

**ANNUAL REPORT
FY2006**

Continuous Improvement in the Central American Workplace (CIMCAW)

USAID Global Development Alliance

The Continuous Improvement in the Central American Workplace (CIMCAW) Project will demonstrate that improved working conditions increases garment factories' ability to meet the growing demands for social compliance as well as increases their competitiveness in terms of quality and productivity. The CIMCAW project submits the following Annual Report on project activities carried out during FY 2006.

The format for the CIMCAW Report will be as follows:

- Part I Key Technical Accomplishments last Quarter
- Part II CIMCAW Achievements to Date
- Part III Update on Management, Administrative, and Communications Developments and Outputs
- Part IV Matrix of Achievements during FY 2006
- Part V Challenges and Proposed Solutions

- Annex 1 Results of Questionnaire to Factories that Attended the CIMCAW Presentation
- Annex 2 Honduras Update on Workplan
- Annex 3 Communications Products
- Annex 4 Report on the Ministry of Labor Training
- Annex 5 Report on the Gaps Identified in Factory Trainings in Guatemala

I. KEY ACCOMPLISHMENTS THIS QUARTER

Honduras

AHM Support & CIMCAW Event Generates Factory Interest

On September 5, 2006, the CIMCAW project in collaboration with the Association of Honduran Manufacturers (AHM) hosted an event to introduce the Project to various representatives of Honduran factories and gauge their interest in participating in the trainings. Attendees included representatives from approximately 20 factories as well as representatives from CIMCAW Alliance members Gap Inc., DAI, SAI, and ITGLWF. Representatives from AHM, included among others Jesus Canahuati, President, Ernesto Interiano, Executive Director, and Marta Benavides, Technical Director. Doris Escalona, the Human Resource Manager of the Nien Hsing Corporation in Nicaragua, was also in attendance.

The event yielded positive results. Of the factories represented, the majority expressed an interest in participating in the Project trainings scheduled to begin later this month. The presence and active participation of Canahuati and Interiano, both well-respected local businessmen and leaders of AHM, indicated a serious commitment to the Project on behalf of AHM and implicitly underscored the importance of CIMCAW to the maquila sector in Honduras. Furthermore, the mere presence of numerous factory managers demonstrated a serious interest on their part in learning about the Project and its potential benefits for the Honduran maquila sector.

The event speakers discussed various aspects of the Project and explained the rationale behind its implementation. Homero Fuentes, CIMCAW Project Director, highlighted the Project's successes in Nicaragua, Guatemala, and the Dominican Republic and discussed its achievements in Honduras to date. These include the formation of a high-level Consultative Committee composed of key union and private sector representatives to guide project implementation in Honduras and the promotion of serious social dialogue between labor unions and the private sector on the issue of labor standards in maquilas. Gap Inc. representative, Johanna Ferrera, explained how CIMCAW is part of Gap Inc.'s efforts to collaborate with key stakeholders in order to bring about sustained positive changes in their supply chain and how they perceive it as one of the most successful initiatives they involved with. She touched on CIMCAW's value as a collaborative effort between the brands, labor unions, local government, and NGOs to successfully achieve project objectives and confront the challenges posed by the post-quota global context.

Doris Escalona, the Human Resource Manager of Nien Hsing Nicaragua and member of CIMCAW's Consultative Committee in Nicaragua discussed CIMCAW's sustainable impact in Nicaragua and how the Project has effectively eliminated barriers between labor unions and the private sector, and even within the unions themselves. She underscored the fact that CIMCAW has yielded both quantitative and qualitative results in Nicaragua and as such has proven to be an effective tool to increase the competitiveness of Central American maquilas. Given CIMCAW's proven success in Nicaragua, Escalona voiced a desire to diffuse and replicate CIMCAW factory trainings throughout Central America. Escalona's participation in the event was significant because she highlighted the positive experience of a local factory and reinforced the Project's ability to achieve a sustainable impact with concrete results of relevance to the maquila sector of Central America.

At the conclusion of the event, factory managers were given ample opportunity to pose questions to clarify uncertainties and allay any concerns about CIMCAW. The representative of Grupo Kattan, expressed her interest in participating in the Project, noting that "we believe it is extremely important to strengthen worker-

manager relations.” In addition, Jesus Canahuati of AHM stressed the need for collaboration between workers and managers in order to preserve the survival of the maquila sector. He added that it is important for the brands to remain engaged throughout the life cycle of the Project and not lose interest prematurely. Canahuati underscored the need for CIMCAW to create the necessary space to rectify any problems by means of an approach agreed upon by all stakeholders.

In spite of the initial resistance to labor rights compliance, the Association of Honduran Manufacturers is now helping the project to engage the factories that expressed interest in taking part in the training program and the AHM show active participation at the Consultative Committee meetings.

Consultative Committee Meetings and Plans Training Program in Honduras

The Consultative Committee met approximately twice monthly to discuss the local partner, plan the factory event, and plan the presentation of the project (and its benefits) for managers and trade unions to take place in the last quarter of 2006 (See Annex 2).

Through an intensive process of consulting, formulating and strengthening the social dialogue among the key actors as coordinated by CIMCAW Regional Director, Homero Fuentes, the Consultative Committee in Honduras has now been established. The Honduran Maquiladora Association (AHM), the CUTH federation (Central Unitaria de Trabajadores), CGT union (Central General de Trabajadores) and the local affiliates to the International Textile, Garment and Leather Workers Federation are enthusiastic about collaborating on the committee and have also invited the participation of the Secretary of Labor.

The Committee agreed to make a presentation about the CIMCAW project to factories in the maquila industry in San Pedro Sula, Honduras (there are an estimated at 200+ maquilas). This presentation is scheduled for the third week in August and will be coordinated by the AHM and CIMCAW. The key topics to be covered in the trainings have been selected. The trainings will be a total of 40 hours, delivered over 5 training sessions. We look forward to providing you with more updates in the coming months.

Nicaragua

Worker-Manager Trainings

The project delivered the remaining two training modules (Module #4 on Gender Discrimination and Child Labor and Module #5 on Occupational Safety and Health) and thus completed the first round of training, which was initiated in the previous quarter. Significantly, the participating factories requested (as part of their follow up) a second training on Occupational Safety and Health so that their delegates would be better able to use their acquired knowledge in identifying problems/situations to improve safety and health conditions at the workplace. A module was developed and it was delivered by Dr. Edin Pop who came recommended by the ILO. Given the interest expressed by the factories in OSH-related topics, the Project's Regional Office (RO) is convening conversations with INEH and the ILO expert to consider developing a more practical OSH manual for Nicaragua.

Table 1. Number of workers and managers from each factory that attended in the Trainings

Factories	Module #4	Module #5	Extra Module
FORTEX	7	7	6
Henry Garment, S.A.	8	9	9
Knitwear, S.A.	2	3	4
U.S.L.C. de Nicaragua, S.A.	12	11	10
Total	29	30	29

It is important to note that the factories have committed to sending a certain number of workers to the complete CIMCAW training (which in Nicaragua is composed of 5 modules). While not ideal, occasionally the workers cannot attend a module, so the numbers above only reflect the numbers of workers who were able to attend these particular modules and not the complete number of workers that received training during this second round of training. The table below indicates how many workers were signed up in the first round of trainings and how many received a certificate on September 30, 2006 recognizing their having completed the CIMCAW training course.

Table 2. Number of workers and managers that attended and completed Round 1

Factories	Number of Workers and Managers signed up for Round 1	# of Participants that completed the course during Round 1
FORTEX	11	4
Henry Garment, S.A.	12	7
Knitwear, S.A.	4	0
U.S.L.C. de Nicaragua, S.A.	12	6
Total	39	17

A second round of training (5 modules plus the extra follow up module on OSH) was initiated and concluded during this quarter. The following table reports the number of workers that attended the trainings and the number that received certificates of completion.

Table 3. Number of workers and managers that attended and completed Round 2

Factories	# of workers and managers signed up for Round 2	# of workers and managers that completed the course during Round 2
Istmo Textil Nicaragua, S.A.	15	10
Dasol Textil, S.A.	14	0
SAE-A Tecnotex	17	0
Total	46	10

Events and Social Dialogue

In September 2006, the project held two events in Nicaragua. The first event, was a breakfast event on September 29 to recognize the factories that are participating in the eight participating in the first two rounds of the CIMCAW worker-manager training in Nicaragua and increase interest in the training program. Speakers, which included Virgilio Gurdian, the Minister of Labor; Larry Brady, the Deputy Director for

Regional Programs; Fanor Avendaña the Director of INEH, Elena Arengo of SAI and Samira Salem of DAI underscored the value of the tools offered by these trainings to sustainably improve labor standards through policy changes that affect the lives of many hundreds of workers in the maquilas. The speakers also highlighted how compliance and enforcement of labor standards can lead to enhancing the competitive advantage of the Nicaraguan apparel manufacturing sector. This event generated more enthusiasm for and interest in the CIMCAW program as evidenced by the requests from the participating factories to train more workers and new factories to participate in the next round of trainings. INEH also re that showed interest in the past, but it is until now that they are asking to be incorporated.

Consultative Committee

The Consultative Committee continued to meet. They agreed to meet on a monthly basis to update INEH on the local context and help guide the project's work.

Members of the Consultative Committee in Nicaragua

Sector al que representa y/u Organización	Nombre del representante
Sector Sindical, CST	Pedro Ortega
Sector Sindical, CTN (a)	Martha Cárdenas
Sector Sindical, CUS	Félix Rodríguez
Sector privado, ANITEC	Emperatriz Orihuela
Sector privado, Consorcio Nien Hsing	Doris Escalona
Sector Gubernamental, MITRAB	Karen López *(Directora Conciliación) Liduvina Molinares (Inspectora del sector industrial)
Sector Gubernamental, CNZF	Emilio Noguera

*Karen López, dejó de laborar en el mes de Marzo 2007 para el MITRAB. En su caso debemos contactar a al director general del MITRAB para conocer quienes serán los nuevos delegados.

El Salvador

Inspector Training in El Salvador

The CIMCAW project conducted in July, two trainings in Social Auditing for Labor Inspectors from El Salvador's Ministry of Labor (MINTRAB). The trainings took place from July 17-22 with 76 participants (32 women and 44 men). The trainings were extremely successful and so well received by the Ministry that the Vice Minister, Carmen Elisa Sosa de Callejas, has requested that CIMCAW conduct more training, reaching El Salvador's entire Labor Inspector force. SAI's trainers, Elena Arengo and Louis Vanegas presented an innovative curriculum combining private sector methods for social auditing, such as root

cause analysis and management systems review. They engaged the inspectors in in-depth discussions of crucial topics such as the right to freedom of association and collective bargaining, which is a currently an important issue for El Salvador.

The labor inspectors expressed that the trainings provided invaluable lessons that will be extremely useful in their work. Labor Inspector trainings are providing the foundation for a close relationship with the countries' government agencies, as well as gaining support for the project's activities in each country.

Guatemala

Worker-Manager Training in Guatemala

On August 4 and 5, CIMCAW trained 30 workers and 15 managers and supervisors in SAE-A, a garment factory with 1,500 workers. C-Site, a factory with 1,300 workers, received the CIMCAW trainings the week prior on July 28 and 29. During the C-Site trainings, 30 workers and 16 managers participated. The trainings were made possible by an extensive process of building relationships and strengthening social dialogue among key actors; this process was coordinated by CIMCAW Regional Coordinator, Homero Fuentes, and COVERCO.

CIMCAW Worker/Manager trainings focus on fundamental labor rights, national labor laws, global competitiveness, and social compliance issues. Participants learned about and analyzed the challenges and opportunities presented by the end of the Multi-Fiber Agreement and the implementation of CAFTA. The trainings are a platform for workers and managers to work together to analyze problems in their factories and explore ways to address these. "The inclusive approach of the training methodology created an environment in which workers felt empowered to speak openly about their concerns, enabling managers and workers to identify common issues to work on going forward," reported Darryl Knudsen, Gap, Inc.'s Manager of Global Partnerships for the Americas, who attended the SAE-A training.

The trainings delivered at C-Site and SAE-A followed extensive planning and preparation with management as well as consultations on all aspects of the program with the SAE-A Workers' Union and the national Federation to which it belongs (CGTG). The entire workforce in both factories (2,800 workers) received a briefing on the program, and the workers then selected among their peers who would attend the two-day training. During the trainings, workers and managers in SAE-A and C-Site identified health and safety, production bonuses and working hours as the biggest problems they face (See Annex 5 for the report on compliance gaps identified). Reflecting on both workers' and managers' interest and appreciation of the trainings, Elena Arengo stated "I was very happy with the participation of workers and managers at both factories. Both groups were able to talk constructively about concrete issues in their factories. The next step will be for the factory managers to develop a plan to address these issues and to improve communications with workers."

Dominican Republic

Largest D.R. Factories Sign On for CIMCAW Training

In July, two of the largest factories in the Dominican Republic – Grupo M and Interamericana – invited CIMCAW's local partner, CIPAF (the Center for Feminine Action) to conduct worker-manager training in the coming months. A multi-stakeholder committee, based in Santiago, will work with CIPAF to adapt the training to the Dominican context.

II. CIMCAW IMPACT TO DATE

I. Baseline Objective: Improved Enabling National Environment

Establishment of a Consultative Committee

- Nicaragua
- Honduras
- Dominican Republic

Dissemination of Information to 30,000 Regional and International Stakeholders

To date, the project has trained and disseminated information on labor standards to approximately 30,000 stakeholders, including private sector, international brands, unions, government, and NGOs. The project has introduced the concept of labor standards as an element of competitiveness and has made significant advances toward ensuring that this important issue is part of the agenda of key stakeholders.

II. Immediate Objective 1: Improve working conditions in participating^{1[1]} factories & Immediate Objective 2: Improved management systems in participating factories.

Design, Development, and Delivery of Worker-Manager Training

CIMCAW Training Report

- 251 Workers and Managers Trained: 160 in Nicaragua, 91 in Guatemala
- Trainings Planned for the D.R. and Honduras
- 76 Labor Inspectors Trained in El Salvador

The trainings respond to the requirements of DR-CAFTA by covering the ILO's Declaration on Fundamental Principles and Rights at Work and also national legislation in each country. Technical content of the trainings include:

- Workers Rights and Obligations
- Non-Discrimination
- Child Labor
- Forced Labor
- Working Hours
- Overtime
- Wages
- Economical and Social benefits
- Freedom of Association
- Women's Rights
- Maternity
- Harassment and Abuse
- Occupational Health and Safety
- Environment
- Human Relations

^{1[1]} By participating factories, we refer to those factories that participated directly in a training as well as their sister factories owned by the same company and operating in proximity. Policy changes made as a result of the trainings will affect all factories held by the company in a particular country.

Increased understanding achieved: In both countries, pre-and post-tests show significant improvements in the understanding of participants of the 8 ILO's fundamental principles and core lessons related to national legislation in each module.

Problems Identified: In both countries, the trainings identified problems in the factory that require an action plan. Through its follow up program, the CIMCAW project will address the problems identified through a mix of technical assistance, trainings, and provision of tools, as needed.

III. Sub-Immediate Objective 3: Improved enforcement through increased understanding of commercial social audit systems, tools and global context of maquila sector.

Inspector Training

216 inspectors trained in the region:

- 25 in Nicaragua
- 25 in Guatemala
- 60 in Honduras
- 30 in Dominican Republic
- 76 in El Salvador

Note: in the case of the Dominican Republic and El Salvador, the Ministries have asked the CIMCAW project to provide more training.

IV. Problems Identified at the Factory Level

The factory-level trainings in Nicaragua and Guatemala identified problems in the factories with respect to compliance with labor standards. In the case of Guatemala, each factory identified 6 problems and they decided to focus on addressing two of these.

VI. Policy Changes

At this stage, factories create compliance policies to remediate problems identified at the trainings.

- In the case of Guatemala, a problem found was the fact that the factories did not have an established committee for occupational safety and health, as required by law, so the factories are in the process of establishing these committees.
- In the case of Nicaragua, one of the issues identified was the need for a deeper understanding of occupational safety and health issues and how to ensure compliance, so the CIMCAW project has organized a follow up training for these factories with an ILO selected consultant slated for September 23.

VII. Results

The creation of the Occupational Safety and Health Committee will lead to the design of a risk mapping assessment and requires them to acquire the proper safety equipment for the workers. Thereby, improving safety and working conditions.

V. Local Partner Capacity Building

- Increased capacity to develop and design training curriculum and train workers and managers and specifically on labor rights and obligations.

- Increased ability to provide technical Assistance to factories on labor-related matters.
- Increased understanding of how to work with public-private partnerships in a shared governance framework.
- Increased capacity to promote improved industrial relations

III. UPDATE ON MANAGEMENT, ADMINISTRATIVE, AND COMMUNICATIONS DEVELOPMENTS AND OUTPUTS

Development of Printed Material

CIMCAW developed informative brochures to be delivered to direct beneficiaries at the participating factories. Brochures include information regarding objectives and activities of the Project as well as key details on benefits for workers, producers, apparel brands and Ministries of Labor.

Educational materials developed for joint managers-workers training include an overview of local and international legislation to be applied for labor themes described below.

1. Global context of the apparel industry
2. Rights and obligations of workers
3. Social responsibility management systems
4. Non-discrimination
5. Forced labor
6. Child labor
7. Working hours
8. Salaries
9. Economic and social benefits
10. Right to the freedom of association and collective bargaining
11. Women's rights
12. Maternity
13. Harassment and abuse
14. Occupational health and safety
15. Environment

Coordination with ILO

The ILO participated in the joint worker-manager training in Nicaragua on Occupational Safety & Health. This module was delivered by Dr. Valentina Forastieri, the ILO's main specialist on Occupational, Safety and Health Conditions and coordinator of the Safe Work Program and by the ILO's expert on Occupational Health and Safety, Dr. Edin Pop.

Coordination with Cumple y Gana

The Project continued discussions with Cumple y Gana about coordinating on either a workshop or training. At the ground level, there was an initial meeting held between Cumple y Gana representatives and CIMCAW's Nicaraguan Local Partner INEH on Oct 29. Cumple y Gana requested this meeting because Doris Escalona (Nien Hsing Corporation and member of the Consultative Committee) suggested that they meet with INEH to determine whether they could collaborate around the implementation and diffusion of Cumple y Gana's self-assessment tool.

Coordination with FLA

Discussions are being held with FLA to coordinate activities in the DR and to share the Project's developed training material.

Project Management

Hiring of new COP Rafael Amador for 6-month extension, OCT 2006

Hiring of Communications Expert to report to USAID, SEP 2006

Hiring of part-time Project Assistant, JULY 2006

Acquisition of database software for contact information storage, OCT 26 2006

Continued updating of the website

Meetings in Honduras to look for Local Partner, public presentations and other activities managed from the Regional Office in Guatemala

Brand Engagement & Leverage

As is evidenced by the accompanying and previous pipeline reports, the CIMCAW project is not meeting the leverage requirement. The following reasons are provided for this: 1) In September 2004, there was hope that IDB-MIF would move forward with a complementary project, with which CIMCAW would closely coordinate. We have communications that show that the IDB-MIF project was presented to local partners, but to date they have not agreed to their partner participation. Ultimately, the absence of the IDB-MIF project has significantly reduced our projected leverage; and 2) Initially, the CIMCAW project expected to bring on approximately 18 multinational brands as partners and thus leverage funds and in-kind contributions from these brands. Despite significant effort expended in engaging and recruiting brands, to date we have three (17 % of the projected number of brands) multinational brands participating as Alliance partners and contributing toward our leverage targets. We were initially optimistic, because many brands expressed interest in joining the partnership. However, we found that translating interest into commitment on the part of brands is a long process. We have not been able to secure more partners because taking the next step and committing the brand to the Alliance is a decision brands don't take lightly. The brands interested in CIMCAW are by nature risk averse and want to know what they're getting into before they commit. So they have adopted a wait-and-see attitude. They have told us that in order for them to commit they want to: 1) see proven model with actual trainings carried out 2) assurance that there is long enough time frame that makes involvement worthwhile for them.

The challenge we're facing is that now that we have training results and firm interest on the part of companies to participate in CIMCAW, the brands don't see CIMCAW as an attractive option because the amount of time remaining for project implementation is limited.

Communications

During this quarter, the Alliance focused more energy on producing both external and internal communications products that communicated our progress. As part of this effort, Felipe Valdez, a DAI staff member and Communications Specialist, was asked to support CIMCAW's external and internal communications needs on a part-time basis. During this quarter, Felipe traveled to the region to cover events in Nicaragua and Honduras. The following is a list of the products produced by the project (see Annex 3 for copies of these documents):

- August project update
- Project Impact Summary
- CIMCAW Update from Honduras
- CIMCAW Update from Nicaragua
- 1 press releases one on Nicaragua
- 2 bi-weekly "Success Stories" submitted to USAID

- Updated the project website

Meeting with USAID/EI Salvador

Kristi Ragan attended meeting at USAID/EI Salvador on 08/16/07 with:

Debbie Kennedy, Mission Director
Tully Cornick, Deputy Mission Director
Kirk Dahlgren, Strategy and Policy
Jeff Lehrer, Program Officer
Victoria Walton, Program Officer

to discuss the project, its impact and the factor's affecting implementation, achievements, and plan for sustainability.

Homero Fuentes and Samira Salem met with

Larry Rubey,
Larry Brady,
Kirk Dahlgren,
Victoria Walton,
Braden Enroth

to discuss the project, its impact, achievements, and plan for sustainability. Homero and Samira presented the PMP plan and document summarizing the project impact and achievements to date.

Factors Affecting CIMCAW Implementation

The CIMCAW project has successfully engaged stakeholders in the region and promoted a constructive social dialogue around labor standards compliance. The multi-stakeholder nature of its approach has established new and important dialogue spaces for the private sector, unions, and government to come together and discuss an issue of critical importance in the current context characterized by significant challenges to the sector. The CIMCAW project has also worked with these stakeholders to develop a tailor-made training program for managers and workers. Finally, the CIMCAW project has had much success training inspectors from the Ministry of Labor on best practices in auditing techniques and sensitizing the inspectors to the new global context. Despite these formidable achievements, the project has only been able to initiate capacity building at the factory level in Nicaragua and Guatemala in the last 2 quarters. As such, the impact of the project's work is still anecdotal. The following are the 4 main factors that have affected the implementation of CIMCAW in this respect.

- 1) Project approach
- 2) CAFTA
- 3) Project management
- 4) Local partners

These are detailed below:

- 1) Unwillingness to compromise CIMCAW's approach
 - a) it must be multistakeholder involving government, unions, private sector and NGOs
 - b) it must train both worker and managers
 - c) there must be a commitment from factories to follow-up on their action plans
 - d) freedom of association must be included in the training content
 - e) workers to be trained cannot be selected by factory management
- 2) Divisiveness within the region as a result of the vote leading up to CAFTA; this did not allow for collaboration among the various stakeholders who were on opposites of the issue or for trainings to be held

3) Project Management

- a) no partner had ultimate decision making authority nor did the COP
- b) trust among the Alliance had to be built over time
- c) alliance members changed their position on key issues in the first 12 months
- d) the dialogue with stakeholders took considerably longer
- e) the COP was selected for knowledge of region, personal credibility and commitment to the approach, contacts and networks and negotiation expertise; secondary consideration was given to management and communication skills; the COP has been critical for the success of the project
- f) the project was funded for 2 years with \$2m although the request was for 5 years with \$8m and thus was unable to have additional management or communications staffing

4) Local partners

- a) building trust with the local partners who had believed the project had hidden agendas i.e. a PR tool to get CAFTA passed; a project aimed at unionizing the industry throughout Central America
- b) finding a partner with the expertise, capacity, credibility, and willingness to implement the CIMCAW model was difficult
- b) building an understanding and ownership by the partner for the CIMCAW approach
- c) supporting the setting up of local consultative committees with all stakeholders represented

Modifications Submitted to USAID

DAI submitted 3 modification requests to USAID. They are as follows:

1. No-cost 6-month extension. This was approved. Thereby allowing the project to continue to operate until March 30, 2007 (0.
2. Request for budget realignment (09.18.06).
3. Request to reduce leverage obligation (09.18.06).

IV. SUMMARY MATRIX OF CIMCAW ACCOMPLISHMENTS FY2006

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

**SUMMARY MATRIX OF CIMCAW ACCOMPLISHMENTS
ACCOMPLISHMENTS FY 2005-2006 (cont'd)**

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

V. CHALLENGES AND RECOMMENDATIONS

Challenge	Recommendation
ALLIANCE	
<ul style="list-style-type: none"> * Concurrent efforts to promote compliance * Coordination 	<ul style="list-style-type: none"> * Promote open dialogue among Alliance Partners to reach agreed decisions with full political support * Ensure that Alliance Partners link with their strategic local allies in the promotion of the project as a political and direct support to Local Partners efforts * Implement planning and methodology before execution
REGIONAL OFFICE	
<ul style="list-style-type: none"> * Personnel 	<ul style="list-style-type: none"> * Current staff new COP, main advisor, technical assistant and financial assistant more able to fulfill work requirements
LOCAL PARTNERS / CONSULTATIVE COMMITTEES	
<ul style="list-style-type: none"> * Role of Local Partner selected by all key stakeholders 	<ul style="list-style-type: none"> * Support Local Partners and/or Consultative Committees proposals to enhance and do follow up of the program * Promote exchange of information by means of quarterly meetings with Alliance Partners and Local Partners / Consultative Committees
DIRECT BENEFICIARIES	
<ul style="list-style-type: none"> * Social dialogue * Improved relationships 	<ul style="list-style-type: none"> * Promote information update on implementation of systems that comply with national and international labor legislation

ANNEX I

HONDURAS: A SAMPLE OF RESPONSES TO QUESTIONNAIRES GUAGING INTEREST IN TRAINING PROGRAM

FACTORY	YES	NO	+ INF.	COMMENTS
1. Empaques Delta, S. A.			X	<i>"Our factory is not dedicated to textiles, but I am interested to know more."</i> Rigoberto Echeverría Advisor
2. Garan de Honduras	X		X	<i>"We are interested in taking part, but I need more detailed information to send to the Corporation in the USA for a final OK."</i> Silvia Matute Corp. HR Manager
3. Gildan Textiles			X	
4. Grupo KATTAN			X	<i>"We find it very interesting to strengthen the link between workers - enterprise; to have more valuable information to improve the whole scheme in the production context and compliance with our client brands, and our relations with all our interested groups"</i> . Xiomara Wu Corp. HR Director
5. IDEA	X		X	
6. NYF	X			<i>"Good luck!!"</i> Ing. Corina García Quality Control Manager
7. SKIP'S	X		X	
8. VFI			X	<i>"We are all interested in improving to keep our country taking part in the maquila environment."</i> Patricia Lagos Production Manager
9. ZICSA			X	<i>"I think it very important to know more about the project. My tasks are very general, because it is a Human Resources Management at an industrial park, but we are interested that our factories located there take part in the program if they producing for these brands."</i> Sandra Jovel HR Manager

ANNEX 2

HONDURAS UPDATE ON WORKPLAN COMMENTS, CONTENTS AND METHODOLOGY OF THE TRAINING PROGRAM IN HONDURAS

COMMENTS

- There is active participation of the Consultative Committee.
- The Honduran Industry Association (AHM) has repeatedly expressed that CIMCAW is “a strategic tool for its organization”; AHM has a structured workplan for 2006 and “the CIMCAW Project will be an important complement to it”.
- The Executive Director of AHM, Ernesto Interiano, took part at the August 8 meeting. His presence was valuable because for trade union organizations it created assurance and trust regarding AHM’s participation in the Consultative Committee.
- The pattern of the trade union participation in the Consultative Committee mirrors the Honduran maquila context. The following trade unions participate in the CIMCAW Consultative Committee:
 - Unitarian Confederation of Workers of Honduras, CUTH
 - General Confederation of Workers, CGT
 - Organizing project of ITG in Honduras
- The dialogue space is positive and constructive, especially for the ITG Project in Honduras.
- The participation of the Honduran Labor and Social Security Secretariat in the Consultative Committee will be considered in future meetings. The new Labor Secretary, who heads this Secretariat, is familiar with the CIMCAW Project. During the next trip to Honduras, the project will organize a meeting with her to inform her of the latest developments and training plans and determine the viability of the Secretariat participating in the Consultative Committee meetings.
- It was agreed that AHM plan and call factories for the presentation of the project, where no national trade union organizations will be present.
- It is important to define the local partner, but there is the trust in moving forward as a Consultative Committee. After the presentation of the project to the factories, a meeting with the Consultative Committee will be planned in order to select the local partner.
- The process is fragile due to national and international factors, but there is interest of all members of the Consultative Committee to move forward.

Date	Activity / Discussion Topics	Results / Agreements
<p>August 16</p>	<ul style="list-style-type: none"> • Selection of Local Partner • Review, final selection of themes for trainings • Evaluation of the call process for the activity planned for August 22 or 23, ADJOURN 	<p>Agreements</p> <ul style="list-style-type: none"> • Order and selection of the 6 themes for training <ol style="list-style-type: none"> 1. Context of the apparel industry and Human Relationships / Team work 2. Rights and Obligations of Employers and Workers. 3. Right to Freedom of Association and Collective Bargaining. 4. Non-Discrimination because of Gender 5. Woman’s Rights. 6. Occupational Health and Safety. • Introduction of the project to factories in Honduras set: <ul style="list-style-type: none"> ✓ Date: September 5, 2006, from 07:30 to 09:30-10:00 ✓ Location: Hotel Intercontinental ✓ Agenda: to be prepared by AHM in coordination with the CIMCAW Project Director ✓ Proposal to the factories: training sessions begin on September 23 or 30: <ul style="list-style-type: none"> • Workshop nr. 1 covering following themes: <ol style="list-style-type: none"> a. Modules regarding the context of the apparel industry b. Human relationships and team work. • CIMCAW will support the call with the alliance brands partners • It is recommended to invite a manager of a factory that has taken part in the trainings in Nicaragua. <ul style="list-style-type: none"> ✓ Nicaragua’s local partner will suggest the factory • CIMCAW sends contents of the module “International Context of the Apparel Industry” • In the August 29 meeting the Consultative Committee will confirm the contents for the module on “Human Relationships and Team Work”. (*See contents proposal below)

Date	Activity / Discussion Topics	Results / Agreements
		<ul style="list-style-type: none"> • Once again, it is agreed to use the same expert who delivered the modules in Nicaragua.
August 08	<ul style="list-style-type: none"> • Selection of Local Partner, NO AGREEMENT, it will be defined at another meeting • Review and selection of themes for trainings. • Evaluation of the call process for the activity to be held in the week of August 15. ADJOURN. 	<p>Agreements</p> <ul style="list-style-type: none"> • Deliver the introduction of the project to the factories on August 22 or 23 (adjourn) • Selection of themes for trainings <ul style="list-style-type: none"> ✓ Selection of 9 themes <ol style="list-style-type: none"> 1. Social Responsibility Management Systems 2. Apparel Industry Context 3. Human Relationships and Team Work 4. Discrimination because of Gender 5. Employers and Workers Rights and Obligations 6. Maternity Rights 7. Women's Rights 8. Right to Freedom of Association and Collective Bargaining 9. Occupational Health and Safety • First module must be on Human Relationships and Team Work, it is suggested that the same consultant who deliver this training in Nicaragua, develop this module in Honduras. • Prepare a guide of possible contents for the module on Human Relationships and Team Work
July 31	<ul style="list-style-type: none"> • Selection of Local Partner, NO AGREEMENT, it will be defined at another meeting. • Introduction to the Consultative Committee: <ul style="list-style-type: none"> ✓ Project's objectives ✓ Development context of the Project in Nicaragua, DR and Guatemala ✓ Presentation of the contents 	<p>Agreements</p> <ul style="list-style-type: none"> • Selection of the themes for trainings and proposal of methodology (work schedule) <ul style="list-style-type: none"> ✓ 10 proposed themes <ol style="list-style-type: none"> 1. Social Responsibility Management Systems 2. Apparel Industry Context 3. Human Relationships and Team Work 4. Labor Legislation in Honduras 5. Discrimination because of Gender 6. Employers and Workers Rights and Obligations

Date	Activity / Discussion Topics	Results / Agreements
	developed in Nicaragua and Guatemala and the proposal of the DR.	<ul style="list-style-type: none"> 7. Maternity Rights 8. Women's Rights 9. Right to Freedom of Association and Collective Bargaining 10. Occupational Health and Safety ✓ 40 hours for training sessions ✓ Workshops will be held on Saturdays, every 2 weeks ✓ Proposal of contents to Module on Human Relationships and Team Work <ul style="list-style-type: none"> • Planning for the week from 15 to 17 August the introduction of the project to the factories in Honduras (adjourn)
July 24	<ul style="list-style-type: none"> • Official establishment of the Consultative Committee • Selection of local partner, NO AGREEMENT • Evaluation of the process in Honduras 	<p>Agreements</p> <ul style="list-style-type: none"> • Official establishment of the Consultative Committee <ul style="list-style-type: none"> ✓ Two representatives from CUTH, Efrain Aguilar and Gloria Garcia ✓ Two representatives from ITG Project ✓ Two representatives from CGT, Julio Figueroa and Luis Ramírez ✓ Two representatives from AHM, Arnoldo Solís and Martha Benavides • It was agreed, that at the next meeting the Committee would evaluate the possibility of inviting the Labor and Social Security Secretariat. • Planned a meeting with factories for August in order to introduce the project • Planned regular meetings for the Consultative Committee, next meeting to be held on July 31. • Presentation to Consultative Committee of the objectives and advances of the project, as well as the contents developed in Nicaragua, Guatemala and the DR. • Selection of Local Partner, discussion adjourn for next meeting.
July 14	<ul style="list-style-type: none"> • Selection of Consultative Committee • Selection of local partner. Candidates: 	<ul style="list-style-type: none"> • Delegates from CGT and ITG Project will be confirmed about Local Partner selection in the meeting for July 24.

Date	Activity / Discussion Topics	Results / Agreements
	<p>CDH and PROCINCO.</p> <ul style="list-style-type: none"> • Project's workplan 	<ul style="list-style-type: none"> • NO AGREEMENT on Local Partner selection -- it will be discussed at next meeting. • PROCINCO does not agree with an alliance with CDH, please refer to update from June 06, 2006. • At next meeting, project's coordination will present the evaluation of the process in Honduras and advancements of the project in other countries .
<p>June 05</p>	<p>Key meeting for the selection of local partner. Meeting agenda:</p> <ul style="list-style-type: none"> • Background and current situation of the project in Honduras • Criteria for local partner selection • Introduction of PRONCINCO • Introduction of CDH • Analysis and selection of local partner 	<p>Results See update from June 06, 2006 .</p>

***Proposal of Contents for the Module “Human Relationships and Team Work”**

Human Relationships	Team Work
<ol style="list-style-type: none"> 1. Concept of human relationships 2. Existing relationship between human relationships and public relationships 3. Variety of motives 4. Motivational cycle 5. Hierarchical order of needs 6. Personality 7. Personality dimensions 8. Personality development 9. Environment 10. Dependence of third parties and in the work 11. Control 12. Autocritical attitude 13. Sympathetic performance 14. Democratic attitude 15. Co-relationships 16. Discipline 17. Leaders and chiefs 18. Heads 19. Types of leaders 	<ol style="list-style-type: none"> 1. Definition 2. Characteristics. 3. Necessary aspects to work in a team. 4. Composing of teams. 5. Role of the leader. 6. Development of teams. 7. Team work techniques. 8. Advantages of team work. 9. Strategies to encourage team work. 10. Requirements for team work. 11. Why do teams fail. 12. Time management in team work

20. Work and game	
21. Characters of work	
22. Incentives and motivations	
23. Incentives.	
24. Principle of the primes.	
25. Material incentives.	
26. Motivations.	
27. Concept of motive.	
28. Theory of instincts	
29. Communication	
30. Types of communications	

ANNEX 3

Document #1

CIMCAW

Update – August 2006



CIMCAW Training Report

- 251 Workers and Managers Trained: 160 in Nicaragua, 91 in Guatemala
- Trainings Planned for the D.R. and Honduras
- 76 Labor Inspectors Trained in El Salvador

Worker-Manager Training in Guatemala

On August 4 and 5, CIMCAW trained 30 workers and 15 managers and supervisors in SAE-A, a garment factory with 1,500 workers. C-Site, a factory with 1,300 workers, received the CIMCAW trainings the week prior on July 28 and 29. During the C-Site trainings, 30 workers and 16 managers participated. The trainings were made possible by an extensive process of building relationships and strengthening social dialogue among key actors; this process was coordinated by CIMCAW Regional Coordinator, Homero Fuentes, and COVERCO.

CIMCAW Worker/Manager trainings focus on fundamental labor rights, national labor laws, global competitiveness, and social compliance issues. Participants learned about and analyzed the challenges and opportunities presented by the end of the Multi-Fiber Arrangement and the implementation of CAFTA. The trainings are a platform for workers and managers to work together to analyze problems in their factories and explore ways to address these. “The inclusive approach of the training methodology created an environment in which workers felt empowered to speak openly about their concerns, enabling managers and workers to identify common issues to work on going forward,” reported Darryl Knudsen, Gap, Inc.’s Manager of Global Partnerships for the Americas, who attended the SAE-A training.

The trainings delivered at C-Site and SAE-A followed extensive planning and preparation with management as well as consultations on all aspects of the program with the SAE-A Workers’ Union and the national Federation to which it belongs (CGTG). The entire workforce in both factories (2,800 workers) received a briefing on the program, and the workers then selected among their peers who would attend the two-day training. During the trainings, workers and managers in SAE-A and C-Site identified health and safety, production bonuses and working

hours as the biggest problems they face. Reflecting on both workers' and managers' interest and appreciation of the trainings, Elena Arengo stated "I was very happy with the participation of workers and managers at both factories. Both groups were able to talk constructively about concrete issues in their factories. The next step will be for the factory managers to develop a plan to address these issues and to improve communications with workers."

Worker-Manager Training in Nicaragua

Working with INEH (*Instituto Nicaragüense de Estudios Humanísticos*), CIMCAW partners concluded the first series of 5 workshops for workers and managers from FORTEX, HENRY GARMENT, USLC, and KNITWEAR factories in Nicaragua. The trainings took place on May 27th, June 10th, June 24th, July 8th and July 22nd. During this time, 35 male managers, 32 female managers, 49 female workers, and 44 male workers participated. The worker self-selection process, as in Guatemala, was designed so that the participants are those workers who their peers think will most likely share what they have learned in the future. A second series of trainings for workers and managers from 4 more factories began at the end of July.

INEH was selected to serve as the local project leader by a multi-stakeholder consultative committee advising on project activities in Nicaragua. The committee includes all three trade union federations, ANITEC (Representative of the maquilas), the Nicaraguan Free Trade Zone Corporation, the Consortium of Nien Hsing and Rovedes Employers, as well as the Ministry of Labor and NGO representatives. Committee members meet regularly to advise the local partner on all aspects of the training, including curriculum structure and priorities, the recruitment and selection of eligible factories, and the process for informing and coordinating peer-based processes for workers to select who will attend the full 40 hours of training.

Inspector Training in El Salvador

The CIMCAW project also recently conducted two Social Auditor trainings for Labor Inspectors from El Salvador's Ministry of Labor (MINTRAB). The trainings, which took place from July 17-22, were delivered to 76 participants (32 women and 44 men). The trainings were extremely successful and so well received by the Ministry that the Vice Minister, Carmen Elisa Sosa de Callejas, has requested that CIMCAW conduct more training, reaching El Salvador's entire Labor Inspector force. CIMCAW's partner, Social Accountability International, presented an innovative curriculum combining private sector methods for social auditing, such as root cause analysis and management systems review. They engaged the inspectors in in-depth discussions of crucial topics such as the right to freedom of association and collective bargaining, which is a currently an important issue for El Salvador.

The labor inspectors expressed that the trainings provided invaluable lessons that will be extremely useful in their work. Labor Inspector trainings are providing the foundation for a close relationship with the countries' government agencies, as well as gaining support for the project's activities in each country.

Largest D.R. Factories Sign On for CIMCAW Training

In July, two of the largest factories in the Dominican Republic – Grupo M and Interamericana – invited CIMCAW's local partner, CIPAF (*Centro de Investigación para la Acción Femenina*) to conduct worker-manager training in the coming months. A multi-stakeholder committee, based in Santiago, will work with CIPAF to adapt the training to the Dominican context.

Consultative Committee Plans Training Program in Honduras

Through an intensive process of consulting, formulating and strengthening the social dialogue among the key actors, the Consultative Committee in Honduras was established under the coordination of CIMCAW Regional Director. The Honduran Maquiladora Association (AHM), the CUTH federation (Central Unitaria de Trabajadores), CGT union (Central General de Trabajadores) and the local affiliates to the International Textile, Garment and Leather Workers Federation are enthusiastic about collaborating on the committee and have invited the Secretary of Labor to participate.

The Committee agreed to make a presentation about the CIMCAW project to factories in the maquila industry in San Pedro Sula, Honduras (where there are an estimated at 200+ maquilas). This presentation is scheduled for the third week in August and will be coordinated by the AHM and CIMCAW. The key topics to be covered in the trainings have been selected. The trainings will be a total of 40 hours, delivered over 5 training sessions. The CIMCAW Alliance looks forward to providing more updates in the coming months.



CIMCAW UPDATE from Honduras
September 5, 2006

CIMCAW Event in Honduras Generates Substantial Factory Interest

On September 5, 2006, the CIMCAW project in collaboration with the Association of Honduran Manufacturers (AHM) hosted an event to introduce the Project to various representatives of Honduran factories and gauge their interest in participating in the trainings. The event was held at the Intercontinental Hotel in San Pedro Sula, Honduras. Attendees included representatives from approximately 20 factories as well as representatives from CIMCAW Alliance members Gap Inc., DAI, SAI, and ITGLWF. Representatives from AHM, included among others Jesus Canahuati, President, Ernesto Interiano, Executive Director, and Marta Benavides, Technical Director. Doris Escalona, the Human Resource Manager of the Nien Hsing Corporation in Nicaragua, was also in attendance.

The event yielded positive results. Of the factories represented, the majority expressed an interest in participating in the Project trainings scheduled to begin later this month. The presence and active participation of Canahuati and Interiano, both well-respected local businessmen and leaders of AHM, indicated a serious commitment to the Project on behalf of AHM and implicitly underscored the importance of CIMCAW to the maquila sector in Honduras. Furthermore, the mere presence of numerous factory managers demonstrated a serious interest on their part in learning about the Project and its potential benefits for the Honduran maquila sector.

The event speakers discussed various aspects of the Project and explained the rationale behind its implementation. Homero Fuentes, CIMCAW Project Director, highlighted the Project's successes in Nicaragua, Guatemala, and the Dominican Republic and discussed its achievements in Honduras to date. These include the formation of a high-level Consultative Committee composed of key union and private sector representatives to guide project implementation in Honduras and the promotion of serious social dialogue between labor unions and the private sector on the issue of labor standards in maquilas. Gap Inc. representative, Johanna Ferrera, explained how CIMCAW is part of Gap Inc.'s efforts to collaborate with key stakeholders in order to bring about sustained positive changes in their supply chain and how they perceive it as one of the most successful initiatives they involved with. She touched on CIMCAW's value as a collaborative effort between the brands, labor unions, local government, and NGOs to successfully achieve project objectives and confront the challenges posed by the post-quota global context.

Doris Escalona, the Human Resource Manager of Nien Hsing Nicaragua and member of CIMCAW's Consultative Committee in Nicaragua discussed CIMCAW's sustainable impact in Nicaragua and how the Project has effectively eliminated barriers between labor unions and the private sector, and even within the unions themselves. She underscored the fact that CIMCAW has yielded both quantitative and qualitative results in Nicaragua and as such has proven to be an

effective tool to increase the competitiveness of Central American maquilas. Given CIMCAW's proven success in Nicaragua, Escalona voiced a desire to diffuse and replicate CIMCAW factory trainings throughout Central America. Escalona's participation in the event was significant because she highlighted the positive experience of a local factory and reinforced the Project's ability to achieve a sustainable impact with concrete results of relevance to the maquila sector of Central America.

At the conclusion of the event, factory managers were given ample opportunity to pose questions to clarify uncertainties and allay any concerns about CIMCAW. The representative of Grupo Kattan, expressed her interest in participating in the Project, noting that "we believe it is extremely important to strengthen worker-manager relations." In addition, Jesus Canahuati of AHM stressed the need for collaboration between workers and managers in order to preserve the survival of the maquila sector. He added that it is important for the brands to remain engaged throughout the life cycle of the Project and not lose interest prematurely. Canahuati underscored the need for CIMCAW to create the necessary space to rectify any problems by means of an approach agreed upon by all stakeholders. The joint manager-worker trainings are expected to begin in Honduras at the end of the month.



CIMCAW UPDATE from NICARAGUA

August 18 – 20, 2006

I. TRAINING SESSION

1.1 Module 3 – Freedom of Association and Collective Bargaining

On August 19 the third training module was delivered by Dr. Nelson Arieta, a local labor expert hired by the Nicaraguan CIMCAW partner, INEH.

The topics delivered include:

- ❖ Protection instruments for freedom of association (ILO Conventions, Nicaraguan labor legislation, mechanisms for conflict resolution)
- ❖ Collective Bargaining and Internal Regulation

In addition to separated working groups, INEH was able to include a **round table with representatives of trade unions**: the Coordinator of the Labor Table, Roger Hernández; Martha Cárdenas; and the representative of the Unitarian Workers Confederation, José Brizuela. The three speakers explained their viewpoints regarding the benefits of trade unions inside the maquila. This enriched the understanding of the application of law, as well as the rights, obligations, and benefits that workforce and management enjoy at the factories where the speakers carry out trade union work.

It is also important to highlight that the interaction between management staff and workers was active and respectful. Workers from SAE, who have not participated in previous modules, attended the training and, as a result, will complete the other modules.^{2[2]}

As the table below indicates, a total of **15 workers** (5 women + 10 men) and **8 managers** (5 women + 3 men) attended this module. The gender breakdown shows the participation of 10 women and 13 men, while the attendance by factory reflects that Istmo Textil sent 11 workers and SAE and DASOL 6 workers each one. **Each factory sent its Human Resources Manager, all three of whom are women.**

Attendance Breakdown

Factory	Workers		Management		Total
	Women	Men	Women	Men	
Istmo Textil (Managua and Masaya)	5	2	1	3	11
SAE	0	4	2	0	6

^{2[2]} The group from Industria Santa María did not attend the session, due to a production peak, however INEH will follow-up with them to fulfill this module on the third round of trainings

DASOL	0	4	2	0	6
Totals	5	10	5	3	23
		15		8	

1.2. Alliance Partners

Participants are asking to ensure the presentation of at least one of the representatives of the brands. INEH plans to contact Gap Inc. for a brief presentation during next training to be held on Sept. 02.

II. MEETINGS INEH-CIMCAW

2.1 Module on Occupational Health and Safety

This module will be discussed in two days in order to ensure that participants prepare an **Action Plan with solutions and follow-up at their workplace** to the risks identified in the first day of work.

ILO has recommended a an expert on the topic of Occupational Health and Safety (OHS) to coordinate the themes and deliver according to INEH's schedule.

2.2 Second and Third Rounds of Trainings + Follow-up

Workshops of the second round conclude on October 7, including the group of the First Round completing the OHS module.

INEH will present a certificate of participation to the participants along with a **follow-up questionnaire** after the OHS module, in order to **establish impact indicators**. In the case of managements, INEH has also planned to do a joint visit INEH-CIMCAW-PARTICIPATING BRANDS to the participating factory management in order to deliver a thank you letter and a questionnaire. The team is exploring the option of interviewing the managers at the visit to create a **direct exchange on follow-up between management and the project**.

The information gathered from both questionnaires will allow INEH to determine the interest of the factories to continue with **more trainings** (more workers), and establish the impact and the achievement of reached expectations.

UPCOMING:

Friday, October 6 – Henry Garment, USLC, Fortex and Knitwear

Monday, October 09 – Dasol, Istmo Textil, Industria Santa María and SAE

The results of the questionnaires will be presented to ANITEC no later than last week of October 2006. This report shall identify **lessons learned, achievements, and impact**, aiming to improve the implementation of the Third Round of Trainings.

Third Round of Trainings is planned to be delivered from November 10, 2006 to February 23, 2007. It is expected that participants from the 8 participating factories of the first rounds take part and it is also expected to achieve the commitment of 4 additional factories.

The impact report of the Third Round will be prepared in March 2007.

CIMAW
Bi-Weekly Report
09.13.06



CIMCAW Project Hosts Groundbreaking Event in Honduras

The *Continuous Improvement in the Central American Workplace (CIMCAW)* Project, in collaboration with the Association of Honduran Manufacturers, hosted an event in San Pedro Sula, Honduras on September 5, 2006, aimed at recruiting factories to participate in the Project's worker-manager labor standards training. Attendees included representatives from approximately 20 textile & apparel factories that produce for brands such as Gap Inc., Gildan, Addidas, Philips-Van Heusen, and Nike as well as representatives from CIMCAW Alliance members Gap Inc., DAI, Social Accountability International (SAI), and the International Textile Garment & Leather Workers' Federation (ITGLWF). The event yielded positive results. Of the 40 factories represented, the majority expressed an interest in participating in the Project trainings scheduled to begin later this month. The active participation of AHM Executive, Ernesto Interiano and President, Jesus Canahuati, both well-respected local businessmen and leaders of AHM, indicated a serious commitment to the Project on behalf of AHM and implicitly underscored the importance of CIMCAW to the maquila sector in Honduras. Furthermore, the presence of numerous factory managers demonstrated a serious interest on their part in learning about the Project and its potential benefits for the Honduran maquila sector.

CIMCAW

Bi-Weekly Report



CIMCAW Project to Host Labor Standards Event in Nicaragua

The Continuous Improvement in the Central American Workplace (CIMCAW) Project, in association with its local partner, the Nicaraguan Institute for Humanistic Studies (INEH), will host a breakfast event in Managua on Friday, September 29, 2006, from 7 – 9AM. The event will recognize the Nicaraguan factories that have completed CIMCAW worker-manager trainings and reinforce the impact that the Project has achieved to date. CIMCAW Alliance members USAID, INEH, Social Accountability International (SAI), and Development Alternatives, Inc (DAI) will speak at the breakfast to recognize the achievement of the factories and underscore the value of the tools offered by these trainings to sustainably improve labor standards through policy changes that affect the lives of many hundreds of workers in the maquilas of Central America. At the conclusion of the breakfast, certificates will be awarded to the managers of factories that have successfully completed the first two rounds of trainings administered by the CIMCAW project.

Document # 6

Press Release – September 26, 2006

CIMCAW to Host Event Recognizing Improvement in Labor Standards in Apparel and Garment Sector

Managua, Nicaragua – The Continuous Improvement in the Central American Workplace (CIMCAW) Project in association with its local partner, the Nicaraguan Institute for Humanistic Studies (INEH) in association with the is organizing a breakfast event in the Laurel Room of the Hotel Real Intercontinental Metrocenter on Friday, September 29 from 7:30 to 9:00 A.M. The event will highlight how compliance and enforcement of labor standards can lead to enhancing the competitive advantage of the Nicaraguan apparel manufacturing sector. In addition, recognition will be given to the management of factories that have supported the joint worker-manager training initiative. At the conclusion of the breakfast, certificates will be awarded to the managers of factories that have successfully completed the first round of trainings administered by the CIMCAW project. This initiative is funded by USAID, which assigns high priority to the improvement of labor standards in factories across the region.

Representatives from USAID, INEH, Social Accountability International (SAI), and Development Alternatives, Inc (DAI) will speak at the breakfast to recognize the achievement of the factories and underscore the value of the tools offered by these trainings to sustainably improve labor standards through policy changes that affect the lives of many hundreds of workers in the maquilas of Central America.

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

CIMCAW represents a unique public-private alliance that includes:

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

ANNEX 4

EL Salvador Labor Inspector Training and Trip Report

The CIMCAW project conducted in July, two Social Auditor trainings for Labor Inspectors from the MINTRAB, El Salvador's Ministry of Labor. The first round of trainings took place from July 17-19 with 36 participants, and the second round included 40 participants, taking place from July 20-22. The trainings were extremely successful and so well received by the Ministry that the Vice Minister, Carmen Elisa Sosa de Callejas, initiated both trainings on the first day.

During the trainings, Freedom of Association was the most anticipated and engaging topic for the MINTRAB Labor Inspectors. El Salvador is the only country in Central America that has not ratified the ILO's conventions on Freedom of Association. At this time, the ratification of these conventions is currently being debated at the government level, due to a request from European investors, such as Grupo Calvo, one of Europe's largest tuna processors with significant operations in El Salvador. Grupo Calvo, in conjunction with other European companies conducting business in El Salvador, has stated that they will pull out their operations in El Salvador if the country does not ratify the ILO Freedom of Association conventions.

An editorial published in *El Diario de Hoy* (July 18, 2006) stated that the resurgence of the union movement in El Salvador, that could result from the ratification of the ILO conventions, would force the country to relive the civil war days of the 1970s and 1980s. The writer of the editorial stated that unions are not only damaging to employers but also a set back for workers. The labor inspectors stated that this was the general attitude within the country, because many of the unions have had a long history of corruption and profiting from both the workers and employers through bribes. As CIMCAW's trainers engaged the labor inspectors in an in depth discussion of the principles of Freedom of Association, a change in consciousness was clearly evident. The labor inspectors began to examine Freedom of Association in a different light, realizing its essential purpose and the way such a right protects workers and how it has been manipulated and portrayed in an erroneous way through the actions of corrupt union leaders.

The CIMCAW Social Auditor training, like the Cumple y Gana project, helps the Ministry develop inspection procedures and trains government inspectors in them. However, CIMCAW Social Auditor training goes above and beyond these achievements by providing a forum for pivotal discussion, initiating a birth of consciousness on the part of the Ministry of Labor as a whole. The continuation of these trainings is paramount to the advancement of the CIMCAW project. These trainings are providing the foundation for a close relationship with the countries' government agencies, as well as gaining support for the project's activities in each country.

The coordinator for high profile Ministry of Labor events, Gustavo Dreiss, stated that in the past MINTRAB has convened factories and facilitated training for workers relating to Codes of Conduct. Mr. Dreiss was very interested in learning more about the CIMCAW project, and suggested that MINTRAB convene a joint training with CIMCAW for factories in the maquila sector. We spoke about the fundamental principles of the project and CIMCAW's requirement that workers elect their own representatives to participate in these trainings. He responded that

MINTRAB would be able to request that the factories follow this procedure, thus facilitating the project's entry into the Maquilas.

The Minister, Jose Roberto Espinal Escobar, and the Vice Minister, Carmen Elisa Sosa de Callejas, have requested that CIMCAW conduct more training, reaching El Salvador's entire Labor Inspector force. The labor inspectors expressed that the trainings provided invaluable lessons that will be extremely useful in their work. When discussing the impact of El Salvador's abysmal economic conditions on their work, the labor inspectors stated that they have to pay for the gas needed to conduct the investigations their job requires, at a time when gas prices are higher than in the US. On occasion, some of the labor inspectors have received gasoline reimbursements of \$15.00 a month, yet this is not the norm. It is the knowledge and experience gained through CIMCAW Social Auditor trainings that drives them in their work.

I also had dinner with Grupo Calvo Human Resources Director Mr. Eudardo Melendez, who spoke to me candidly about a time when he worked for another company. He talked about the ways management directed him to force out union organizers and about the different methods they used to accomplish this. He explained that the company's attitude was due to evidence that these individuals were affiliated to political groups in the country. It was common practice for the union's leaders to ask for bribes from management, in order to not publicize worker's complaints against the company.

Mr. Melendez stated he is actually pro-union and would like to help his workers find ways to organize themselves, as well assume leadership roles that remain true to the principles of freedom of association. Mr. Melendez asked if there was any literature on union organizing that we could send him, so he could then disseminate it throughout the work force.

ANNEX 5
Worker-Manager Trainings in Guatemala
Report on Identified Compliance Gaps
August 2006

The following are the problems in the SAE and C-Site factories, as well as their root causes and proposed solutions; as identified by managers and workers of both factories.

Managers' Group from FACTORY #1^{3[3]}

Incentives

Problems:

1. Abuse by supervisors, taking away “incentives” from workers.

Causes:

1. Wrongful interpretation by workers

Solution:

1. Workers need to be made aware and understand how production incentives are set
2. Workers need to understand how incentives are paid
3. Improvement on communication and information
4. More explicit language is needed about gaining/obtaining incentives
5. Teach the rules about incentives to new employees

Disciplinary Practices

Problem:

1. Verbally abusive disciplinary practices carried out by supervisors and area managers

Causes:

1. Workers complain to justify bad conduct
2. Supervisors have pressure to meet production goals
3. Workers do not make necessary efforts to meet production
4. Workers take advantage of supervisor's trust
5. Lack of communication on part of supervisor
6. Supervisors lack training

Solutions:

1. Supervisors should receive training about better communication practices

^{3[3]} In order to maintain confidentiality, we refer to these factories as Factory#1 and Factory #2.

2. Hire supervisors that have experience with production
3. Train supervisors in human relations

Workers' Group from FACTORY #1

Incentives

Problems:

1. Workers do not understand that incentives are paid according to production

Causes:

1. Workers understand that incentives are not the obligation of a company and that they are attained by the efforts we make
2. If we output 100% of production, we should receive 100% of the incentive. However there are preferences as to which employees receive the incentive.
3. Supervisors are not careful when handing out incentives and they do not give them to the workers whom have earned them.
4. Workers do not know what the actual 100% of the incentive is.
5. Supervisors make workers sign double stubs.

Solutions:

1. Administration needs to be improved
2. Supervisors and area managers need to be supervised more by management
3. Supervisors should not have preferences among workers, for example, some prefer male workers to women workers
4. Management should fix fair and realistic production goals/targets
5. Individual incentives should be set
6. If line is affected because of not meeting the goal, workers in that line should not be favored over one another

Protective Equipment, Health and Safety

Problem:

1. Workers do not use protective equipment
2. There is no doctor available at all times
3. Factory lacks appropriate medicine, health and safety equipment
4. When workers request to see doctor or time off because of illness, their wages are affected

Causes:

1. Management does not provide the appropriate equipment
2. The protective equipment is not adequate and it is ill fitting
3. The mask is very thick and does not filter properly. Workers get very hot and the material the mask is made of is irritating and itchy.
4. The visors in the machines are not transparent enough.
5. Area managers do not use the protective equipment, thus setting the example for workers.
6. The company does not allocate the necessary funds for a doctor on premises
7. Company says that workers are not allowed to see doctor because it delays production

Solutions:

1. A new mask design made of non-irritable material, with good filtering that does not hurt the eyes and does not trap heat
2. Visors should be transparent and replaced more often.
3. Transparent glasses should be used when there are no visors
4. There should be 2 types of masks available depending on need
5. There should be a mixed committee on health and safety
6. Doctor should be well trained
7. Workers should be able to receive medical attention when needed
8. Factory should have the adequate medicine and supplies
9. Grant workers their request to see doctor and time off because of illness without taking away their wages

Excessive work hours and forced overtime

Problem:

1. Excessive work hours and forced overtime
2. Workers must work until 7:30pm for 3 weeks in a row
3. If workers refuse to work over time, the incentive is reduced or taken away
4. If workers refuse to work over time, management takes ½ an hour away from their lunch

Causes:

1. High goals that are impossible to meet on an 8 hour work day
2. Goals are too high and cant be met
3. Supervisors do not know the law in regards to the work week and over time

Solution:

1. Lower the production goal to one that can be realistically met in 8 hours
2. Reinforce operations by hiring additional workers
3. Fix overtime to no more than 2 hours
4. Take into account that some workers are women that live far away and have children

5. Strengthen teamwork
6. Train supervisors on the laws regarding the work week and over time

Disciplinary Practices

Problems:

1. Workers are afraid to speak out
2. Supervisors threaten them, if workers complain, their incentives are taken away
3. Workers are afraid to ask for certificates to go to the Social Security Office

Causes:

1. Managers expect workers to meet unrealistic production goals
2. Workers have no place to voice their complaints

Solutions:

1. Workers should have a system to submit their complaints
2. Workers complaints should be treated objectively
3. Freedom of Association as an alternative

Discrimination

Problems:

1. Women over 35 are not hired
2. Supervisors prefer some workers over others
3. Workers are discriminated against based on their color, race and sex
4. Pregnant women are discriminated against
5. Women who ask for a nursing break are intimidated by supervisors who tell them that their incentives will be lowered
6. If a worker is light skinned, they will be given more incentives, especially if they are liked by the supervisor

Causes:

1. Management states that women over 35 are not efficient workers
2. Management states that women over 35 ask for too many breaks or time off because they have children in school
3. Supervisors do not know the law in regards to discrimination

Solutions:

1. Give women over 35 an opportunity
2. Train supervisors on discrimination
- 3.

Managers' Group – Factory #2

Disciplinary Practices

Problems:

1. 80% of workers have bad conduct and do not follow supervisor's instructions
2. When workers are absent they do not provide reason
3. Workers organize to go against over time
4. Supervisors do not know the correct way to discipline workers
5. Workers make false claims against supervisors, claiming that supervisors reduce their wages if they request time off
6. Workers abuse their right to request to go to the social security office
7. Older workers are more likely to 'rebel' against supervisors
8. Workers abuse their bathroom privileges
9. Workers do not report to work on time or are absent without giving advance notice

Solutions:

1. Supervisors need more training to handle discipline matters
2. Supervisors need training on the appropriate language to be used, as well as material on human relations

Incentives

Problems:

1. Workers do not understand that incentives are based on meeting production goals

Causes:

1. Workers think that incentives are to be paid as an obligation of the company

Solutions:

1. Workers need to be made aware that incentives are based on meeting production goals

Personal Protective Equipment, Health and Safety

Problems:

1. Workers do not use their masks or personal protective equipment because they are rebellious
2. There are not enough bathrooms and the ones available are not clean
3. There is not enough drinking water

Causes:

1. Masks do not fit well and workers do not like to wear them
2. Workers feel shame from having to wear personal protective equipment

Solutions:

1. Train workers in health and safety, educate them as to why it is necessary that they wear this protective equipment
2. Provide incentives to workers who follow health and safety rules

Freedom of Association

Problems:

1. Workers abuse their FOA and think that they have immunity
2. The unions take a wrongful stance by protecting workers that do not follow the company's internal rules

Causes:

1. Worker representatives are not properly explaining the purpose of unions
2. Workers lack understanding of what it means to be an union member and they think that union membership makes them immune to their obligations as workers

Solutions:

1. Unions need to investigate complaints further
2. Unions need to be more impartial when workers make complaints, and not immediately take sides

Workers' Group – Factory #2

Excessive Overtime

Problem:

1. Workers are forced to work excessive overtime
2. Weekly goals are constantly changed
3. The more overtime workers are forced to work, the more stress on them, which results in poor quality of product

Causes:

1. Goals are too high
2. The material that is needed to complete the order sometimes does not arrive on time
3. Company makes mistake in ordering the correct material
4. Line work does not meet the goals and this leads to delays and OT
5. Management feels that workers can work harder
6. Orders come from above and there is a lack of communication
7. Supervisors do not know the laws regarding OT
8. Supervisors see workers as machines and not people
9. Fabric has defects, new styles can be very complicated and difficult to adapt

Solution:

1. Instead of weekly goals, they should set daily goals and they should be fixed
2. The coordination of line work should be improved
3. Supervisors should let workers know before midday if they are going to be required to work over time, instead of at the end of the day
4. Workers should have the choice of working a fixed schedule: 7.30am-6.30pm, with 3 days of OT 7.30am-7.30pm
5. Improvement to the organization of production between workers and supervisors
6. Train supervisors in workers' rights so they can learn and put training into practice
7. Material to arrive on time so production is made on time
8. Not go over the 48 hour work week
9. Management should have agreements with client regarding the material needed to avoid mistakes in delivery

Discrimination

Problems:

1. Men and women are treated unequally

Causes:

1. Supervisors lack training in treating workers fairly

Solutions:

1. Short-term trainings for supervisors in how to treat workers better

Management Reasons for Over Time:

- Client requests sometimes come with a short turnaround time
- Client sometimes does not timely authorize new production styles
- Customs delays delivery of raw material; material delayed
- New and difficult styles are hard to adapt to previous production

General Conclusions:

- Workers need overtime because wages are low
 - The work week is now from 7.30am-6.30pm and overtime is now part of the regular work week; no longer voluntary
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