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Quarterly Report No. 14

Continuous Improvement in the Central American Workplace
CIMCAW

June 30, 2008

Cooperative Agreement No. 596-A-00-04-00225-00

Submitted to Sandra Lorena Duarte, CIMCAW CTO for Approval

Signature: _____

Date: _____

QUARTERLY REPORT #14 JANUARY 01 – MARCH 31, 2008

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 January 1 and March 31, 2008.

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, FOURTEENTH QUARTERLY REPORT, JANUARY – MARCH 2008

I. EXECUTIVE SUMMARY

This report represents CIMCAW's 14th quarterly report. It covers the period from January 1, 2008 to March 31, 2008. During this quarter CIMCAW has continued to make 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 70 workers and managers in Nicaragua corresponding to the 5th and 6th round, with a total workforce of 4855 workers
- CIMCAW devoted important efforts to planning and preparing materials delivering the training to 13 inspectors from the Ministry of Labor in Guatemala, as well as six auditors from the private sector (these 19 will be accounted in QR #15).
- In order to increase CIMCAW's impact with the inspectors, a Memorandum of Understanding was signed with the US Department of Labor financed project, "Cumple y Gana" (CyG), where CyG will provide all the logistic and communication for organizing the trainings and CIMCAW will provide the technical know how and trainers. This gives to both projects the option of more efficiently delivering a capacity building program for Ministry of Labor inspectors throughout the region and ensures that CIMCAW's methodologies and approaches will be adopted by the Ministries of Labor of the region.
- The Consultative Committees from Nicaragua, Honduras and Dominican Republic (DR) met, on average, once a month. These meetings were facilitated by the CIMCAW Local Partners.
 - In Nicaragua, important decisions were made to maximize the impact of the project at the factory level. The Consultative Committee approved the exploration of new approaches, specifically with the Corporación de Zonas Francas which would give the project access to approximately 30,000 workers.
 - In the Dominican Republic, the Tripartite Commission worked closely with CIPAF to organize a successful meeting of the Multi-Fiber Arrangement (MFA) Forum, which has planned a visit to the Dominican Republic in the month of April 2008.
- The CIMCAW Steering Committee continued meeting regularly to discuss strategic issues related with the project and during the last month, decided to meet on weekly basis rather than monthly. These additional calls were to advise the Regional Office (RO) in the organization of the fifth regional Partner's meeting and the first regional Consultative Committee meeting.
- Methodologies for gathering data and regular reporting were reinforced. The ongoing efforts to build the capacity of Local Partners (LP) continued. Methodologies and instruments to be used by the LPs in the implementation of the follow up and technical assistance in the factories were further honed. As part of these efforts, the project developed more concrete instruments to gather, file, and share all the information related with each training session. In order to comply with the data quality assessment recommendations provided by the CIMCAW CTO Sandra Lorena Duarte, a hard copy of these will be kept in each country and at the Regional Office.
- In order to more broadly **disseminate** information and experiences of CIMCAW, to ensure complementarily of efforts with other labor-related initiatives in the region and **sustainability** of project results, the project held

numerous meetings with different labor-related initiatives such as Business Social Responsibility (BSR), Global Fairness Initiative, the Fair Labor Association and the Cumple y Gana Project. The project participated in a CAFTA-DR Labor Project Implementer Coordination meeting in Washington DC organized by the US Department of Labor and US State Department. Finally, the project also met in Washington DC with the Inter-American Development Bank's Multilateral Investment Fund (IDB MIF) in order to explore the possibility of coordinating with their projects in Honduras and Guatemala.

- CIMCAW was featured in the February 2008 issue of *USAID Frontlines*.
- At the request of USAID/GDA DAI presented the CIMCAW Project to a number of high-level USAID staff in Washington DC.
- Promotional flyers in both Spanish and English were developed and distributed.

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 OK

Joint Worker-Manager

- **Current Quarter:** 70 workers and managers were trained in Nicaragua (38 workers and 32 managers).
- **Cumulative:** A total of 503 workers and managers have been trained to date (323 in Nicaragua, 91 in Guatemala, 89 Dominican Republic).
- **Goal:** The total target is of 1123 workers and managers (this is based on the proposal developed and reconfirmed this quarter by the Local Partners for the extension period, see below). Therefore, 620 are still pending.

Inspector/Auditor Training

- **Current Quarter.** No training this quarter only planning activities and Memorandum of Understanding (MOU) with Cumple y Gana.
- **Cumulative:** To date, 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 Republic and Nicaraguan Ministries of Labor).

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 another 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.

Local Partner Capacity Building

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. 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 only 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, Meeting Regularly and proposing initiatives to maximize the impact in the factories:

The Consultative Committee (CC) continued to meet on a monthly basis. An agenda was developed by the Local Partner in advance of each meeting and meeting notes are taken. The key issue addressed in these meetings was the development of a more effective approach to recruit factories to participate in the CIMCAW program. Additionally, the CC members proposed the organization of a labor fair to be held in the Parque Industrial Las Mercedes in Managua (this with the support of the Corporación de Zonas Francas [CZF]).

At the same time, the Regional Office (RO) and INEH saw the opportunity to use the support of the CZF to speed up the contact and engagement of more factories to the project. Both proposals were presented to the Steering Committee, who decided to move forward with only the second proposal. The proposal was then presented for endorsement to the Executive Secretary of the CZF and Ms. Zayda Montenegro, who represents the CZF in the CC. They supported the proposal and presented it to the entire CC, which unanimously approve it. INEH has followed up to on the decision, which at the end of the quarter started to show results due to the direct involvement of the CZF in the invitation to all the factories of all industrial parks of the country, including sectors other than apparel.

On February 28, 2008, INEH participated in the fourth session of Implementers of CAFTA-DR Labor Projects at the US Embassy to share, learn about, and join efforts with other similar projects. Attendees included the US Ambassador, Mr. Trivelli; Mr. Jeff Lehrer, Regional Labor and Trade, USAID/El Salvador; Erick Mehler USA Labor Attaché, Alejandro Raskosky, Administrator of the Agricultural and Environmental Program; Mrs. Ana Julia Moreno and Leonel Escalante from Cumple y Gana; Mr. Jose Ernesto Rodríguez, Leyla Gicell Otero; Monseñor Brigado Herrera and Karla Martínez from the Centro de Derechos Laborales (Todos y Todas Trabajamos); Mr. Alberto Legall from PASE; Giovanni Rodríguez ILO Technical Assistant; Blanca Peralta National Facilitator for the Verification Project of the IDB White Paper; Yamileth Alguera, Martha Altamirano, CIMCAW; and Ulises Avendaño from INEH, Regina Lacayo Sectoral Specialist, IDB / Nicaragua Rafael Burgos, National Director of the Project of Ministry of Labor Modernization (USAID).

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

Joint Worker-Manager Trainings

Two new factories joined the training in Nicaragua during this quarter: Hansae Factory and Atlantic Apparel. The Hansae Factory participated in the 5th round of joint worker-manager trainings which started on January 26, 2008. This round is scheduled to end on April 12, 2008. Originally, Hansae was scheduled to start training on September 08, 2007, a delay of 4 ½ months. Atlantic Apparel Factory participated in the 6th round of joint worker-manager trainings which started on February 9, 2008 and will conclude on April 19, 2008. Originally, Atlantic Apparel was scheduled to start training on December 1, 2007, a delay of more than 2 months. Since the training rounds won't be completed until next quarter, the details of these trainings (outcome, number of workers, etc.) will be included in quarterly report #15.

According to INEH, the delay in the start of the trainings for round 5 were due to: 1) electricity blackouts that considerably affected the factory's production schedule which meant they no longer had the time they'd expected to participate in the training and; 2) once the electricity blackouts were over, the peak holiday production period for the factories started, with production demand high they no longer had the capacity to allow workers and managers to participate in a training.

The joint training program is composed of six separate eight-hour modules. Table 1 outlines the topics covered in each module and the dates they were delivered.

Table 1 – Training Session Schedule

No..	Module	HANSAE	ATLANTIC APPAREL
1	Introduction to New Global Context for the Maquila Sector Human Relationships and Team Work	Jan 26, 2008	Feb 09, 2008
2	Obligations and Rights of Workers and Employers	Feb 09, 2008	Feb 23, 2008
3	Freedom of Association and Collective Bargaining	Feb 23, 2008	Mar 08, 2008
4	Gender Discrimination in the Labor World and Child Labor	Mar 08, 2008	Mar 29, 2008
5A	Occupational Health and Safety – Part I	Mar 29, 2008	Apr 12, 2008
5B	Occupational Health and Safety – Part II	Apr 12, 2008	Apr 19, 1008

Training Follow Up/Technical Assistance

No significant follow up activities conducted during this quarter because

- Istmo Textil, which agreed to participate and had programmed follow up for the 3rd week January, has asked to postpone until end June/beginning of July.
- Chao Hsing and Chih Hsing agreed to participate, but were recently closed down and therefore were not able to participate in the follow up.
- Fortex, Knitwear and Henry Garment all closed down.
- Dasol did not agree to participate in the follow up.
- Industria Sta Maria will participate in another round of training and has agreed to participate in the follow up subsequent to the new training round.
- SAE Technotec did not agree to participate in the follow up.

II.2. HONDURAS

During the Quarter, a new Secretary of Labor was named. Mrs. Maira Mejía Del Cid became the new Secretary. Former Secretary, Mrs. Rixi Moncada, was appointed by President Zelaya as Manager of the Empresa Nacional de Energía Eléctrica (ENEE). The commitments defined by former Secretary with CIMCAW have been respected and no change is foreseen. In practical terms, this means that the Regional Responsible of the Secretary of Labor of the San Pedro Sula assigned to participate as member of the Consultative Committee will remain.

Deliverable 2: Multi-Stakeholder Dialogue

Consultative Committee Functioning

The CC continued to meet at least once per month with an active agenda and full participation from all sectors. Together with the local liaison team and Wal-Mart (represented by Karla Cook), they organized a) visit to Wal-Mart suppliers factories to present the CIMCAW project, and b) an open workshop to present the project to managers. The Asociación Hondureña de Maquiladores (AHM) played an important communication role.

It was found that the reluctance by many factories to participate in the trainings offered by the project was due to a misunderstanding about the contents of the Freedom of Association Module. To respond, the AHM requested a sectoral workshop where managers could experience first-hand the content of this module. All parties agreed that the person delivering the training should come from the workers' sector.

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 continue to be one of the activities prioritized by the team in Honduras. On January 28 a visit to the factory Star, S.A. – supplier of Anvil Knitwear – was conducted by Caterina Conte and Dale Lockamy from Anvil Knitwear, Inc.; Carlos Zelaya and Marlon Mejía from Star, S.A.; Elena Arengo from SAI, Homero Fuentes and Laura Elvir from CIMCAW. During the meeting the context of the project's process in Honduras was presented.

Anvil Knitwear was one of the brands that expressed interest in joining CIMCAW at the Tier III affiliation level and the purpose of the visit was to motivate their 4 suppliers in Honduras to participate in the project's training. However, we understand that Anvil ultimately decided that the Freedom of Association and Collective Action modules were not of interest to them. Since the project will not compromise on these elements of National Labor Law and the ILO Core Labor Standards, we could not reach an agreement with Anvil regarding their participation in CIMCAW.

There was also a visit to the factory AKH, S.A., where the project was presented to Eloisa Murillo and Tem McInville.

Presentation of the CIMCAW / MECOMAQ Project to Wal-Mart supplier factories:

This presentation was held on February 5, 2008 with the participation of Robert Jones, Karla Cook from Wal-Mart; German Reyes, Marisabel Fajardo, Marietta Fajardo, and Jessica E. Rosa; from Shinsung Modas (with 1,800 workers) Claudia V. Montepeque and Rafael Yu; from Hanil Honduras (with 2,100 workers) Mirja Eng; from Hansoll Honduras (with 1,500 workers) Lilian Carranza Batres, and Hae Soo (Jesús) Lim; from AHM Lidia Girón and Martha L. Benavides; and from CIMCAW Laura Elvir and Homero Fuentes.

During the meeting, Wal-Mart and the CIMCAW Local Representative, Homero Fuentes, presented information about CIMCAW. Specifically, he discussed its multi-stakeholder approach, structure, topics, and training modules' contents.

The project then invited the factories to participate in the offered trainings. The participants received a CD with information about the project and a document that outlined the contents of the training modules. After the meeting, it was agreed that these factories would be invited to participate in a training workshop for factory managers, scheduled for February 19.

Nine out of 12 factories that were invited, attended the open workshop for factory managers. The Asociación Hondureña de Maquiladores support was extremely valuable and helped to create the conditions needed to attract the attendees.

22 Managers Trained in Manager Training on Feb. 19

The number of participants and the name of the factories and/or groups are as follows: 7 from the Wal-Mart suppliers and group; 4 from Gildan; 2 from Kelly Hosiery of Honduras, 2 from the Kattan Group and 2 from Dickies respectively; and 1 each from Century, Honduras, Vanity Fair Corporation, AKH, Garan, and MAC-PREMIER, for a total of 22 managers.

From CIMCAW / MECOMAQ Laura Elvir, Homero Fuentes, Rafael Amador and Elena Arengo from SAI were present and from the Asociación Hondureña de Maquiladores– PROCINCO, Martha Benavides, Geovani Lara and Asly Valeriando. Despite the level of participation, no factory signed in for participating in the trainings.

In follow-up meetings with factories that participated in the workshop, some managers noted that from their perspective, there is a multiplicity of CIMCAW-like projects, that for instance, the Kattan Group takes part in the projects of FLA (Fair Labor Association), WRAP (Worldwide Responsible Apparel Production), PROCINCO-BID and FUNDAHRSE (Fundación Hondureña de Responsabilidad Social Empresarial).

However, they also pointed out that the CIMCAW Project is unique because of the integration of the Consultative Committees. They then suggested that the Consultative Committee take a more active role in promoting policies that help to resolve imminent problems facing the sector. In the end, several managers confirmed their interest in taking part in the program, but were extremely hesitant to be the first ones.

The factories also expressed concern regarding how the sensitive topics of Freedom of Association and Collective Bargaining would be handled. This concern seemed to be the factor that stood in the way of their agreeing to participate in the training program. Thus, a workshop was proposed by the AHM to present CIMCAW's Freedom of Association and Collective Bargaining modules. Most of the managers were willing to participate in the management-oriented workshop proposed planned for April 2008.

II.3. EL SALVADOR

Deliverable 1: Needs Assessment for Coalition Building

Diagnostic

Once the diagnostic review process was completed and the diagnostic finalized, the CIMCAW Regional Office received clearance to continue working in El Salvador: The steps to be undertaken during the third quarter of FY 2008 are:

- Three sectoral meetings to share and validate the diagnostic.
- If feasible, organize a tripartite meeting.
- Develop joint training manuals adapted to Salvadoran legislation.
- Undertake recruitment of factories to participate in the CIMCAW program.

Glenda Vaquerano (who developed the diagnostic), will be hired to implement these activities.

II.4. GUATEMALA

Deliverable 1: Needs Assessment for Coalition Building

Plan developed for Addressing Challenges in Guatemala

Mabelia Alcantara served as the liaison between COVERCO and CIMCAW until the beginning of March 2008, Claudia Contreras was then assigned to the role. Since joining the team, she has become a great asset to the project. She has provided regular updates to the regional office, adapted her work plan to compensate for VESTEX's hesitations, and started to contact and visit factories, to encourage their participation in the project's training. She has participated in numerous meetings with unions, USAID, and Coldwater Creek suppliers. Additionally, COVERCO was presented to the Vice Minister of Labor Roberto Illescas during this quarter.

Deliverable 2: Multi-stakeholder Dialogue

Consultative Committee

In response to the continuing difficulties faced in arranging a meeting with VESTEX, the project developed a different tactic. With the support of the CTO Sandra L. Duarte, the project started to get in contact with USAID and US Embassy officials in Guatemala that had prior working relations with current VESTEX executives. Simultaneously, a CIMCAW brand partner is providing support in engaging VESTEX. It is expected that these new approaches could lead to a breakthrough during the next quarter.

It is important note that agents representing Coldwater Creek suppliers have stated their concern about the lack of VESTEX endorsement to the project, and are closely following the situation. It is clear that despite Coldwater Creek's support of the project (and much to Coldwater Creek's surprise), the agents expressed that they would like to see VESTEX's support before committing to the training for their factories. In an effort to assuage any concerns, in addition to advancing on the VESTEX front, the project has offered to facilitate a call between the Coldwater Creek agents and factories that have successfully completed the training in Nicaragua so that they can have peer-to-peer conversation with other factory managers.

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

Joint Worker-Manager Trainings

On February 6, 2008 COVERCO and the Regional Office participated in a meeting with representatives of Coldwater Creek, a new CIMCAW affiliate, Kelly Leary and Dawn Ryder. They were accompanied by agents representing their 4 supplier factories in Guatemala. During the meeting, Rafael Amador and Kelly Leary presented the CIMCAW Project and invited the factories to participate in the program. The project was presented using a business focused perspective that more closely address the concerns of the managers. Hoping to capitalize on this the presentation emphasized a cost-benefit approach. Despite this new approach and Coldwater Creek's encouragement, the factory managers hesitated due to the lack of VESTEX endorsement of the project.

On February 6, COVERCO participated in a teleconference with Gap Inc. as part of their efforts to reach more factories. During this conference, Gap Inc. shared the names and contacts of four of their suppliers in Guatemala, so that COVERCO could start approaching them.

With Claudia Contreras' involvement in the project, COVERCO decided that despite the lack of VESTEX's written statement endorsing the project, they would initiate bi-lateral communication with the factories. Moving rapidly they sent letters to: Gap Inc., Adidas, Phillips Van-Heusen, New Balance, Coldwater Creek, Liz Claiborne and Wal-Mart and the factory Manufacturas del Caribe, requesting their collaboration in identifying the factories with which they do business and inviting them to join COVERCO to visit these factories.

COVERCO had telephone conversations with the factory C-Site (780 workers), SAE A International (3,000 workers), Koramsa (16,000 workers) and Jae Seung Textile Guatemala (800 workers), all of them produce for a CIMCAW partner. The same was done with Bonaparel (1,000 workers); Koramsa (16,000 workers); Industrias Chichimecas (180 workers); Hansae (780 workers); Industria Textil Choishin (780 workers); SAE Internacional and Texpias (5,800 workers); Shin Won (1,200 workers).¹

As a result of this initiative it is now known that:

- Liz Claiborne Inc. indicated they no longer have factories producing for them in Guatemala.
- The factory Dong Bang, with an estimated workforce of 3,000 workers, is in the process of shutting-down.
- New Balance offered their support to recruit the participation of the factory Manufacturas del Caribe (approximate 1,000 workers)
- Adidas expressed interest and will send response next week. Adidas has a factory in Guatemala, G&V with an estimated workforce of 400 workers.
- Meeting with C-SITE (780) on March 4. The President, Chief of Personnel and Compliance Officer of the factory and region participated in the meeting. Management proposed delivering the training in April, once approval is obtained from headquarters in Korea.

II.5. DOMINICAN REPUBLIC

The crisis of the sector continues, leading to the close down of more factories. According to ADOZONA (Asociación Dominicana de Zonas Francas), from 2004 to 2007, one hundred seven factories closed down (281 – 174), which lead to the lost of seventy-three thousand nine hundred seventy eight work places (131,978 – 58,000).

This situation biases the interests of the managers as they look for alternatives to keep the factories open. Workers rights compliance competes with these issues making the work of the project more complicated and challenging. The Center of Research for Feminine Action (CIPAF- by its acronym in Spanish), continues to use their experience, knowledge and contacts to promote the issue and has developed a robust network in support of initiatives that capture the attention of the representatives from the different sectors. Such activities include the Multi-Fiber Arrangement (MFA) Forum, the actions with INFOTEP, and the good practices workshops and workers meetings. INFOTEP's new Executive Secretary was assigned during this quarter.

Deliverable 2: Multi-Stakeholder Dialogue

Consultative Committee Functioning

During this quarter, CIPAF and the Tripartite Commission continue to meet regularly. During the Tripartite Commission meeting in the last week of January 2008, A) ADOZONA (Board of Directors of the Dominican Association of Free Zones: ADOZONA- by its acronym in Spanish), agreed to continue in discussions related to INFOTEP's training and

¹ Please note numbers of workers are estimates.

approved participation in the Multi-Fiber Arrangement (MFA) Forum. Additionally, it was decided that the official channel of communication with the Forum was going to be the Secretary of State for Labor; B) the “Second National Meeting on Good Social-Labor Practices” was also approved. This event was originally planned for April 10 in Santiago City, but later postponed for the middle of May, 2008. ADOZONA plans to provide more support in encouraging the participation of the companies; C) A workshop on Institutional Strengthening was proposed to CIMCAW for February 19, in order to make advancement possible in the action plan, to improve coordination with other government institutions that affect free zones and in the workers conditions. With these actions the project responds to the strengthening of the social dialogue and spreading of good practices implemented by the project (Deliverable 2.3 and 10.3).

Pilot Program for Collaboration with National Training Institute

Based on the agreement that Laura Carter, from the International Textile, Garment and Leather Workers Association (ITGLWA), 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. She visited DR and interviewed the workers representatives in the Tripartite Commission for the Improvement of the Maquila of the Dominican Republic, and confirmed the consent and support from the federations who are part of this Commission to continue with the work proposed by CIPAF and CIMCAW. The only condition that the workers presented was that they want to be actively involved in the trainings given by CIMCAW to members of INFOTEP. This action responds to one of the strategies for continuing spreading the methodologies and contents of CIMCAW in the tailoring and all sectors of the Dominican Republic economy (Deliverable 2.2). This confirmation implied that the SC had reached a consensus to proceed with the work with INFOTEP.

The decision was shared with CIPAF who continue to guarantee the endorsement of the entire representative from ADOZONA to the proposal. Similarly, on February 8, Mrs. Isabel Tejada Gallardo, substitute representative of Central General de Trabajadores Dominicanos (CGT) and CIPAF, agreed to meet with union representatives and INFOTEP, to present the project and talk about the proposal for workers’ training by CIMCAW-INFOTEP. On March 24th CIPAF met with Mrs. Josefina Pimentel, INFOTEP’s new Director. She expressed her willingness to continue the initiative proposed by CIMCAW and suggested the engagement of Mr. Juan Casilla B, INFOTEP’s Manager of Competitively Support, who began to meet with CIPAF on March 25 together with Mrs. Raysa Pichardo, who is in charge of INFOTEP’s relations with the Free Zone. Together, they created an action plan to discuss the modality of the trainings in depth.

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

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.

As part of these efforts, Magaly Pineda, from CIPAF met with members of the Board of Directors of ADOZONA in order to obtain their support to contact new factories to join CIMCAW’s training. As a result, ADOZONA sent invitation letters to factories associates to them.

As mentioned earlier, many of the negotiations done with factories failed to lead to additional trainings. According to CIPAF, during the life of the project they have approached 70 factories, and of this total, only 5 attended to the Good practice Workshop (7%). Of these, 4 attended to the training (80% of those that attended the Good Practice Workshop).

During 2008 CIPAF reported the following:

- On February 8, Mr. Alejandro Anido, Human Resources Manager of Grupo M (5,000 workers as a corporation) and FM Industries (700 workers), requested to postpone the planning meeting for the training and follow-up until the last week of February or the first of March, when they will have finished with a re-structuring process that is now underway.
- With Gildan, the cause of their indecision was due to the resignation of their local factory manager and an interim manager was sent from Gildan Honduras. Gildan continues to express interest in the Project and will pick up conversations once they resolve the situation of local management.

Despite these setbacks, some good news is that on March 27th, the representatives of Timberland, Mr. Juan Rodríguez, Human Resources Manager RFC; Mrs. Colleen Von Haden, General Manager of Codes of Conduct and Mrs. Yadira Hurtado, Auditor. Timberland accepted the joint trainings in several of their plants (number and names of production plants to be confirmed). Proposed dates for first training April 24 and 25.

Training Follow Up/Technical Assistance

CIPAF planned to deliver follow up to D'Clase's West Point factory (Timberland supplier) planned to deliver follow up to in February 2008. On February 6, Mrs. Albania Capellan, Human Resources Manager of the factory Westpoint Manufacturing (with 2,700 workers in D'Clase Corporation) informed CIPAF that the factory was temporarily closed due to lack of production. The agreement was to have conversations in March in order to proceed with the follow-up to the CIMCAW training completed by the factory in November 2007.

II.6. REGIONAL OFFICE ACTIVITIES

Deliverable 1: Needs Assessment for Coalition Building

Diagnostic in El Salvador

Members of the Steering Committee took an active role in reviewing and providing feedback on the diagnostic conducted to understand major labor issues in El Salvador. They proposed that as the next step the consultant Glenda Vaquerano conduct more in-depth interviews and recommended she get in contact with CAMTEX. The SC also requested an executive summary of the entire diagnostic.

USAID has provided support to Glenda to schedule a meeting with CAMTEX, and followed up with CAMTEX, but there has been no response to date. As part of her duties in the development of the sectoral exchange of the diagnostic, she will continue to try to schedule a meeting with CAMTEX.

On January 30th, Judy Gearhart from SAI, accompanied Ms. Vaquerano on a number of follow up interviews in the field. Subsequently, Ms. Vaquerano used the findings from the follow up interviews to refine and finalize the diagnostic and develop a summary version to be disseminated to Salvadoran stakeholders interviewed as part of the diagnostic.

The finalized diagnostic was then sent to the SC members. After reviewing the document, the SC approved the country approach outlined below.

Project Approach by Country (El Salvador):

1. Train two factories in El Salvador.
 - a. To date, the industry representatives, CAMTEX and ASIC have not cooperated with the project, therefore the project is proposing that instead of working with them to recruit factories to participate in the project (the most efficient and ideal route) we will directly approach the factories. Unfortunately, of our brand partners/affiliates only Billabong has indicated that they have suppliers in El Salvador. We will work with Billabong to ensure that their suppliers participate in the training. Our experience has shown us that even though a factory might supply a brand partner/affiliate that encourages them to participate in the program it doesn't mean that they will agree to participate. So in addition to working with Billabong to recruit factories, we will also try to recruit other non-Billabong related factories to participate in the program.
2. Since a Consultative Committee has not been established the training manuals for El Salvador will be developed by the project directly. The project plans to hire a consultant to prepare the Salvadorian version of the manuals. Ideally, these manuals would then be reviewed and validated by the pertinent sectors, as is done in other project countries.
3. The project will continue working with the Ministry of Labor, providing inspector working group trainings (under the framework of the CIMCAW-Cumple y Gana MOU, discussed below, deliverable 5).
4. The project will continue to promote social dialogue, by engaging the three key sectors in the country in order to provide them with a summary of the diagnostic developed and if possible, to reach consensus about the main issues that can be seen as potential areas that can be used to promote social dialogue.

In order to advance this plan, the RO has received clearance to hire Glenda Vaquerano to act as the El Salvador Country Representative and may also hire a support person to handle the communications, contacts and logistics of the activities. With development of this country approach, CIMCAW has completed this deliverable.

Deliverable 2: Multi-Stakeholder Dialogue

Consultative Committee (CC)

One of the most significant achievements of the CIMCAW project has been the establishment and strengthening of the multi-stakeholder Consultative Committees. Through their establishment, CIMCAW has made great strides in improving the industrial relations climate in the region by bringing together unions, industry associations, government and NGOs to work together, a first for many of the countries involved. Given the delicate nature and recent highly conflictive and violent history of industrial relations in Central America, getting stakeholders to recognize the importance of this issue and form consultative committees is a significant step toward developing and embracing sustainable solutions in the region. For now, the Consultative Committees have made valuable contributions to the project and have been an important venue for key stakeholders that don't typically have an opportunity to meet to do so in a neutral environment conducive of productive social dialogue.

Homero Fuentes, CIMCAW's Country Representative in Honduras stated that this project has made it possible for unions, industry associations, government and NGOs to work together, a first for many of the countries involved.

During this quarter, members of the Regional Office participated in meetings and workshops programmed by the Consultative Committee (CC) in Honduras, Dominican Republic, and Nicaragua.

- The COP participated in the Workshop organized for managers in San Pedro Sula, Honduras on February 19th, 2008. (Industry Promotion Strategy, Deliverable 2.3).
- During meetings between the COP and the AHM of Honduras and with the Corporación de Zonas Francas in Nicaragua concrete proposals were developed to maximize the impact of the project in the factories.
 - In the case of Honduras, the AHM's Board needs to approve the proposal and then the Honduran Consultative Committee will also need to reach consensus on the proposal. If both of these initiatives are accepted and move forward; the project would have the potential of reaching approximately 60,000 workers.
 - In the case of the Corporación de Zonas Francas (CZF) in Nicaragua, the proposal to work together to impact the factories that are part of CZF has been approved and efforts to advance on this will take place in the coming quarter.

Deliverable 3: Tailored Training Design

In November 2007, the Regional Office began to harmonize and edit the manuals developed in each country, with the goal of printing all materials following a uniform style. During March 2008, the review of the manuals was completed and they were sent to the printers. It is expected that these manuals will be ready by the end of Quarter 3, FY2008.

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

Joint Worker-Manager Trainings

During this quarter, all the members of the CIMCAW Alliance continued to work together closely and devoted significant effort in reaching the targets establishing for the following deliverables:

- 4.1: "Number of workers that benefit from documented improvements in factory labor practices"
- 4.2: "Trained Workers and Managers",
- 4.6: "Number of Factories Trained".

Part of this effort has been discussed in the sections on Nicaragua, Honduras, and Regional Offices. A more in-depth review of these initiatives can be found in the Proposal for Maximizing Impact of the Joint Worker-Manager Training, Technical Assistance and Follow Up submitted to USAID CTO on 15 February 2008.

The Regional Office & DAI have continued to work closely with the Local Partners to produce realistic projections. During this quarter, the Regional Office asked the Local Partners to reconfirm (or adjust, as needed) their estimates. Although still ambitious, the Local Partners reconfirmed the targets below as being realistic (these are the same as those presented in QR #13).

Table 2
Training and Impact Targets for the Period Covering May 2007 to September 2008,
as Proposed by the CIMCAW LP's

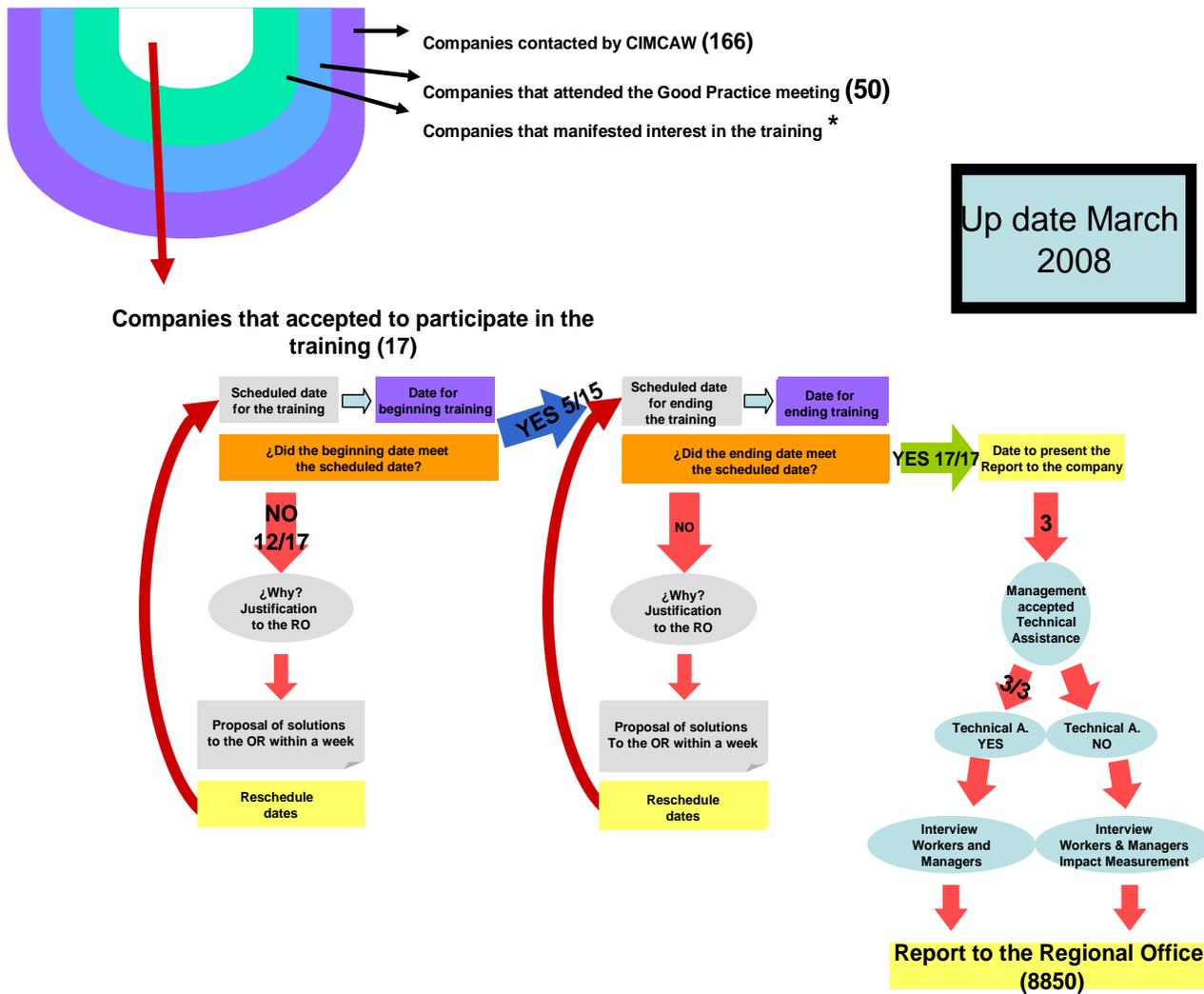
Variable/Country	Honduras	Guatemala	Nicaragua	D. Republic	Total	
# of training round by country	5	6	4	8	23	
# of factories participating in training	8 to 10	12 to 15	8 to 12	4 to 6	32-43	
Estimated population of workers in each factory	1,500	1,200	2,000	550		
# of workers reached by training (low)	12,000	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 2 indicates the project projects trainings will reach factories employing a workforce of between 44,600 and 60,300 and we expect documented changes in labor practices will reach between 30,105 and 40,703 workers.

The graphic below demonstrates the efforts made in order to recruit factories to participate in the CIMCAW program.



Since the beginning of the project on September 30th 2004, the alliance has approached 166 factories and invited them to participate in the good practices workshops; 50 (30%) accepted our invitation. Of these, 17 or about 10% of the 166 approached and 34% of those participating in the good practices workshops have participated in the trainings. Nearly 25% (4 of the 17) have accepted the Technical Assistance and Follow up process.

Intangible benefits of the factory recruitment process. While the tremendous effort that the project has exerted to recruit factories and the slow uptake is not ideal, through this process the project has been able to engage a broad variety of factories and even if they are not in a position or have decided not to participate in the training program in many cases the recruitment process has taken a couple of hours and has been directed at high-level factory management. In this regard, the process of recruiting has engaged the factories around labor standards and pushed them to think about the benefits of compliance in the changing global context. While not directly adding to CIMCAW's impact, these are intangible benefits of the project that can't be underestimated.

This fact challenges the assumption that we have made (i.e., 50% will participate in the follow up). However, in response to this challenge the project has developed a more aggressive and direct approach to increasing factories' participation in the follow up and this includes systematically delivering a report to the factories on the outcome of the

trainings shortly after the training. What we have seen is that when we do this nearly all of the factories continue on with the follow up. As a result, the project has been very careful in following up the delivery of these reports from the Local Partners to the factories. Added to these actions, the project developed three promotional documents where the factories' frequently asked questions are answered. These documents emphasized the returns that the factories would see by participating in the entire program (training, follow up, impact evaluation). We expect that these more aggressive and systematic actions will help us overcome this challenge.

Thanks to these efforts the project has been able to document improvements in workplace for **8,850** workers. Comparing these figures with the targets proposed in the table above, we have reached 53% of the total factories planned (17 out of 32 factories). The project has trained a total of 503 workers and managers toward our target of 1123 and is 21,255 workers away from the low range target of 30,105 workers impacted. **However, the project will still fall very short of the originally proposed (and contractual) 92 factories.**

The project work plan for the next quarter is based on achieving the targets projected above, among them, the maximization plan explained above, added to the actions that with SAI have been developed and which are presented following,

Training Follow Up/Technical Assistance

In order to: 1) address the needs identified by the Local Partners during the Regional Partners' workshop in Guatemala City last December and; 2) make our follow up activities and evaluation more robust than previously so that it met data quality assessment standards communicated by Sandra Lorena Duarte, SAI and the Regional Office prepared a strategy to support the Local Partners in the development of Technical Assistance and Follow Up activities to be provided to factories that completed training.

To date, the project has completed a training manual that was validated during the regional technical meeting of December in Guatemala and has prepared a set of Indicators for evaluating impact in the factories. These tools will be presented during the Fifth Regional Meeting, planed for April 2008.

These documents 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".

Deliverable 5: Capacity Building for Inspectors/Auditors

A noteworthy breakthrough was made in regards to capacity building for inspectors: a Memorandum of Understanding was officially signed between CIMCAW and Cumple y Gana (CyG) to support our collaboration to advance this deliverable. Some key benefits of this collaboration is more efficient and effective delivery of training to inspectors from the Ministries of Labor in five countries, CIMCAW's ability to leverage Cumple y Gana's financial and human resources and the elimination of duplicity of efforts of the projects.

This partnership means that both projects will work together to deliver trainings. CyG will incorporate all the experience and knowledge developed by CIMCAW into their courses and will receive technical support and guidance from SAI in the development of the Inspectorate Protocols an important input into the Ministry of Labor Inspector trainings to be provided by CIMCAW. In practical terms, CyG will be in charge of all the communications with the Ministries of Labor and logistics of the training and SAI trainers will provide the trainings. As part of the agreement, external auditors are to participate in the trainings together with the Ministry of Labor inspectors.

It is important to note that this collaboration between CIMCAW and Cumple y Gana will not divert SAI or other CIMCAW partners or resources from the joint worker/manager training and follow up technical assistance.

This collaboration supports an element that already exists in the CIMCAW scope of work and is covered in the budget. In the spirit of coordinating with another USG-funded project in areas where there is overlap and synergies that result in a win-win for the projects and countries of the region. The project, and in particular SAI, will not reallocate any of its personnel or resources or time from its work on factory training and follow-up for this work. It will simply reorganize those that had been projected for the Seminars on Social Auditing. By coordinating with CyG, they will help us achieve and surpass our goals with the same resources.

CIMCAW believes that this collaboration agreement between broadens the potential audience of inspectors, guarantees that CIMCAW methodology will be used in the training of inspectors, and that this methodology will continue to be used and reproduced after the end of the project, therefore, adding an element of sustainability to our approach to this deliverable.

Deliverable 6: Increase Capacity of Local Partners:

According to the work plan, the Fifth CIMCAW Partners' meeting was planned for the month of April 2008. The purpose of the meeting was to touch base with all of the partners during this last and critical phase of the project to ensure that we're organized to meet our goals.

The project took advantage of the opportunity that all CIMCAW Partners would be present to hold the first Regional Consultative Committee meeting. The purpose of the to promote social dialogue and a culture of compliance at the regional level, to determine the CC's interest in becoming sustainable bodies, and to work with them to determine how remaining obstacles to meeting the projects' goals could be overcome.

As part of the technical preparation of this activity, the Steering Committee (SC) was requested to meet every week, so the RO could receive feedback. This means that the SC members met at least 7 times during March and April 2008.

All of the planning for the event was conducted during the current quarter. It was determined that the meeting would be held in El Salvador. Since CIMCAW does not have a Local Partner in El Salvador Ana Lillian Castillo de Rosales was hired to support logistical and other arrangements. The outcome of the meeting will be described in QR 15.

Deliverable 7: Brand Recruitment

CIMCAW welcomed two new brand affiliates this quarter: Billabong and Coldwater Creek. Both joined as tier III affiliates, indicating to us that our strategy of providing different levels of affiliation to the project was effective.

Billabong has submitted a Letter of Commitment which estimates their contribution to the project at \$10,000 and Coldwater Creek is currently working on their Letter of Commitment and will submit next quarter. Efforts are still ongoing to secure New Balance as a formal affiliate. We expect to finalize discussions with them next quarter.

With the addition of the two brands from this quarter CIMCAW has achieved the goal of adding 3 to 6 new brands to the Alliance during this extension phase.

We are working closely with our brand affiliates and partners to ensure that we maximize the benefits of their participation in the project for both the project and the brands.

Despite the fact that we've met our goal, we are continuing efforts to recruit brands in the hopes that we can surpass it. Our continued discussions are with New Balance.

Anvil Knitwear was one of the brands that expressed interest in joining CIMCAW at the Tier III affiliation level and the purpose of the visit was to motivate their 4 suppliers in Honduras to participate in the project's training. However, we understand that Anvil ultimately decided that the Freedom of Association and Collective Action modules were not of interest to them. Since the project will not compromise on these elements of National Labor Law and the ILO Core Labor Standards, we could not reach an agreement with Anvil regarding their participation in CIMCAW.

Deliverable 8: Develop Tools and Methods to Improve Workplace Conditions

Once Engineer Yolanda Brenes received feedback from Local and International Partners on the *Best Practices Manual* an edited version was prepared for the 5th International and Local Partners meeting. Along with this version, and under Engineer Brenes, the COP and Carolina Quinteros worked together to develop a set of indicators for each component of workers' rights. The purpose of this effort is to provide Local Partners with indicators that they could use in the. Follow up phase of their work with the factories.

Significant achievement of the project and element of sustainability. The development of this set of indicators as well as the CIMCAW Best Practices Manual represents a significant contribution of the project that should not be underestimated. They contribute to the sustainability of the CIMCAW model and advance labor standards compliance efforts in the region by providing tangible and user-friendly tools that didn't previously exist.

During this quarter, the RO has requested quotes to several printing companies in Guatemala in order to determine, which company provides the best value and quality when it comes to the design and printing of the manual.

Deliverable 9: Leverage

Reaching our target

The CIMCAW project continued to work closely with alliance partners to more accurately capture leverage contributions. This quarter two new brand partners, Coldwater Creek and Billabong, joined the alliance and one made in-kind contributions to the project and thus, began to report leverage. Thanks to these efforts the alliance contributed \$164,368 (for a detailed breakdown of leverage contributions please see separate financial pipeline and leverage report) of leverage toward our overall target of \$3,740,555. To date, the alliance has contributed a total of **\$2,323,344** in leverage.

DAI submitted a proposal to USAID/EI Salvador regarding leverage calculations. Specifically, after an in-depth analysis of our leverage reporting and allowable leverage as determined by the US Government, DAI determined that its current methods for calculating leverage was not fully capturing the contributions made by partners and stakeholders to the project. As such, DAI developed a proposal to more accurately reflect the contribution being made. DAI discussed this with Carlos Milla and Sandra Lorena Duarte when they were in Guatemala (Feb. 12-13) and subsequently submitted this proposal to USAID/EI Salvador on Feb. 20, 2008. By the end of this quarter we were still awaiting a response from USAID EI Salvador on the proposal.

Deliverable 10: Evaluation and Dissemination

Cooperation with Labor-Related Initiatives

January 30, 2008: Judy Gearhart from SAI participated in the labor coordination meeting organized by USAID/EI Salvador in El Salvador. During this meeting, the collaboration agreement developed between CIMCAW and Cumple y Gana was shared with the rest of organizations and projects participating. This was a clear example of how CIMCAW has moved to create synergies between labor-related projects and our concern with efficient use of project resources.

On February 11, 2008: CIMCAW's Regional Office hosted a cooperation meeting among all the labor-related initiatives of Guatemala. This meeting was convoked by USAID and Jeff Lehrer and Sandra Duarte from USAID El Salvador were present. It was an opportunity for the project to share an update of the outcomes of each program and coordinate efforts. As members from IDB were present, they invited all the attendants to participate in a next meeting to be organized by them for February 2008 with the objective of continuing coordination between the various labor-related initiatives.

On February 18, 2008: CIMCAW Regional Office attended the coordination meeting by invitation of the IDB Guatemala. CIMCAW's COP presented the regional and local approach of the project. During the meeting, a diagram with all the connections and interrelations among the different projects was built, and it was easily seen that only CIMCAW was working the Social Dialogue component, which was very interesting for the rest of participants. As the local partner was not invited to this meeting, it was requested that for future meetings they should be invited. So far, no follow up has been given to this important initiative.

Coordination meeting for USG grantees/contractors implementing CAFTA-DR labor projects that include a focus on corporate social responsibility (March 27, 2008 Washington DC):

Participants: Gabriella Riggs, USDOS, Laura Buffo, US DOL, Richard Feinberg, Luis Garnier, & Terry Nelidov, BSR, Jorge Perez-Lopez, FLA, Judy Gearhart, SAI, Claudia Gonzalez & Dario Soto, OAS Trust, Cumple y Gana, Stan Byers and Whitney, GFI, Samira Salem, DAI

Purpose: Identify activities where projects are or should be collaborating
Discuss various coordination efforts already underway
Develop recommendations for effective coordination mechanisms within the group

Summary of the outcome of the CAFTA-DR Labor Implementers Meeting for CIMCAW:

- Invite FLA to inspector workshops
- Work with OAS-Trust, on 1) raising awareness and understanding among workers of their rights and how to claim them'; 2) worker and employer capacity building; 3) building advocacy and technical capacity of civil society organizations including labor and human rights NGOs, labor rights attorneys, and public policy advocacy organizations. They are interested in the CIMCAW Consultative Committees. This will be follow up with Samira.
- Get BSR Project to feature CIMCAW best practice, success stories; they are working in bananas, coffee and sugar; their regional coordinator is Luis Garnier (Yolanda (and Matt when there) should try to meet with him)
- Seek to steer consultative committee's back towards tri-partite instances, keeping in mind that is part of the White Paper strategy is to build up these spaces.
- Workshop on indicators of progress; this may be a way for fundees to coincide better is to align goals for countries we are all working towards.
- Richard Feinberg really liked public-private monitor workshops.
- Share CIMCAW diagnostics with BSR
- Explore possibility with GFI of:
CIMCAW participating on panel at GFI-sponsored conference on labor standards in Guatemala City in late May and another in El Salvador June/July.
- Coordinating with GFI on their Guatemala City Conference.

Specifically, the GFI event is a one-day event, but CIMCAW could hold the national best practices event the day directly after the GFI event and we could consider linking the events to maximize draw.

-Organizing a roundtable as part of the GFI event to convene those stakeholders that we'd like to participate in the - Guatemalan CC with the aim of moving toward a commitment to form the CC.

Other Dissemination Efforts

On December the 18th, the Project and Communication Assistant ended his work relation with CIMCAW. Due to the amount of responsibilities and work that was developed by this position and that was still pending, Pavlova Galindo was hired to continue this work. Unfortunately, she was only available for half time so her SOW had to be modified in order to prioritize the tasks she had to do during her available time. In consequence, the webpage was not modified and updated, during this quarter and the second issue of the CMCAW Regional Quarterly Bulletin is on hold. Notwithstanding this challenge, 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 Steering Committee and shared with the Local Partners.

The 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 distributed in every regional or local meeting where the project had participated.

Project Sustainability

The CIMCAW Alliance is committed to delivering a project with sustainable impact. Indeed, the *Continuous Improvement* in the Central American Workplace is designed to achieve sustainability. The project achieves this by “enabling transformation” at the factory, national and international levels, ensuring that there will be a continuation of similar progress (e.g., improved working conditions and social dialogue) after the life of the project. Some elements of sustainability will be more prominent than others, but in the end sustainability will be achieved at multiple levels.

CIMCAW's current budget is programmed up to September 2008. Acknowledging this situation and convinced that the change of attitude of the various stakeholders towards a culture of compliance, demands long-term and systematic actions the Alliance is committed to delivering a project with sustainable impact. Toward this end, the CIMCAW Alliance's is focused on:

- Achieving sustainable results at the factory level;
- Local Partner capacity building;
- Strengthening the tripartite Consultative Committees so that they can effectively promote social dialogue;
- Working with INFOTEP (the National Training Institute in the Dominican Republic) to disseminate the CIMCAW model and expand its reach in a more sustainable way.
- Harmonizing the training manuals and disseminating them to the industry associations and regional stakeholders as well as factory Human Resource departments in the region;
- Development and dissemination of CIMCAW's Global Best Practices Manuals to regional stakeholders;
- Follow up work with the factories that is aimed at sustainable and continuous improvements in working conditions.
- Coordinating with other initiatives (Cumple y Gana, the new BSR Project, CULTIVAR, and possibly the IADB project in Honduras), sharing our methodology and tools so that they can be used outside of our project and applied outside of the textile and apparel sector.

- Participation of Consultative Committee members in regional planning meetings and regional multi-stakeholder's forums, to strengthen their empowerment and sharing across the region in an effort to support their future role as champions of the model in the future.
- Engaging the ILO, IADB and PEPFAR around directly collaborating with their ongoing efforts or applying the model and/or lessons in some of their ongoing work.
- Enhancing the sustainability of the continuous improvement model through more intensive localization and the sharing of lessons in best practice
- Promoting multi-stakeholder dialogue. Convening historically conflicted actors together to discuss an issue of common interest and collaborating to develop a solution achieves significant inroads to improve industrial relations, creating an enabling environment for capacity building, and ultimately establish a culture of compliance. CIMCAW does this through the work of its Consultative Committees and also via National and Regional workshops and events.

III. STATUS OF THE PROJECT ACCORDING TO INDICATORS AS OF THE END OF THE SECOND QUARTER OF 2008

DELIVERABLES AS DEFINED IN THE AGREEMENT WITH USAID	EXPECTED RESULTS	TARGETS	INDICATORS USED TO MEASURE PROGRESS	STATUS
DELIVERABLE 1: NEEDS ASSESSMENT FOR COALITION BUILDING				
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)	Deliverable Complete The diagnostic has been reviewed by the SC and finalized. The project is currently planning to share the results with stakeholders and the country approach has been planned in order to start activities in May 2008.
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 and RO continue working on organizing the CC in Guatemala. Both have met with the Ministry of Labor and Unions, which have agreed to participate. The challenge has been getting VESTEX to agree to participate. Together with USAID, a CIMCAW brand partner, COVERCO and the RO have started to develop a more aggressive and we hope effective approach to VESTEX.
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)	Deliverable Complete Honduras Country Representative, Homero Fuentes, has kept on training and preparing Honduras local team to carry on with Honduras responsibilities starting May 2008.
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	Deliverable Complete El Salvador's country approach has been approved by the SC, and a consultant will be hired to deliver it starting in May 2008. All other country approaches plans have been completed.
Deliverable 2: Multi-Stakeholder Dialogue				
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	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. In Nicaragua, they have been actively involved in the development of initiatives in order to maximize CIMCAW's impact in the factories. In Honduras they have been involved in

	sustainable national industrial relations system at the workplace level, and ongoing social dialogue. Launch dialogue providing common ground for improved labor relations.			the review of the contents of the training manuals and in the organization of meetings with different sectors. In DR they have given follow up to the INFOTEP initiative, prepare the Multi-Fiber Arrangement Forum visit, and tailoring the project to the changing world of the sector in DR.
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	All the CC's have been involved in the review and decision making process of the participants by sector to attend the First CC's regional meeting. The SC approved CIPAF's proposal to work with INFOTEP. CIPAF expects to have a formal MOU signed on May 2008, and to develop the rest of the plan with INFOTEP immediately after this.
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 there 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. The one planned in DR for this quarter had to be rescheduled for next quarter, due to the visit of the Multi-Fiber Arrangement (MFA) Forum to the country. Others events are planned for Honduras and Guatemala. The Regional Multi-Stakeholder Symposium, and Buyers' Forum was decided to take place in Nicaragua in July 2008, together with the second Regional CC meeting.
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. After several discussion among the members of the alliance, it was decided that CIMCAW would use the Regional Consultative Committee in El Salvador to gauge the interest of the CCs to becoming a more sustainable body. Depending on the outcome of the discussion, CIMCAW might suggest a proposal to assist the CC members from Honduras, Nicaragua and if possible, in Guatemala, to take advantage of the potentials of their experience during CIMCAW's life, for future activities concerning workers rights.

Deliverable 3: Tailored Training Design

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	By the first quarter of 2008, each country will have published the following number of manuals: 5 Nicaragua 1 Guatemala	3.1.	Completed in Guatemala, Honduras, Nicaragua, and the DR. El Salvador will be done on June 2008.
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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.

1 Dominican Republic
5 Honduras

Deliverable 4: Capacity Building at the Factory Level (textile and other)

4.1. Workers that benefit 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.
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DELIVERABLES	EXPECTED RESULTS	TARGETS OVER THE LIFE OF THE PROJECT	INDICATORS USED TO MEASURE PROGRESS	STATUS
4.2. Trained workers & Managers	<p>Four hundred and eighty-three workers will have completed CIMCAW'S training in all the countries participating in the project.</p> <p>Two hundred and seven managers will have completed CIMCAW'S training in all the countries participating in the project.</p>	433 have been trained as of 12.30.07. A total of 690 workers and managers remain to be trained.	Number of workers and number of managers trained.	<p>This quarter, 70 workers and managers (38 workers and 32 managers) from Nicaragua have been participating in the 5th and 6th training round, which is planned to conclude until April (next quarter).</p> <p>For next quarter, DR has received the agreement of 2 factories to participate in the training; one will begin in the 3rd week of April 2008. Guatemala has received the agreement of 2 factories and Honduras of 3 factories. See maximization plan in order to see new approaches to increase impact.</p>
4.3 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)	Results for this quarters trainings (not yet completed) to be reported in Quarterly Report# 15.
4.4. 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 reports have been delivered to equal number of factories (two in Guat. and 2 in Nic). One of the 2 from Nic was delivered during last 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.

4.5 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 reported a meeting in DR during 1 st Quarter FY 2008 and has been working with Guatemala to organize a meeting in early April. Honduras and Nicaragua planned for 3 rd Quarter FY Up do date, one meeting performed, three pending.
4.6 Train 92 factories	Labor standards training that result in shared understanding and expectations are fostered on workplace strategies for improving labor standards compliance.	As of Dec. 31, 2007 CIMCAW had trained 17 factories.	4.7. Number of factories trained.	To date, 17 factories (11 in Nicaragua, 4 in the Dominican Republic, 2 in Guatemala) have been trained.
4.7 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 conducted in 4 factories (2 in Guat. and 2 in Nic.). A total of 19 have participated in training, this means that only 21% the factories have agreed and participated in the project follow up phase. This is 50% of what was planned.

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	MOL Inspectors from the countries participating in the project have increased their knowledge of 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 attendees (8)	See section under MOU with CyG. A training is planned for the beginning of April 2008.
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)	See section under agreement with CyG. One of the issues approved in the agreement was the consent of CyG to invite other sectors to the trainings.
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)	Nothing to report this quarter.

Deliverable 6: Build NGO capacity to Deliver High Quality Workplace Trainings

6.1. Increased capacity of local partners.	<p>The local partners are able to :</p> <p>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.</p> <p>The project expects that a sustainable cadre of organizations to meet local demand around labor standards compliance will be established.</p>	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.	Deliverable Completed. In December 2007 held 4 day capacity building session for local partners with the manual and methodology developed by CIMCAW.
		Two Local International and local partners meetings.	6.1b. Two Regional International and local partners meetings performed.	Deliverable Completed. 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 was planned by SC and agreed to do it on April 17 th and 18 th , 2008 in El Salvador.
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.	<p>Deliverable Completed. Coldwater Creek and Billabong became Tier III affiliates and have been actively involved in meetings and approaching their suppliers.</p> <p>Despite the fact that we've met our goal, we are continuing efforts to recruit brands in the hopes that we can surpass it. Our continued discussions are with New Balance.</p>

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.	<p>Deliverable Completed. 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 that is ready to be summated to the alliance partners and local partners during the 5th. Partner's Regional Meeting.</p> <p>A comprehensive manual outlining the process for implementing CIMCAW methodology for training and providing follow up to factories was developed. Increasing the work in the development of impact indicators to be used by the LP during their FU and TA activities in the factories</p>

Deliverable 9: Leverage

9.1 \$3.7 million target	Alliance success on the incorporation of new brands increased the leverage of the project.	. \$3.7 million target	Amount of leverage (cash and in-kind) obtained.	\$ 2,323,344
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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. Templates for gathering data of the process of approaching factories has been started to be used by all LPs. A template for developing a file for each training round has been created by the RO, delivered and already on use by all LP's. The use of this file will guarantee that all the data concerning each training will be available for anyone at the local level as well as at the RO. A template for developing a file for each FU and TA provided to each factory has been developed by the RO and will be distributed to the LP's during next quarter.
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.	Same status than reported in QR # 13.
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.	<p>Three periodic project update reports completed and disseminated on the webpage and to stakeholders in the region and abroad.</p> <p>Presentations of/participation on panels to discuss CIMCAW model at stakeholder events in the region and outside</p> <p>Project sponsored events and/or activities that promote and disseminate information on the CIMCAW model.</p>	<p>10.3a. Three periodic project update reports completed and disseminated on the webpage and to stakeholders in the region and abroad.</p> <p>10.3b Presentations of/participation on panels to discuss CIMCAW model at stakeholder events in the region and outside.</p> <p>10.3c. Project sponsored events and/or activities that promote and disseminate information on the CIMCAW model.</p>	<p>The first CIMCAW Regional Quarterly Bulletin was produced and distributed.</p> <p>A promotional CD was produced and distributed to regional stakeholders.</p> <p>An article on the CIMCAW model and its links to competitiveness was published in DAI's quarterly publication, <i>Developments</i>.</p> <p>The RO participated in 3 labor Related Initiatives meetings.</p> <p>The Alliance has been actively involved in the participation of the CC's members in the First CC's Regional Meeting, planned for April 2008.</p> <p>Samira Salem attended the BSR Conference on behalf of CIMCAW and engaged a number of corporate and NGO stakeholders around the CIMCAW model.</p>

IV. ALLIANCE AND MANAGEMENT UPDATE

February 2008 edition of USAID Frontlines features CIMCAW

This is the second article published by Frontlines that features CIMCAW. This article is entitled, “*Improved Workplace Relations Spur Nicaragua Firm’s Growth*” and can be found at: http://www.usaid.gov/press/frontlines/fl_feb08.html

Steering Committee Established and Functioning

The Steering Committee has continued to meet regularly. During this quarter, one teleconference took place in January, and one in February 27th. Late February it was decided to start holding weekly teleconference. At the same time, important decisions were taken during these meetings.

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:

- ✓ Decision on next steps in El Salvador.
- ✓ Moving toward action with the INFOTEP initiative in DR
- ✓ Signing of the agreement with Cumple y Gana
- ✓ Engagement of new partners
- ✓ How to increase of brand partners’ support to the Local Partners efforts around factory recruitment
- ✓ Review of the new flyers
- ✓ Agenda and organization of the 5th Regional Partners Meeting and 1st CC Regional Meeting.
- ✓ Planning SAI field support strategy and developing action.
- ✓ Moving toward an agreement with FLA
- ✓ Approval of the Maximization proposal for increasing impact in factories. As part of this approval, the proposals presented by the RO-AHM/IDB, and the proposal presented by the RO-INEH were approved.
- ✓ Acceptance of Coldwater Creek and Billabong as Tier III CIMCAW affiliates
- ✓ Coordination with ILO projects activities in the regional

Communication with USAID & Data Quality Assessment

USAID/El Salvador has continued to be closely involved in the supervision of the project. The CTO, the RO and DAI continue to have weekly teleconferences and the RO have sent weekly reports since the month of August.

Sandra Lorena Duarte, CIMCAW CTO, held a data quality assessment Feb. 12-13. She pointed out issues that the project should focus on (improved record keeping) and as a result the project has tasked Jaime Holland with coordinating efforts in this area.

Financial Review

Carlos Milla and Sandra Lorena Duarte of USAID/El Salvador conducted a financial review of the CIMCAW project on Feb. 12 and 13. We received some verbal comments and a brief email pointing out the main concern (i.e., lack of sufficient written justification as to why one item was procured over another), but to

date (despite our requests) we have not received a formal written report on the outcome of the financial review. Recommendations, among others, including improved record keeping.

Management/Administrative

Personnel

After the consolidation of the team during the first quarter of FY 2008, the Regional Office (RO) had to end the work contract with Antonio Pinillos. 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 20th, 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.

For one month, part of Mr Pinillos responsibilities were carried on by Abby Najera, CIMCAW's DCOP and the COP. Due to health issue, Ms Najera went on sick leave for 15 working days starting on February and when came back on March, worked for half time and informed of her decision to resign from the project by effective March 31, 2008. Upon her resignation she was paid out the salary, overtime, and social benefits due according to Guatemalan Law (this process was reviewed, testified and endorsed by a Guatemalan attorney at law). She also turned over all CIMCAW property (documents, keys, etc.) and the process for rescinding her power of authority was initiated.

DAI and the RO began the search for a new DCOP and have identified candidates, which they will follow up with in early April.

In addition, the project developed Scopes of Work for a full time Communications Expert and a full-time Project Assistant. The positions were advertised in Guatemalan newspapers and CVs received. Next quarter they will be reviewed and it is a priority to hire more support staff.

Jaime Holland, who has proven to be an excellent Project Coordinator for CIMCAW from DAI will be taking on more responsibilities as the Program Specialist for CIMCAW. In this capacity, she will be based out of the CIMCAW Regional Office in Guatemala City from Monday, April 21 through September 30, 2008. Jaime will provide the RO support in the following areas: Coordinate data collection and report efforts; organize all technical project files so that the documents are accessible; client relationship management-- responding to USAID requests and working the PQM and other DAI Home Office staff to ensure project compliance with USAID regulations, etc. Stephanie Schwartzkopf has been appointed as DAI Project Coordinator (formerly, Jaime Holland).

Finally, as part of their support for the project, SAI hired a CIMCAW field representative and a consultant who will build all the instrumental issues for developing the follow up process and impact measurement at the factory level. Both contracts became active in March 2008. The COP has been actively involved in the review and feedback of the contract process, SOW preparations, negotiations and follow up to both consultants' deliverables, with the involvement of Elena Arengo and Judy Gearhart from SAI.

Due to the odd human resources situation during this quarter the RO did not held team meetings every week, as before, but assignment of duties and follow ups were performed by the COP to the rest of the team. It is fair to say that the work burden was intense, and in order not to charge over time, most activities

had to be carried out by the COP after normal work shifts. In order to facilitate communication and effectively advance work with the LP, the COP continued to implement teleconferences with the LP at least every 20 days.

Work Plan, Close Down Plan and Estimated Budget for Remaining Time

The CIMCAW project was asked to resubmit a revised version of the Annual Work Plan that included a budget for the remaining months and a close down plan to USAID/EI Salvador. The Work Plan along with a close down plan and a budget was submitted to Sandra Lorena Duarte on March 14, 2008. The project received an approval with comments from Sandra Lorena Duarte on 04.04.08. On the basis of the approved work plan, the project will revise the PMP and submit for approval.

In response to USAID/EI Salvador's concern regarding whether the project would be able to achieve the training impact targets, the project also submitted a Plan for Maximizing Impact.

During January 2008, USAID had requested that the Work Plan (WP), the Project Monitoring Plan (PMP) and the Quarterly Reports (QR) be re-designed, due to quality concerns.

A note on the structure of the Work Plan, the Quarterly Report and the PMP.

When the CIMCAW extension was approved in May 2007, the same planning format (log framework) was used for organizing the WP as was utilized during the previous phase of CIMCAW. This planning format generated several misunderstandings and problems in the interpretation of the results, mainly when trying to make use of the indicators of the PMP. The only people in the project that had full understanding of managing these issues were the COP and the DCOP. Therefore, on December 2007, DAI recommended that the WP should be planned according to the deliverables agreed to in the CIMCAW extension agreement with USAID and as a consequence, the PMP and the Quarterly Reports should be reformatted so that they were in harmony with the new work plan.

The main challenge was to keep track of the use of the indicators that the project had been using and reporting in prior Quarterly Reports so we wouldn't lose the continuity of the monitoring process that was started since the beginning of the extension.

Therefore, the COP developed a "conversion table" that allowed the project to link the data used with the prior WP to the new ones. Once this was done, the whole WP had to be organized according to the "Deliverables", but again, keeping the link with the prior results. Once the WP was converted with the new design, the PMP was redesign so both documents were harmonized.

Once the WP and PMP were finished, the COP and Samira Salem developed QR#13 using the new formats. This process was undertaken between January 7 and February 8, 2008. This QR #14 is the second QR that has been prepared using the new format.

V. BRIEF SUMMARY OF LESSONS LEARNED

- In order to achieve impact and reach as many workers as possible, the project needed to devise additional approaches to factory recruitment. As such, it held consultations with Local Partners and stakeholders to develop feasible proposals for effectively reaching more factories and workers. Through this process the project was able to come up with several proposals including having the CZF in Nicaragua directly recruit member factories (offering the CIMCAW training as a service of the CZF) and has developed a proposal to collaborate in a similar fashion with AHM and IDB in Honduras.
- The project has made significant contributions that advance the efforts to improve labor standards compliance in a sustainable way, but the indicator that CIMCAW and USAID have used to capture the impact of the project does not capture the other important (and some times unexpected) achievements of the project such as:
 - the promotion of social dialogue and a culture of compliance through the Consultative Committees established and fortified by CIMCAW (access to these committees is in high demand and greatly valued by other labor-initiatives in operating in the region);
 - the development, testing, and refinement of a new model to achieve compliance the fundamental elements of which can be applied globally, the development of a labor standards training program approved by all stakeholders (this program is highly valued and in great demand by other initiatives),
 - the development of Best/Good Practices Manual that can be applied throughout the region;
 - better relations among workers and managers in the factories that have participated in the training;
 - contribution to a stronger industrial relations climate --more trust and working relationships established among the stakeholders in the in the sector;
 - development of a novel and solid model, example of a global development alliance;
 - establishment of strategic relationships with new corporate partners for USAID, etc.

Even though the project is looking forward to showing documented improvement, the characteristic of this project, which deals with change of attitudes and education, needs to be seen as a process which by it self produces huge impacts, mainly in the construction of the social dialog among multi-stakeholders, which in our case, has led these stakeholders to attend joint training in a topic which is still taboo in many of the countries where the project works.

- Another significant impact of the project is the development of methodologies and groups of people trained and with experience in each country capable of using these methodologies even after the life of the project, which can produce sustainable improvements in those places where they keep using them properly.
- To add to this that, the projects model has been of interest to other projects and initiative who are willing to or already have get to agreements with CIMCAW in order to make synergies among them. CIMCAW has devoted energy toward collaborating with other projects to maximize resources and minimize duplication of efforts. This is in line with the efforts that USAID regional office have promote in order to increase the coordination among projects and the impact as well.
- 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 provided by Gap Inc. with the names and contacts of suppliers has been an important support for LP to be able to effectively recruit factories to participate in the program and Wal-Mart and Timberland's direct support in joint factory recruitment has been successful. New brand partners are providing list of factory contacts.
- Part of the solutions proposed during last Quarter Report were:
 - 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

Due to the implementation of these solutions it has been seen that:

- The development of more systematic files to better capture data from training and follow up has been useful. The matter of the numbers has been of great concern when reporting documented impact, and now that every body has an instrument where to allocate and find these numbers, this problem should not be repeated.
- With better data coming from the field regarding factory recruitment, training, follow up and impact, the project can start to look for situations that can help us to understand where to shift to other actions in order to increase impact or where to stick to successful actions.

VI. CHALLENGES AND PROPOSED SOLUTIONS

CHALLENGES

- In Honduras, Homero Fuentes has decided to leave the project. As a reminder, he was nominated as the CIMCAW Country Representative by Honduras CC, based on the relationship and trust that they have in Homero. Actions should be taken in order to promote the acceptance of the CC members to the new team.
- Attract more factories to participate in the trainings.
- We are competing for the same factories with other projects. In Honduras, with the AHM/IDB project, in Guatemala, Honduras and Nicaragua with the 3.0 project developed by FLA

PROPOSED SOLUTIONS

- Homero has indicated that he will train his team and ensure that they have the support of the Honduran CC before leaving.
- 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.
- We've developed a proposal for alternative approaches to recruiting factories (working with CZF and AHM/IDB) that we believe will bear fruit.
- 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.
- We have developed a plan for working with AHM in Honduras and the FLA. The SC has approved the plan to work with AHM and discussion and approval of the FLA is pending.

- Even though the project has a work plan, we've had to make adjustments along the way, often due to circumstances beyond our control. At times, the speed at which the changes could be made is slower than needed.
- Evaluation of the project's performance should be based on more than just a couple of indicators (i.e., number of workers benefitted by documented improvements in the workplace and leverage raised). The project's impact is significantly broader and by focusing on just this indicator, USAID/EI Salvador is missing much of the value added that this project brings.

Development of activities in El Salvador

- Development of activities in Guatemala, VESTEX meeting continue to be a challenge.
- Lack of VESTEX support jeopardizes our ability to train Coldwater Creek supplier factories who want to see evidence of VESTEX support before committing.
- Standardization of projects' publications and development of top quality communications materials.
- Continue the activities with INFOTEP in the Dominican Republic.
- Need for more capacity in the RO.

- Try to plan for several scenarios in advance.
- Continue discussions with the project CTO to make sure CIMCAW and USAID are working with a clear understanding of what the project is doing and what is expected of it.
- Continue the conversations with the CTO of the comprehensive and holistic nature of this project and considering other indicators to evaluate project performance.
- The Project will also dedicate more resources to better communicate the success stories.

- Guarantee the compliance of the country approach planned and approved for El Salvador. The RO will give direct support to the people working in the field.
- The RO and COVERCO have continued their efforts to secure a meeting with VESTEX. One of the brand partners has agreed to provide support in engaging VESTEX and in addition, the RO has contacted Lucy Change, the US Embassy Labor Attaché for support as well.
- If we succeed with VESTEX, Coldwater Creek suppliers are willing to participate.
- We have proposed a conversation between the Coldwater Creek suppliers and a factory manager in Nicaragua that has successfully completed the training in order to assuage their concerns and answer any questions regarding the training.
- Hire a full-time Communications Expert.
- CIPAF has continued to move forward in the relations with INFOTEP's Board of Directors and has started to develop a curriculum proposal with INFOTEP's technicians. Close follow up and support from the RO, and under CIPAF's request, support from members of the alliance.
- Hire a new DCOP (the recruitment process was nearing an end by the end of this quarter);
- Jaime Holland has been assigned as Program Specialist and will be working full time from the RO in Guatemala as of April 21.
- Guarantee the hiring process of the Communications' Expert and the Project Assistant.