site with all the methodologies and manuals ready for public domain.	Webpage regularly updated	10.2. Webpage up to date.	During this quarter, the website was redesigned and updated information was posted.
10.3 Project outreach to stakeholders – both in the region and out – regarding project model	An efficient regional and national system of planning, monitoring, evaluation and communication was developed in order to promote labor rights in the region.	Three periodic project update reports completed and disseminated on the webpage and to stakeholders in the region and abroad.  Presentations of/participation on panels to discuss CIMCAW model at stakeholder events in the region and outside  Project sponsored events and/or activities that promote and disseminate information on the CIMCAW model.	10.3a. Three periodic project update reports completed and disseminated on the webpage and to stakeholders in the region and abroad.  10.3b Presentations of/participation on panels to discuss CIMCAW model at stakeholder events in the region and outside.  10.3c. Project sponsored events and/or activities that promote and disseminate information on the CIMCAW model.	The first CIMCAW Regional Quarterly Bulletin was produced and distributed.  A promotional CD was produced and distributed to regional stakeholders.  An article on the CIMCAW model and its links to competitiveness was published in DAI's quarterly publication, <i>Developments</i> .  Elena Arengo participated in the IDB's CSR Conference in Guatemala.  Rafael Amador presented on the CIMCAW project at SAI's 10 <sup>th</sup> Anniversary Conference.  Samira Salem attended the BSR Conference on behalf of CIMCAW and

				engaged a number of corporate and NGO stakeholders around the CIMCAW model.
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## **IV. ALLIANCE AND MANAGEMENT UPDATE**

### CIMCAW PARTICIPATION IN DONOR'S COORDINATION MEETINGS IN EL SALVADOR

During this quarter, the COP attended to two meetings donor coordination meetings in El Salvador. During the second meeting, the agenda focused on the union-related issues and how the projects were addressing these. Due to CIMCAW's content, this meeting was in line with the work of the project. This meeting happened a few days after the coordination meeting that CIMCAW and GFI had, and both coordinators were present, so a summary of this meeting was shared with the participants. The interim results of the diagnostic that was being developed in El Salvador was shared as well.

### Steering Committee Established and Functioning

The Steering Committee has continued to meet regularly. During this quarter, 3 teleconferences (one per month) have taken place.

The RO developed agendas for the meetings and was in charge of taking and disseminating the meeting notes to the SC members. The main topics reviewed during these conferences have been related with the decision making process on:

- ✓ Review of El Salvador Diagnostic and decision on next steps
- ✓ Decision on next steps with regard to INFOTEP in DR
- ✓ Follow up on the coordination with Cumple y Gana and GFI
- ✓ Engagement of new partners
- ✓ Improvement of the Guide to Best Practices
- ✓ How to increase of brand partners' support to the Local Partners efforts around factory recruitment
- ✓ Review of the new flyers

### Communication and Meetings with USAID

USAID/El Salvador has continued to be closely involved in the supervision of the project. The CTO, the RO and DAI have weekly teleconferences and the RO have sent weekly reports since the month of August. During this quarter, the COP has visited USAID Regional Mission in El Salvador on two occasions for meetings with USAID/El Salvador.

### Management/Administrative

During this quarter, the Regional Office (RO) consolidated its team. The integration of Antonio Pinillos as the Project and Communications Assistant was very important with regard to increasing the quantity and quality of communications at all levels. Unfortunately, a decision had to be taken, which had as an outcome his resignation on December 17, 2007. All his benefits were paid accordingly to Guatemalan law, he gave back all the materials and equipment used during his work in the office, and both parties signed a document indicating agreement with the process. This process was reviewed, testified and endorsed by a Guatemalan attorney at law.

This situation decreased the capacity of the project, and several publications and the development of documents that were supposed to be finished before the December holidays, were not delivered. A new hiring process took place immediately and on December 20<sup>th</sup>, Pavlova Galindo, who has provided excellent

short-term support to the project in the past, was available to begin work immediately. She has taken up a modified Project Assistant/Communications Assistant role and the project will seek to hire a Communications specialist to provide more support. In addition, as part of their support for the project, SAI will hire a CIMCAW field representative that will also provide strategic support the RO. It is expected that SAI will hire this person no later than the end of February 2008.

During this quarter DAI sent several procedures and a manual for disciplinary and internal rules which were read and sign acknowledgement by each one of the members of the regional office.

Jaime Holland, DAI Project Coordinator in charge of financial oversight and compliance from DAI was present during the regional workshop and worked closely with Haydee Vivar, Financial Assistance for the RO between December 10-14, 2007. She performed a periodic audit of the project and worked with Haydee to develop a workplan to improve performance in a few areas. Ms. Holland prepared a well defined workplan with definition of responsible and deliverables. The COP is in charge of working with Haydee to ensure its implementation.

The RO held team meetings every week, and a board for follow up was installed in the hall to allow the entire team to be informed of the deliverables, dates, responsible and outcome. In order to facilitate communication and effectively advance work with the LP, the COP implemented teleconferences with the LP at least every 10 days.

The RO purchased a new laptop, which was provided to the Project and Communications Assistant. A digital camera was purchased as well. For Honduras, the RO purchased a slide show machine and provided it to Homero Fuentes, the Honduras Representative to support the work in Honduras.

## **V. BRIEF SUMMARY OF LESSONS LEARNED**

- Participation of partner's brands together with the Local Partners (LP) when visiting factories in the countries proved to increase the chance of acceptance of potential participating factories to join the CIMCAW's training program (Timberland in DR and Wal-Mart in Nicaragua).
- The Steering Committee has proven to be an excellent way to speed up decision making at the international alliance level.
- Regular communication and joint planning of SAI and ITGLWF with Local Partners, has improved coordination and development of activities in the countries, thus strengthening LPs role as well as their empowerment.
- The project should have held a regional-level training session for the Local Partners, such as they did in December 2007 in Guatemala, earlier and such concentrated training sessions should have been held more frequently. The session proved to be tremendously valuable; the project was able to train the LP on follow up/technical assistance and impact assessment methods, standardize the project approach across countries, trouble shoot, as well as clarify USAID data quality requirements.
- In recruiting brands and retail companies to participate as affiliates to the program, the project has learned that one size does not fit all when it comes to affiliation. Some brands have less capacity and a more focused supply chain (e.g., one country as opposed to regional) so this scheme

attempts to respond to this reality. As a result, the project has developed a tiered approach to corporate affiliation. This approach is already producing results as companies that would not have been able to consider participation in the project, now have told us that they would like to participate. This approach has made the project more attractive to a wider range of brands and is making the decision to participate easier and also minimizing the importance of the time factor.

- We need to make a stronger business case for factories' participation in the program. We've developed new promotional materials and a new factory approach that spells out the financial savings and benefits of participating in the program.

## VI. CHALLENGES AND PROPOSED SOLUTIONS

### CHALLENGES

- Ensure that Alliance Partners link with their strategic local allies in the promotion of the project as a political and direct support to Local Partners' efforts.
- In Honduras, the CC has nominated Homero Fuentes as the CIMCAW Country Representative. Actions should be taken in order to promote more local capacity and empowerment of the Project.
- Attract more factories to participate in the trainings.
- Improve data gathering and reporting from LP to RO for weekly reports and leverage.

### PROPOSED SOLUTIONS

- Field visits conducted by Timberland in DR and Wal-Mart in Nicaragua, resulted in the participation of their suppliers in joint trainings. This action should be emulated by the other partners.
- A list providing names and contacts of suppliers that brand partners have targeted for participation in CIMCAW is extremely important for LP be able to effectively recruit factories to participate in the program. The RO has already asked brand partners for this and has had a positive response.
- Homero has created the team with local staff, to increase their responsibilities and level of communication with the RO which will carry on with operative and logistical issues of the project
- In order to attract more factories to participate in the trainings we need to make a stronger business case for their participation in the program. We've developed new promotional materials and a new factory approach that spells out the financial savings and benefits of participating in the program.
- In addition, we need to strengthen the LP's relationship with the brands, taking advantage of the fact that we have heavyweight brand partners participating.
- SAI will hire a field representative that will provide support to the LP and RO in developing the Follow Up & Technical Assistance and evaluating improvements.
- Systematic follow up from RO to LP in formats and templates usage. Formats have been prepared and delivered to LP.
- To help LP improve quality and more timeliness of their reporting to the RO, the RO will send out reporting schedules and will work with the LP to ensure that they understand templates.
- As part of the RO field visits, a review of data and feedback of data collection process must be included in the agenda.

- Speed up responses from the Steering Committee to the RO.
- Support and speed up the decision-making process in Honduras
- Lack of participation of other parties in SAI's Labor Inspectors and private auditors workshops, as well as the participation of new inspectors instead of ones already trained.
- Development of activities in El Salvador.
- Development of activities in Guatemala.
- Standardization of projects' publications and development of top quality communications materials.
- Continue the activities with INFOTEP in DR.
- Need for more capacity in the RO.
- A follow up plan between DAI and the RO has to be defined and implemented.
- Field team has to propose CC members clear deadlines, in order to guarantee decisions in a proper and timely manner.
- SAI has to be very clear about the way to send invitations to the Ministries of Labor.
- Increasing the communication with local CC will contribute to the participation of other sectors to this activity.
- Due to the difficulties in developing a smooth social dialogue among different stakeholders and in order to start the development of activities in the country, the SC has proposed the possibility of developing a parallel process: as a start, bilateral approaches to factories and to the MOL.
- The RO has continued their communication with VESTEX and is expecting to have their acceptance of participating in the project or at least, endorse the other sectors and factories participation. If needed, the RO will coordinate with USAID and our brand partners to advance the conversation with VESTEX.
- Hire a part-time Communications Expert.
- CIPAF has continued to develop the workplan to work with INFOTEP. Close follow up and support from the RO, and under CIPAF's request, support from members of the alliance.
- Hire a full time support for the remainder of the project and once hired, work with SAI's CIMCAW representative in the region.