

CIMCAW: IMPROVING LABOR RIGHTS IN CENTRAL AMERICA

In 2006, Jorge Duarte Diaz, the manager of a jean manufacturing firm, USLC, based in Managua, Nicaragua was invited by the Instituto Nicaraguense de Estudios Humanisticos (INEH), a local non-governmental organization, to attend a workplace improvement training session for factory workers and managers. Morale in the factory was low, employee productivity was declining, and the company was struggling to stay competitive. An anonymous survey determined what Duarte Diaz already knew -- that workers felt disconnected from the management team and from the leadership's decision-making process.



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



Suggestion Box at USLC, Nicaragua

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

During the CIMCAW training, key issues such as freedom of association, gender discrimination, employee rights and obligations, and child labor were addressed. Workers and managers determined a key challenge faced by the factory was worker-manager communication. CIMCAW shared the findings with factory management and at the factory management's request, CIMCAW developed a communications policy for the factory, which was implemented by USLC, positively impacting 1,800 workers. The apparel company also established a regular communication program with the union and even set up a suggestion box.

"The trainings were very important for worker empowerment and initiative, as well as building trust between workers and managers," said Duarte Diaz. "The greatest advantage of the training was that

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they engendered peer-to-peer communications so that messages are passed between co-workers rather than through supervisors.” The result was a more stable working environment where managers are better “oriented to obey the law on labor standards.” Without the training, he said, “the factory would still be searching for solutions to its problems and struggling to improve competitiveness.”

Since 2004, the CIMCAW Alliance, a USAID supported initiative, has been helping local Central American apparel suppliers in Guatemala, Nicaragua, Honduras, and the Dominican Republic create a better workplace, which in turn, helps them meet the demand for high-quality apparel produced under internationally acceptable working conditions for brands such as Limited Brands, Timberland, Gap, and more recently – Wal-Mart. The program also provides training to inspectors from the Ministries of Labor throughout the region on best practices in auditing.

In the target countries, local NGOs work with managers and workers to identify and resolve gaps in compliance and root causes such as forced overtime, problems around health and safety practices, communication, and maternity leave. By doing this, the project helps improve working conditions for workers and helps factories improve compliance with national legislation and the International Labor Organization’s Core Labor Standards, increase worker morale and productivity, and provide a tool to assist manufacturers to increase their competitive position.

CIMCAW is helping raise labor standards – a significant goal of the Central American Free Trade Agreement – Dominican Republic (CAFTA-DR) – by building awareness emphasizing worker empowerment and the importance of including trade unions in capacity building for the industry.

At the same time, “The CAFTA-DR [Central America-Dominican Republic] Free Trade Agreement opens the door to new markets for Nicaragua,” said Alex Dickie, USAID/Nicaragua mission director. “The goal of this alliance is to help increase the productivity and competitiveness of Nicaragua’s enterprises to take advantage of the opportunities of CAFTA-DR.

These businesses can play a catalytic role in their community by creating jobs and being a role model.”

This Global Development Alliance (GDA) between USAID, DAI, Gap Inc., Timberland, Limited Brands, Wal-Mart, Social Accountability International (SAI), and the International Textile Garment and Leather Workers' Federation focuses on long-term sustainability – as evidenced by their work with Duarte Diaz’s company. The factory-level training program also helps prepare factories for



Workers from various factories working together to develop a risk map during the CIMCAW training.

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corporate codes of conduct and certification schemes.

According to the CIMCAW Project Quality Manager Samira Salem, the program is effective because it has built credibility and buy-in with the key stakeholders in the region by working directly with them to tailor the model to the context of each country; it is the first project in the region to recognize that continuous improvement of working conditions can only be achieved if all stakeholders – private sector, unions, governments – work together to improve standards; and finally, CIMCAW is also the first capacity building program in Central America to jointly train workers and managers on their rights and obligations. “The joint trainings empower the workers and build the sort of constructive relationships with management needed to improve working conditions on a sustainable basis,” said Salem.

The \$4.2 million alliance, implemented by DAI, has trained and disseminated information to approximately 40,000 stakeholders, including the private sector, unions, nongovernmental organizations, and multinational brands. In Nicaragua, Guatemala, the Dominican Republic and Honduras over 800 workers and managers representing 47 factories and 56,000 workers, have been trained. In addition, 614 inspectors from the region have been trained to ensure that working conditions continue to meet labor standards.

In the meantime, for workers at factories such as Duarte Diaz’s, the factory floor has become a much better place to be. Petrona del Socorro Sanchez, a worker at the firm, says that there are now important internal regulations in place particularly when employees are hired and they receive training on their rights and obligations.

“Now, the factory has many benefits for the workers and they are treated positively,” she said. “CIMCAW played an important role in defending the rights of workers, and the employer -- as a result – is more vigilant about personal protection with equipment.” What’s more, Sanchez explains, is that the suggestion box is now rarely used as workers take their concerns directly to the management.

“Because of the improved communications, the dynamics have changed as have supervisor treatment of workers,” she said. “I am grateful to the project for the trainings.”



Petrona del Socorro Sanchez, USLC

Managers and workers from other factories that participated in CIMCAW echoed these sentiments regarding the benefits of participation. Carlos Serrano, Human Resource Manager of HANSAE, Nicaragua stated that “After the training sessions, there was more interest and larger contributions from investors at HANSAE; after the first trainings, there was better communication between workers and employers; there was more trust and therefore, a more open relationship”.

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Finally, Manuel Salvador Urbina a Janitor at the Hansae factory in Nicaragua stated, “I had never received a high level quality training such as the one I received from CIMCAW.” He went on to say that, “When I returned to work, I shared what I have learned with my colleagues. As a result of the training, we implemented some changes in the warehouse where we store chemicals. For example, I submitted a request to Human Resources to make a window for better ventilation. We accomplished this good practice”.

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