

QUARTERLY REPORT
April 1, 2005 and June 30, 2005

Continuous Improvement in the Central American Workplace (CIMCAW)

USAID Global Development Alliance

The Continuous Improvement in the Central American Workplace (CIMCAW) Project will demonstrate that improved working conditions increases garment factories' ability to meet the growing demands for social compliance as well as increases their competitiveness in terms of quality and productivity. The CIMCAW project submits the following Quarterly Report on project activities carried out between April 1, 2005 and June 30, 2005.

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

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

Also attached are the following annexes:

- Annex A: Trip Report Honduras
- Annex B: Trip Report Nicaragua (April)
- Annex C: Trip Report El Salvador
- Annex D: Partner Meeting Agenda
- Annex E: Partner Meeting Action Points
- Annex F: Approved Strategic Framework
- Annex G: Outreach Document for Employers
- Annex H: Action points to coordinate with other projects

I. Continuous Improvement in the Central American Workplace (CIMCAW) Project Key Accomplishments, April 1, through June 30, 2005

Introduction:

Among the most significant achievements of the third quarter were:

- Meetings with AID and key stakeholders and interviewed candidates for diagnostic in Nicaragua and Honduras.
- Contracts signed, field interviews conducted and drafts written for diagnostics in Dominican Republic, Nicaragua and Honduras.
- Visit to Nicaragua to discuss dates for auditor training with Ministry of Labor and other actors.
- Meetings with AID and key stakeholders and other donors in El Salvador.
- Development of introductory materials for workers (COVERCO)
- Finalize strategic framework with partners
- Develop new brochure and one page description
- Outreach activities conducted with VESTEX
- Presented project to 33 apparel, textile, and shoe companies at the AAFA Corporate Responsibility Meeting, June 20, 2005 in New York City. Had bilateral discussions with Nautica/VFC, Levis, Jones Apparel, Nike, Kenneth Cole, and Coldwater Creek.
- The Limited joins the Alliance.
- Met with Peter Davis and Marceline White of Development Training Services (DTS) to explore the possibility of collaborating with their USAID-funded GATE project in the Dominican Republic.
- Met with Federico Sacasa of CCAA to update him on project and find openings for future coordination.

Highlight of CIMCAW Activities:

Administrative

- New Terms of Reference drafted for hiring of office manager
- Additional bids found for internet providers that do not require telephone lines.
- Finalized Terms of Reference and reviewed local bids for development of project web page and secure system to share documents among partners.
- Developed country by country GANTT chart.
- Reviewed and edited workplan based on additional information regarding implementation.

Social Dialogue with Actors

- Visited key players in Nicaragua, El Salvador, and Honduras. (please see trip reports, Annex A,B,C, D).
- Consultants for the diagnostics also met with local stakeholders to receive their input for their reports.
- Drafted suggested action points to coordinate with other projects and presented at partners meeting. (See Annex K)

- Discussed with Sub-Regional ILO Director Gerardina Gonzalez possible coordination during the curriculum development workshop, and with a University Diplomado program about auditing. She was very interested in the curriculum development, however, she felt the University program would be a longer term project.
- Participated as guest on the “Buenos Dias with Merielos Monzon” radio program on May 2.
- Presented the project to 38 participants including factory human resource managers as part of the VESTEX national Occupational Safety and Health program on April 28, 2005.
- Met with Nicaraguan and Costa Rica employer representatives during VESTEX trade show May 5-6.
- Met with Adidas and Reebok during VESTEX trade show May 6.
- Distributed materials as part of the VESTEX booth at trade show, May 5-6.
- Developed and distributed survey (via diagnostic and CNZF) for employers regarding needs/interest for factory trainings.

Strategic Decisions

- Strategic framework clarifying objectives and products validated by Partners.
- Finalized language with partners for one page description and brochure.
- Formatted new document for printing.
- Developed new outreach document for factories “Why CIMCAW”
- Drafted initial lessons learned, problems encountered, proposed solutions chart based on CIMGUAW and for use by CIMCAW
- Drafted possible coordination with other projects document and discussed at partners meeting which allowed further discussions with ILO and possible use of existing materials for factory trainings, depending on local partner feedback.

Alliance Partners

- Teleconferences with partners. June 22, June 2, May 31, May 26, May 17.
- Drafted and Sent Partner Updates March 15, April 7.
- Meeting of all Alliance Partners in New York City May 7-8 to discuss progress with CIMGUAW and next steps for CIMCAW.
- Proposed changes to Protocols to facilitate work in field validated by partners.
- Discussed with Partners new Project Monitoring Plan from strategic framework, and methods for collecting data.
- Met with Neil Kearney, ITGLWF on April 7 during his visit to Guatemala
- Traveled with ITGLWF representative in Honduras, El Salvador and Nicaragua
- NEW ALLIANCE MEMBER... The Limited

3. Recruitment of Additional Multinational Corporate Partners

We presented the CIMGUAW project to 33 apparel, textile, and shoe companies at the AAFA Corporate Responsibility Meeting, June 20, 2005 in New York City. Had bilateral discussions with Nautica/VFC, Levis, Jones Apparel, Nike, Kenneth Cole, and Cold Water Creek. Here are some of the latest developments:

- **Levis** – Re-engaged Levis, Anna Walker, to try to get beyond the impasse on Guatemala. They confirmed that they will discuss collaboration with us in the DR and remain interested in attending the trainings.
- **Kurt Salmon** – Briefed Charles Easley, Principal, on the project and he confirmed their interest to follow up.
- **Nautica/VFC** – They have never done any training or work with their suppliers, but believe it is time to make a case for doing so. They are putting together their first CSR report later this year.
- **Coldwater Creek** – We have been speaking frequently. Are interested in observing training and participating.
- **Jones Apparel** – Meeting with them in early June to discuss the project in detail.
- **Nike** – Confirmed their interest in talking concretely about engaging the initiative.
- **Kenneth Cole** – Will follow up with them. They showed moderate interest.

4. Pursuit of additional sources of donor funding

IDB's Multilateral Investment Fund has finalized its abstract for a possible joint labor standards project. This was shared with USAID Guatemala and El Salvador offices and contained language on exploring joint program linkages with the USAID CIMCAW project. IDB requested assistance in identifying suitable local consultants who could undertake the program formulation of a 4 year \$3million IDB, \$2 million private sector project. Primary focus is on worker-manager training in supplier factories and productivity training in the workplace.

World Bank/IFC : Fund for International Advisory Services

Met in El Salvador and discussed possible collaboration. Met in DC and discussed FIAS supporting the indicators and productivity measurement. FIAS confirmed their interest in looking at supporting this component.

World Bank Institute: We're considering the possibility of providing some training content on the Bank's global web site and perhaps following that up with a facilitated global stakeholder conference.

Summary of CIMCAW Accomplishments:

According to the CIMCAW agreement with USAID, the Alliance Partners have agreed to the eight deliverables specified in Table 2. Table 2 therefore summarizes CIMCAW accomplishments in each of the eight categories.

TABLE 2. SUMMARY MATRIX OF CIMCAW ACCOMPLISHMENTS*

INTERVENTION	ACCOMPLISHMENT FY 2004-2005			
	Qrtr. 1	Qrtr. 2	Qrtr. 3	Qrtr. 4
1. Needs Assessment for Coalition Building/Diagnostic	- Developed terms of reference for diagnostic. -Began identifying candidates to conduct the diagnostic in each country.	- Interviewed candidates in DR and Nicaragua, finalizing contracts. Sent TOR for Honduras to various stakeholders	- Contracts signed and field work conducted for diagnostics in Nicaragua, Dominican Republic, and Honduras.	
2. Multi-Stakeholder Dialogue	-Identified key stakeholders in Honduras and Nicaragua and held initial discussions with them.	- Identified key stakeholders in Costa Rica, Dominican Republic, and El Salvador held initial discussions with them. - Met with key players in follow-up visit to Nicaragua. - Meeting with FESTRAS, local union	- 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.	
3. Training Design	-Activity to be initiated in Qrtr 2	- Visited training facility - Distributed Guatemalan training manual to key stakeholders in Nicaragua and El Salvador as sample	- Developed materials to help prepare the workers regarding the training, its objectives, methodology and content.	
4. Integrated Training for Workers, Managers, and Auditors	-Activity to be initiated in Qrtr. 3		Currently schedule for fourth quarter, pending validation workshop and development of materials	
5. Applied Training	-Activity to be initiated in Qrtr. 3			
6. Worker Rights and	-Activity to be			

* Although we have set general targets for the timing of those activities that have not been initiated yet (i.e., activities 3-8), these will ultimately be determined by the outcome of the diagnostic.

<i>Life Resource Facilities</i>	initiated in Qtr 4 or 5.			
<i>7. Capacity Building of Local Partners</i>	-Activity to be initiated in Qtr 3	Discussed with Ministers of Labor regarding auditor training in CR, Nica and El Salvador and the Sub Secretary in Dominican Republic.	Diagnosics 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.	
<i>8. Evaluation and Dissemination of Lessons Learned</i>	-Activity to be initiated in Qtr 2	Drafted Strategic Framework and Project Monitoring Plan with indicators, pending partner validation	- 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.	

Problems Encountered and Proposed Solutions:

Problems Encountered	Proposed Solutions
Internet connection has been delayed due to outstanding AID phone bill.	After various attempts to resolve this issue, project has decided to move forward with installing an optic line that does not require a telephone connection.
Translation into Korean of summary documents was delayed because VESTEX said they would translate it, but are busy with preparations for the annual apparel show.	They have not responded to requests for translation after their fair. Project will search for other options.
Delays in union workshops that will contribute to the diagnostics	Union workshop will provide input for the first multi stakeholder event.
Ministry of Labor in Nicaragua does not want other organizations, particularly outside auditors, to participate in auditor training.	Proposal in Nicaragua currently being discussed with the Ministry of Labor would allow first day to have various participants, and

	the rest of training for MOL. Attempting to broaden participation has required additional discussions with the MOL.
Initial results indicate that finding one local partner in Honduras and Nicaragua may be impossible due to conflicts among the local actors.	Discuss options with Alliance partners and decide to divide tasks among different organizations or lobby to support the local partner selected.
Civil society campaign in Honduras against the private sector and a campaign in Nicaragua against the CNZF inspectors will make the dialogue more difficult.	Focus on common interest of partners at local level.

II. CIMCAW Next Steps

1. Finalize diagnostics. (DR, N, H)
2. Identify and sub contract with local partner organizations. (DR, N, H)
3. Hold multi stakeholder dialogue validating project objectives. (DR, N, H)
4. Begin to developing training materials. (DR, N, H)
5. Finalize and conduct auditor training in Nicaragua and Guatemala.
6. Submit workplan to AID.
7. Develop website.
8. Hire Project Assistant.

ANNEX A
TRIP REPORT
Honduras
May 20-25, 2005

I. Purpose

The purpose of the trip was to interview candidates to conduct the diagnostic and meet with the key players.

II. Team

Paula Church, Deputy Director

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

III. Accomplishments

- Improved relationship with Ministry of Labor regarding project.
- Interviewed and selected candidate for diagnostic.
- Met for the first time with all three federations and FITVCC who have presence in the sector.
- Provided refresher information and held further discussions with other actors.

IV. Meetings Held

Monday, May 23, 2005

12:00 Lunch with Mirta Maradiaga from Cumple y Gana and Arnoldo Bueso from CARE. Gave us information on how things are working on the Ministry, information on possible candidates to interview, as well as ideas regarding Universities to convene auditor training.

2:00 Minister of Labor German Leitzelar and Jackie Cruz

- The meeting started well.
- They had two candidates for us for the diagnostic which we interviewed the next day.
- They were receptive to the idea of University training and know the rector of the UNITEC, a technical university that has diplomado programs.
- They just did a Diplomado program 25 Labor Inspectors in Occupational Safety and Health. It was one month, with regular courses of doctors in OSH and specialist from Spain. Contact person is Jorge Ponce Jurcios. 235-3459 or 970 8955.
- They will be in Geneva 29 May through 14 June.
- They **wanted to know what the next steps are, and when the auditor training can begin.**
- Complained the NGO's are launching a campaign against the MOL.

Tuesday, May 24

8:00 Israel Salines CUTH, Julio Valladares, Reno Bustillo

- Although skeptical regarding the project, at the end of the meeting he set up a meeting for us in SPS with his affiliated Federation.
- NGO's are not complementary, they are bad for the unions.
- Sounds like unions need a bigger role in this project; they are one of too many actors. We responded with the proposed workshop just for the unions as part of the diagnostic.
- Skeptical because of funding source, that it might be used to promote labor flexibilization.

*Called Randy Peterson from AID. He was very busy, and we did not have time to meet but he said he would be interested in the trip report, and that they are following our project although the mission does not work on labor issues at this time.

10:30 Jessica Ramos Fino GTZ (German Aid Agency)

GTZ is funding Promycro, a project to promote small medium enterprise. They recently conducted two studies of the maquila.

1. An economic study of challenges and suggestions, e.g. provide fuller package services, by Enrique Dussel, a German.
2. A social impact study by Rafael Delgado, Honduran whom we interviewed next day.
3. She also mentioned Ronnie Saffeld, a German, who is doing his thesis on maquilas studying workers and conditions, worked with CDM and did interviews. ronnystaffeld@yahoo.com 01636158352

All can be good resource for diagnostic.

Their counterparts are private sector and government only and focus on promoting investment. Only current effort in maquila now is a training center in Choloma for professionals, example, how to produce designs for full package.

I mentioned that there is a synergy as that our project is also an effort to promote investment through labor compliance, and she recommended with meet with eh Secretary of Industry and Commerce and FIDE (Fundacion de Inversion de Desarrollo de Exportacion) and the folks from the Programa Nacional de la Competitividad whose counterpart is Sec de Industria y Comercio (Santiago Herrera, o Vilma Sierra) but we did not have time and the previous team met with SIC.

Overall she had little hope for maquila as a growing sector with much potential.

Afternoon interviewed six candidates

Wednesday, May 25

9:00 Centro de Derechos de Mujeres CdM Yadira Minera Rodas

- They have been around for five years and have three lawyers, one admin and on support person.
- They do Studies, legal representation, trainings, press events, cases, and campaigns.
- They have done studies on:
 - closing of maquilas

- human rights issues (not public study)
- Are working on a black list report. There are three /organized/ groups that are not unions, and they were fired as well. Last year there were ten groups formed, this year only three because of all the firings. She said they are coordinating with the unions on this report.
- They did trainings in the factories on health issues with IHSS, their section of the training focused on self esteem and it included issues of labor rights. Produced brochures
- They did trainings with the unions (CUTH) and have developed materials on labor rights. They had a written agreement to do three years worth of training, but it stopped after 10 or 12 workshops. What happened, why it stopped, etc, was never discussed.
- There is a High level of distrust of some of the unions from CDM

She also explained the
COORDINADORA which includes:

1. CdM
2. ERIC Equipo de Reflexión Investigación y Comunicación (have a magazine, are Jesuits)
3. CODEMUH Colectiva de Mujeres Hondureñas
4. CUTH
5. CGT

Works with its ups and downs depending on the issues.

THIS GROUP Launched a massive campaign against the private sector because there were so many cases of factory closing without proper severance pay. They have proposed a law which creates savings accounts are established in case of plant closings and submitted it to Congress.
THIS WILL MAKE MULTISECTORAL DIALOGUE DIFFICULT.

11:30 Maritza Vearetza Paredes EMI 550/0938 978/9020 emihnl@yahoo.com

Dialogue among the different actors (unions ngo's) has improved, e.g. Coordinadora
Still resistance by those used to the tripartite (union, gov, employer) model.
Tough ties ahead and we need dialogue.

Regarding our candidate for diagnostics, she has worked with him and says he does good work, helped initiate the dialogue that led to the coordinadora, and is honest and open.

She expressed her concern, which she had shared with eh project before, that this is not really a training as currently planned, but more an "awareness raising" program. Needs to be part of a longer process.

There are a lot of materials out there, but needs to be part of a process.

1:00 Marina FITVC

They have three unions:

Jung Yang
Corazon Apparel
Sitracostura

She thinks this is a new project, and will have many challenges.
There's an opening right now but the unions role is practically unrecognized here.
They don't have confidence in the Ministry of Labor.

3:00 Rafael Delgado,
Rui Diaz, Director of Research, UNITEC

- We discussed the diagnostic. They are interested in conducting it, but can't start till July 11. Have background because they have already done a study on the maquila, this would also add the institutional weight of UNITEC.
- Former Price Waterhouse Coopers auditor for Central America.
- I also mentioned the University auditing program, and they gave me the Vice Rectors contact information for future reference.

4:00 Evangelina Argueta, CGT

- The current coordinadora campaign was based on the high number of factory closing in 2002. Propose a law to Congress that would have factories established bank accounts for their workers severance pay in case of closing. Employers refuse to even discuss it. Secretary of Labor gave its counter proposal, with only 50% of the bulk part of the severance pay. Did this without consultations.

She cautioned, trainings are fine and good, but she advised us to be aware of the difference at the moment of practice. For example WRAP said in one of its training to the workers that they have the right to form a union. They tried, and were fired. This factory is owned by the President of the maquila association. He also has a factory that works five days a week with 12 hour shifts night and day.

CGT has three unions

Kingster Garment\San Chun Honduras, Tree H (or 3H?) and two others.

(This needs to be clarified further in diagnostic, please do not use my #'s or spelling.)

Thursday, May 26

10:00 Henry Fransen AHM

Did not say much, he said he's a listener. He did not remember the project.

Week before FLA was there with Adidas. Wants to know when training would start, and how they can help because training is always good.

We also met Arnoldo Solís for a bit, who is the AHM lawyer and influences the president of AHM. (Evangelina recommended we speak with Solis) He was much more skeptical, stating that FLA is violating the labor law which should include "uses and customs" for the labor sector, traditions which the workers and employers are in agreement but which may not exactly be the letter of the law.

Most employers are in compliance, but workers don't know their obligations.
This project would have to receive approval from the Board of Directors.

CODEMUH

Met with Maria Luis Regalado briefly in the hallway of CUTH after the press conference, gave her project documents and terms of reference for the diagnostic. She said she was unfamiliar with the project and I said we would ensure inclusion in future activities.

11:30 CUTH Baudillo Andara Idalmi Elizabeth Caramo

- Liked the institutional strategy and coordination.
- Perhaps project can give much needed space based on respectful dialogue.
- Have learned a lot about alliance working with the coordinadora.
- Discussed June 21/22 as tentative dates for union workshop for diagnostic.
- We stayed for lunch, overall very positive reception.

Seven unions

Sitracetiza, Sitra parasite, Sitalasa, Sitrahanson, Sitra tersa, Sitradasa, Sitrahaisa

(Needs to be confirmed, clarified in diagnostic. Please do not use these names or numbers))

3:00 FESITRANH David Cisneros

- Wondered how the employers reacted and doubted that they would give free time for training, usually require that it is during the weekend.
- Felt that the intermediate level manager needs more training (same as AHM said)
- Discussed June 21-22 as potential dates for union workshop
- President of Comite Ejecutivo is Mauro Francisco Gonzales. He should receive invite to event.

Two unions

Sitracostura in Factory Bolivar

Citracorp in Factory Corazon

(Needs to be confirmed, clarified in diagnostic. Please do not use these names or numbers))

Friday, May 20

Met with the three FITVVC Unions to explain the project.

Overall liked the idea, are interested in attending workshop, felt that it might help dialogue with employers, which is often difficult to get any time, five minutes can be tough.

IV. Next steps

- Check with ministry (remaining actor) regarding diagnostic candidate
- Contract for diagnostic
- Send thanks for your interest to rest of candidates
- Follow up with AHM regarding presentation to their board.
- Get fuller information on auditor training to provide follow up and finalize dates with MOL.
- Download and read GTZ maquila diagnostics
- Provide contact information to IDB regarding GTZ competitiveness program.
- Send email to AID Randy Peterson with trip information and to Derrick Olsen from embassy (He was really sick during trip, cancelled meeting)

ANNEX B

TRIP REPORT Nicaragua April 11-13, 2005

I. Purpose

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

II. Team

Homero Fuentes, Director

Paula Church, Deputy Director

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

Kristi Ragan, DAI

III. Meetings Held

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

Monday, April 11

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

Carlos Zuniga

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

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

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

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

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

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

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

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

2:30 Minister of Labor Gurdian

Fernando Serrá C. Coordinador, Proyecto Modernización MITRAB

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

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

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

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

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

Tuesday, April 12, 2005

7:30 Helen Monroy, Executive Director ANITEX

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

AID

Steve Olive , Chief Trade and Agribusiness Office

Linda Baez

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

PASE Alberto Legall Torrez

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

Pedro Ortega

- Not another diagnostic!

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

Manuel and Homero interviewed Dr. Rafael Amador

Manuel, Homero and Paula interviewed Dr. Malespin

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

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

IV. Next steps

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

ANNEX C

TRIP REPORT El Salvador April 13-15, 2005

I. Purpose

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

II. Team

Victoria Walton, USAID, G-CAP

Homero Fuentes, Director

Paula Church, Deputy Director

Kristi Ragan, DAI

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

III. Meetings Held

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

Wednesday, April 13

11:00

Mark Silverman, Director

Kirk M. Dahlgren, Director Strategic Development Office

Kristi gave materials on the project including:

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

We also gave them:

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

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

confidence about the project in the short-term, but better about it in the medium term because we definitely have correct approach.” I have no idea whether they will fund us or not.

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

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

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

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

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

Private Sector

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

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

4:30 GMIES

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

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

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

Just did a study of the Ministry of Labor's inspection system. We received a copy. Was able to present the study to the Ministry staff and the Minister was present at a public event. All work is based on BRAND DEMAND. When asked whether a project that would work with the employers, MOL, and unions was possible, they said excellent idea but it will be tough terrain here. There has been no project of that kind to dates.

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

Dinner Meeting

Kirstina Svensson, FIAS
Thais Leray, Amy Luinstra, World Bank
Aron Cramer, Tara Rangarajan, BSR

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

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

Thursday, April 14

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

2:30 GTZ

Manuel Mancheno, Proyecto de Salud Sexual y Reproductivo
Nieves Alvarez, Asesora Principal, Programa FORTALECE

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

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

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

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

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

She will send us:

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

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

4:00 EXPRO

Very brief meeting with the Director, Phil Rourk.

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

5:00 CSTS

Nayda Medrano

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

And one federation (FESTES)

Goal is to unify efforts in the maquila.

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

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

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

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

IV. Next steps

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

ANNEX D

Partners Meeting CIMGUAW/CIMCAW May 7-8 New York City

Attendees/Participantes:

Homero Fuentes, Paula Church CIMCAW/CIMGUAW
Samira Salem, Kristi Ragan, Katie Carroll, DAI
Neil Kearney
Darryl Knudsen, GAP
Elena Arengo, Judy Gearhart, SAI

CIMGUAW

- 8:30 Welcome
- 9:00 Review Deliverables from contract
Revisar los entregables del contrato Samira Salem
- 9:45 Review Progress to date
Revisar el Progreso hasta la fecha Homero Fuentes
- a. Training materials (Coverco/SAI/VESTEX/Festras)*Materials de capacitación Manual and other training topics such as ADR/Manual, y otros temas como RAC)*
 - b. Factory Dialogue
Dailogo con las Fábricas
 - c. VESTEX Commitment
Compromiso de VESTEX
 - d. FESTRAS/*Compromiso de FESTRAS*
 - i. communications lines/*lineas de comunicación*
 - ii. decision making/*lineas de tomar decisions*
- 12:30 Lunch
- 1:00 Training/*Talles de Capacitacion* Homero Fuentes
- 1:30 Review Budget for CIMGUAW
Revisar el presupuesto de CIMGUAW Samira Salem
Remaining/Expeded/In Kind Lo que queda, lo que ya gastó, y especia
- 2:30 Next Steps *Próximos Pasos* Homero Fuentes
- i. Recomitment to Guatemala/*Recompromiso a Guatemala*
 - ii. Consider alternative activities/*Considerar otros actividades*
 - iii. No cost contract extensión/*extender el contrato sin cambio de costo*
- 3:30 Project Evaluation and Lessons Learned/*Evaluación del proyecto y lecciones aprendidas*

CIMCAW

4:30 Review contract deliverables/workplan Samira Salem
Revisar los entregables del contrato/plan de trabajo

5:30 Decision Making Protocol Review
Revisar el Protocolo de Decisiones

SUNDAY, May 8

9:00 Update on Countries Paula Church
Actualización de las actividades en los países

9:30 Financial limitations (90 minutes) *Limitaciones del financiamiento*
How can we implement in field for the two years
Como podemos implementar en el campo para dos años?

11:00 Changes to workplan/Cambios a plan de trabajo

- I. Local partners, who decides? What will be the role of ngo's, different local unions, partner organizations? *Cuales son los socios locales, y quien lo decide? Qué será el papel de las ong's, diferentes sindicatos locales, y socios en el país) (1 hour)*
- II. Trips and meetings in region by staff, (15 minutes)*Viajes en la región por personal de proyecto*
- III. Staff hiring decisions (30 minutes)*Decisión para contratar a personal en la región.*
- IV. Streamlining/Centralizing Document review/production (15 minutes)
Producción de documentos del proyecto, hacer el proceso más eficaz y centralizado. DAI Hill distribuye list of all documents to date.
- V. Steering/Project Review Committee Issue: Earlier commitments were made to donors, and Alliance to constitute this;

1:00 Lunch

1:30 Review Draft Strategic Framework and Discuss Indicators
Revisar el marco estratégico y discutir los indicadores

3:30 Auditor Training/*Capacitación Auditoria*

Elena Arengo

4:30 Next steps/*Próximos pasos*

ANNEX E

CIMCAW MEETING Action Points

Donors

- Kristi arranges IDB/USAID meeting to discuss “joint” program.
- Paula and/or DAI find out if USAID authority for CIMGUAW expires September 30 2005 or if a no cost extension is an option. (May)
- PC DAI discuss with Victoria Walton future CIMGUAW grant modification, potential changes to deliverables, and decide the best way to make the changes. (May)
- DAI submits signed CIMGUAW MOU’s to AID. (May)
- DAI circulates CIMCAW MOU’s for signature. (By July)
- DAI submits CIMGUAW modification to Partners and then to AID. (August)

Brands

- Kristi sends updated Matrix to Partners for comment (already done).
- Kristi meets with Claude Fontheim regarding brand outreach.
- Update brand workplan matrix. (By May 23)
- DAI gets Timberland’s written approval for use of logo in future materials. (By May 23)
- All focus efforts on brands that prioritize local stakeholder engagement and the time it requires.

Training Materials

CIMGUAW

- Samira checks the contract if the training documents created by Coverco would become official project documents, if USAID will have intellectual property rights, and if they need the approval of the entire alliance.
- SAI and project staff submit management materials to VESTEX and FESTRAS. (May 23)
- ITGLWF forwards organization’s comments on manual to project. ASAP
- Project staff with Festras prepare for workers a document that describes the training and tells them what to expect. ASAP
- Revise manual edit, lighten, re-title. Add section on methodology in the introduction.
- Talk to FESTRAS regarding compromise to have RAC/ADR of Vestex, if there are changes, propose to VESTEX.
- Develop selection process methodology and validate with stakeholders. (Prioritize: workers themselves nominate, representative throughout factory)
- Meet with Festras, and the 3 - 5 factories, to talk about worker selection but also methodology and training materials.
- Paula and Samira will edit English translation of the manual for accuracy, readability, and overall quality.

CIMCAW

- Project staff discuss with ILO interest in participating in training validation workshop.

- **All partners provide feedback on Auditor Training document given out at Partners Meeting by Elena so it can be incorporated and circulated to local stakeholders. (By May 23)**
- SAI and Project staff review calendar to ensure realistic auditor training dates.
- Project staff present other project materials that were shared at Alliance meeting as possible inputs to training materials in the validation process in each country.

Diagnostics

- Project staff modify the Terms of Reference to the Diagnostic to include
 - a. Inclusion of the union workshops as input to diagnostic
 - b. Identification of local partners as results of diagnostic
- Project staff finalize contract with CIPAF and best candidate in Nicaragua.
- Neil and ITGLWF finalize agenda for union workshops and share with Alliance.
- Project staff send diagnostic and workshop dates to partners.
- Revisit idea of re/drafting terms of reference for diagnostic in El Salvador to ensure there are no false expectations. (Next meeting?)

Workplans

- DAI circulates CIMGUAW milestones and alternative workplans for next six months.
- DAI verifies CIMCAW workplan matrix with SAI and project staff particularly focusing on auditor training.
- DAI and project staff submit CIMCAW workplan revision to USAID after diagnostics. (July)

Steering Committee

- Judy, Samira, and Darryl will form a working group to discuss the formation of a steering committee/advisory group to define its role and function and propose to Alliance.

Coordination with other project

- Neil shares information on program in Dominican Republic discussing the end of the MFA.
- Project staff have informal discussion with ILO to see if they are open to idea of providing section of University program and curriculum development.

Protocols

DAI drafts /redrafts and circulates language regarding

- Staff visits in the region. (For first time meetings, staff will consult in advance with relevant alliance partner. For follow up meetings, staff will inform of future meetings.)
- Define local staff as administrative and technical as all non administrative.
- Reference to production of materials in both languages, with DAI ensuring quality control for official documents.

Evaluation and Monitoring

- Samira drafts Terms of Reference for internal evaluation of CIMGUAW. (Careful attention to politics in field, and need experience in evaluating alliance development)
- Samira will possibly develop survey for partners for evaluation.
- SAI and Paula review training materials that could provide source for indicator information.
- Luis, Samira and Paula flush out indicators and circulate to Alliance.

Project Documents and Website

- Develop simple website for CIMCAW that contains official project description, up-to-date information on project activities, both completed and planned, and contact information.
- Website will have password protected intranet function that will allow all partners to access final working documents, updates from project, and other relevant information.

ANNEX F

CIMAW Continuous Improvement in the Central America Workplace STRATEGIC FRAMEWORK FINAL

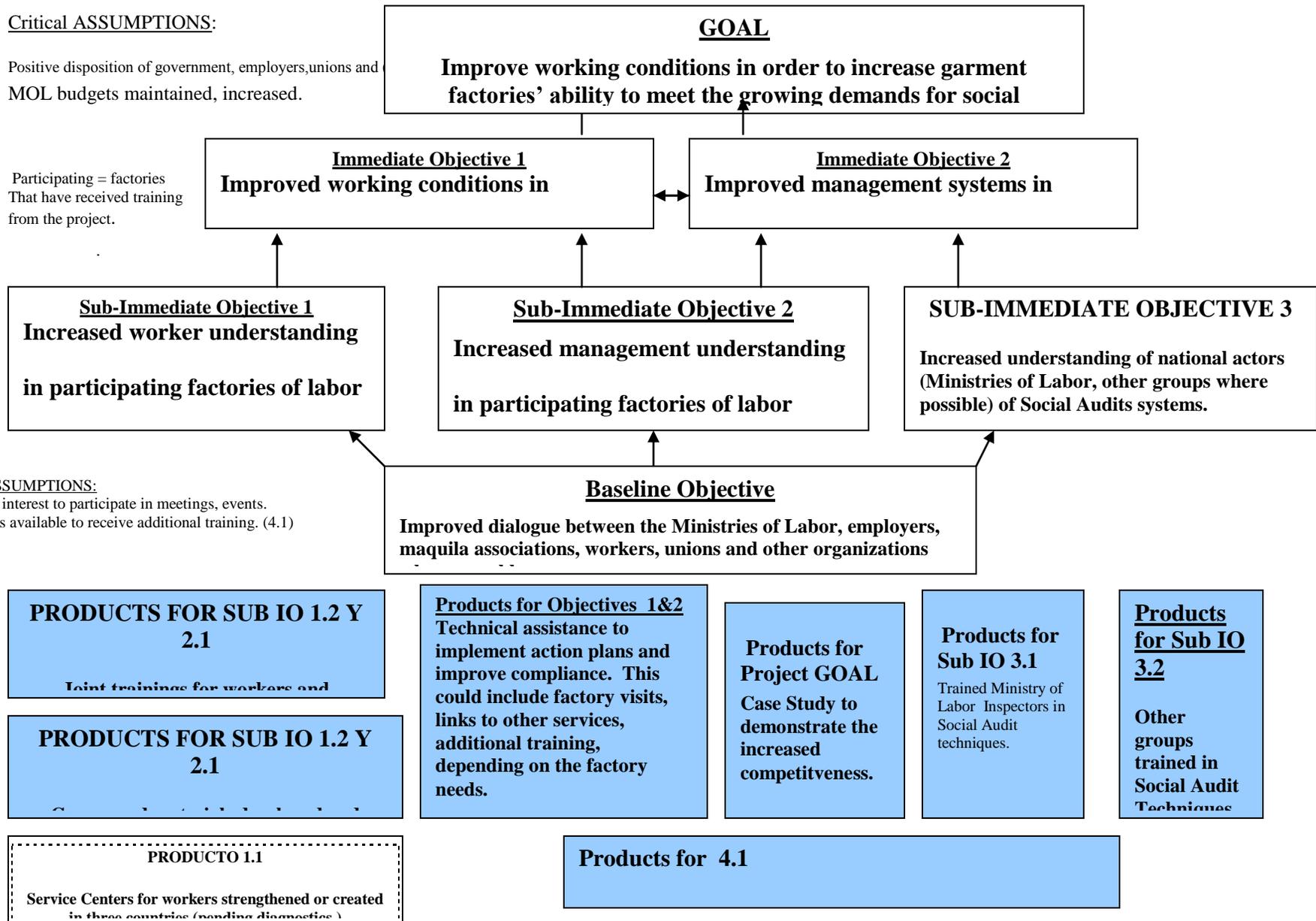
Critical ASSUMPTIONS:

Positive disposition of government, employers, unions and MOL budgets maintained, increased.

Participating = factories That have received training from the project.

Critical ASSUMPTIONS:

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



ANNEX G

OUTREACH DOCUMENT FOR EMPLOYERS

MEJORAMIENTO CONTINUO EN LA MAQUILA (MECOMAQ)

Continuous Improvement in the Central American Workplace (CIMCAW)

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

Porqué Participar en el Proyecto MECOMAQ?

El 12 de abril Niké publicó una lista de todas sus fábricas en su cadena de proveedores, para todo el mundo pudiera saber donde producen, llamó a los otros productores que hicieron lo mismo. Fue una decisión importante, porque ellos los primeros hacer esto; y porque, ahora todo el mundo puede revisar la lista, y hacer las críticas pertinentes si hay problemas en las fábricas de ellos. Entonces, la pregunta es,

“Por qué lo hicieron?”

Según un estudio del Banco Mundial, que hicieron en junio 2003 para El Salvador[†], entrevistaron a 25 empresas de confección de los Estados Unidos y 25 de Europa sobre la toma de decisiones para producir en América Central, y la relación a temas laborales y ambientales. Uno de los factores más importante para los compradores, no las personas de relaciones publicas ni de responsabilidad social, sino de los compradores, eran las condiciones laborales.

- Más de tres de cuatro empresas encuestadas creen que los temas laborales, sociales y ambientales son de **igual** (30%) o **más importante** (47%) que el costo de producción cuando toman la decisión donde comprar o invertir.
- Hasta 40% de las encuestadas han escogido un país sobre otro basado en factores laborales o ambientales, y 27% **han retirado** de un país por factores laborales o ambientales.
- Más de la mitad de las empresas de los Estados Unidos están interesadas en invertir en América Central, y 80% de las empresas revisas los estandartes laborales y ambientales antes de hacer un nuevo contrato o inversión.
- Según la encuesta, los compradores miran los estandartes laborales como *peor en El Salvador que en China*.

[†] *Enabling CSR in El Salvador, A Survey of US & European Purchasers, Summary Report*, January 2004, Political & Economic Link Consulting, funded by El Salvadoran Economics Ministry Program on Economic Competitiveness and the World Bank Group Foreign Investment Advisory Service.

“Como me afecta?”

En 2000 Nike salió de Camboya porque encontraron menores trabajando en las fábricas en el país. En 2002 Nike volvió a producir en Camboya. El porcentaje de importación del sector de la maquila in Camboya subió desde 9% en 2002 hasta 14% con 265,000 empleados y exportaciones de \$1.9 mil millones.[‡] Porque? Según una encuesta del Banco Mundial de 15 marcas internacionales, Camboya fue evaluada como numero uno en condiciones laborales. Parte de la razón por este evaluación es un proyecto del OIT que fortalece los sistemas de monitoreo de los estándares laborales, y hay otros esfuerzos para asegurar el cumplimiento con los derechos laborales también.

A pesar de que muchos miren el mejoramiento de estandartes laborales como un costo, mejores condiciones también mejoran productividad. Como parte del programa de monitoreo, un productor en Camboya re-organizó su producción. El resultado, productividad aumentó 48%, y horas extras bajó más de la mitad. “Nuestra fábrica se llegó a ser más eficiente,” dice el gerente Huang.[§]

El futuro ya esta claro -- actores claves en el mundo exigen que las marcas y sus proveedores produzcan ropa bajo de condiciones que cumplan con las leyes laborales, y van a seguir buscando los mecanismos para que las fábricas trabajen así.

“Que puedo hacer?”

Ahora GAP está colaborando con el proyecto Mejoramiento Continuuo en la Maquila, Mecomaq, CIMCAW siglas en ingles, que ofrece una capacitación gratis para las fábricas.

El proyecto está manejado por una Alianza la cual incluye:

- **Gap Inc.**, conocida empresa de marca multinacional y líder en integrar la responsabilidad social en sus cadenas mundiales de producción.
- **Development Alternatives Inc. (DAI)**, empresa consultora con amplia experiencia en la implementación y administración de proyectos de desarrollo sostenible.
- **Social Accountability International (SAI)**, organización no-gubernamental especializada en responsabilidad social de las empresas y normas laborales, con años de experiencia trabajando en todos partes del mundo haciendo auditorias para varias empresas.
- **Federación Internacional de Trabajadores del Textil, Cuero y Vestuario (FITTCV)**, organización sindical internacional que representa 10 millones de trabajadores y trabajadoras del sector.

El proyecto está financiado por **USAID (U.S. Agency for International Development)** la agencia de desarrollo internacional de Estados Unidos dedicada a proveer asistencia para mejorar las vidas de todos. Ofrecemos una manera para que usted pueda ser parte de este movimiento, que todos los días sea más importante para sobrevivir en un mercado más global y más competitivo. Participe en nuestro proyecto, y verá los resultados.

[‡] *Cambodia's sales pitch: Sweatshop-free products No forced labor, no child labor, UN agency reports*, USA Today, April 4, 2005.

[§] *Ibid.*

ANNEX H

COLLABORATION WITH OTHER PROJECTS Colaboración con otros proyectos

I. As part of the factory training

Como parte de las Capacitaciones para las Fábricas

A. Include the Best Practice Documents from FLA

Incluir las Buenas Prácticas de la FLA

i. Termination of employment

Terminación de Empleo

ii. Resolution of Complaints

Resolución de Quejas

iii. Disciplinary Measures

Medidas Disciplinarias

iii. Non Discriminatory Hiring

Contratación sin discriminación

B. Include www.leylaboral.com for management from Cumple y Gana

Incluir la página web de Cumple y Gana www.leylaboral.com para la gerencia.

C. Include manuals and bolsillos from Cy G for workers and management

Incluir los manuales y bolsillos de C y G para la gerencia y trabajadores.

II. Social Auditing Training

Proposal Propuesta:

In order to try and make the auditor training as comprehensive as possible, and in an effort to convene more participants from different sectors to the training, we propose a University program that would include:

Como un esfuerzo de hacer la capacitación de auditoría lo más comprensivo posible, y en un esfuerzo de convocar más participantes de los diferentes sectores a la capacitación, proponemos un programa con una Universidad que incluye:

1. Ministry of Labor Inspectors *Inspectores del Ministerio de Trabajo*
2. Other government inspectors who work in the maquilas
Otros inspectores gubernamentales que trabaja con las maquilas e.g. infotep
3. NGO's that do audits *ONG's de auditoría*
4. Commercial auditing groups *Grupos con fines de lucro de auditoría*

The curriculum would include El curso incluirá

1. The importance of labor issues and audits and course overview

La importancia de tema laboral y auditorio, revisar la agenda del curso. (half day, medio día)

2. SA 8000 (Four ? five half days *cuatro o cinco medio días*)
3. FLA monitoring (Four half days, *cuatro medio días*)
4. ILO Best Practices (Four half days, *cuatro medio días*)
5. Other auditing programs or Ministry of Labor inspection process
Otros programas de auditoria o el proceso del Ministerio de Trabajo
(half day? *Medio día*)
6. Presentation of group projects/exam (half day *medio día*)

This would be a semester long course, fifteen sessions of a half day each.

Será un curso de un semestre, de 15 sesiones de medio día cada uno.

Strengths Opportunities: *Fortalezas y Oportunidades:*

Brings together different projects *Une varios proyectos*

Allows broader group to be strengthened *Permite más grupos sea fortalecidos*

Works with local institution to provide training *Trabaja con una institución local para brindar la capacitación*

Opens doors to new funding/*Abre las puertas a otros donantes*

Provides mechanism for coordinating funds/*provee mecanismo para coordinar los fondos.*

Weaknesses Challenges: *Debilidades Retos:*

Unclear how to leave the training capacity with the local university. *No es claro como contruir un programa propio de la Universidad*

Unclear how trainers would be available to teach once a week for four weeks in a row (SAI).

No es muy claro como los instructores pueden brindar una capacitación una vez por semana por cuatro semanas en seguida (SAI?)

Would ILO participate?

OIT colaboraría?

Additional costs/*costos adicionales*

Requires additional start-up time/*require más tiempo para arrancar*