



**BETTER WORK**  
*Nicaragua*

**A COMMITMENT  
TO DECENT WORK,  
FOR A STRONGER  
COMPETITIVENESS**



*The International Labour Organization, together with the International Finance Corporation, seek to improve working conditions in Nicaragua's apparel sector through the Better Work programme.*

BY VIRGILIO LEVAGGI.  
*ILO Director for Central  
America, Haiti, Panama and  
the Dominican Republic*

## Quality Jobs: Key to Development

### FIGURES

**40%**

of businesses have joined  
the program.

**52%**

of the textile and garment  
sector work force.

**90%**

of businesses have  
functioning PICCs.

**961**

people trained during the  
first quarter of 2014 (785  
workers, 151 supervisors  
and 25 managers).

**1.406**

people trained in  
2013 (884 workers, 147  
supervisors, 179 managers  
and 196 trade unionists).

**100%**

of businesses have proper  
alarm systems.

**9 out of 10**

businesses now have an  
appropriate emergency  
plan.

**I**ncreasing productivity and competitiveness is a challenge for Latin America on the road to sustainable development. Generating productive employment and decent jobs is key.

The International Labour Organization (ILO) at the heart of this work in the Central American region through different cooperation projects and programmes. One such effort is the Better Work Nicaragua (BWN) initiative, which pairs up the ILO –and its experience in regulations, markets and labour policy– with the International Financial Corporation (IFC) whose experience is in private sector development. It brings together constituents (government, employers and workers) of the ILO, which is the only agency in the UN System where States are not represented solely by their governments.

Three years ago, Nicaragua became the first country in the region to participate in the programme which began in 2001 with Better Factories Cambodia. Currently, it is being implemented on different continents in eight countries where the textile and garment industry is an important sector for economic development, and a fundamental source for generating formal employment.

The objective of Better Work is to contribute to strengthening competitiveness in these sectors and the countries themselves, so that



they project themselves onto the global market on the foundation of strong commitment to decent work. The brands and consumers of the textile market want the industry and its products to be developed in sustainable conditions. Respecting workers' rights and ensuring good working conditions is part of this sustainability.

Nicaragua has achieved good progress in terms of tripartite dialogue in the textile sector. The fact that the government, employers and trade unions are working together in a Tripartite Commission, and have signed agreements providing stability in a sector that is important for development in the country and for the creation of formal employment, is emblematic.

In 2014, ILO, IFC and donors are exploring the possibility of promoting the Better Work methodology in other sectors, or in other countries in the region, according to the level of interest. This would involve industries that are important for national economic development and generating formal jobs, in the global market of brands and consumers.

These are the results so far in BWN. They are an account of the opportunities that social dialogue offers to address the challenges to inclusive economic growth with responsibility shared by public institutions and employer and worker organizations.





# IMPROVEMENTS UNDERWAY



The Better Work Nicaragua Team



Since the Better Work Nicaragua (BWN) programme began operations, hygiene, safety and working conditions have improved substantially in practically all 24 textile sector factories that have signed on, says Elena Arengo, Country Manager for the programme which is part of the International Labour Organization, and the International Financial Corporation (IFC). “We have seen significant improvement, for instance, in occupational health and hygiene, an area the industry has many challenges with worldwide. All of the factories involved in the programme in Nicaragua now have proper alarm systems, for example. This was not the case at the onset of the programme,” Arengo says. Additionally, she said a lot of attention has gone into improving contract formats and issues related to compensation. “Correct payment of incentives, for instance, is an

issue that is of interest for both the employer, and the workers. We see there has been great improvement in the payment of incentives, and this has a direct impact on labour relations.”

BWN has been joined by 24 out of approximately 60 factories in the textile and garment manufacturing industry in Nicaragua operating under the free trade zone regime. These participating factories employ 35,785 workers of both sexes. This figure represents 52% of the work force in the entire sector.

Jose Adan Aguerri, president of the High Council for Private Business (COSEP Spanish acronym), the top Nicaraguan business association, underscored the work that the BWN program has done in strengthening social dialogue, and in promoting labour rights. “We have seen the International Labour Organization (ILO) clearly stating that dialogue is one of the elements at the forefront of worker relations with business,” he said in press conference.

## Social Dialogue

The BWN programme advocates strength-

*Significant advances have been achieved in factories since BWN began, showing that the textile industry can be a source of quality jobs.*

ening social dialogue between employers and workers by creating Performance Improvement Consultative Committees (PICC), which bring together factory workers and management representatives. They meet for an hour or two on a monthly basis to see what areas require improvement according to BWN evaluation reports. PICCs have been established in 90% of the participating factories.

“One of the programme’s great contributions has been to bring workers and company management closer, particularly middle-managers and supervisors who

have a direct relationship with workers on a daily basis. Both the bipartisan committees (PICCs) following up on plans for improvement in the factories, and the training the programme offers line supervisors have contributed to improving dialogue in the factories,” says Arengo.

Arengo says that the BW model offers a change in the way to address challenges in this highly globalized, fast-paced and volatile industry. The demands of a global market, ever-shorter delivery schedules, changing fashions, shifting supply chains, and customers seeking quality and price with very narrow margins, can all have a negative impact on working conditions. Instead of third-party audit models that “find violations and punish” factories, or simply report on violations BW makes issue-areas visible so that they can be dealt with in a joint and sustained manner, both at the factory level and in the institutions, based on a shared responsibility involving government, employers and workers.

“The programme’s technical accompaniment is key, and it works to get everyone involved in the solution,” says Arengo.

## SUCCESS STORIES

# USLC Apparel Inc. THE ADVANTAGES OF SOCIAL DIALOGUE



Factory USLC Apparel S.A.

Every month the Performance Improvement Consultative Committee (PICC) meets for an hour at USLC Apparel Inc. The PICC is a committee promoted by the Better Work Nicaragua (BWN) programme to strengthen social dialogue between managers and workers. The textile and clothing factory is under the Free Trade Zone regime, and employs 1,723 workers.

“For 14 years, we have tried to maintain active communication with the workers, the trade unions. As a company, we have an open door policy. What the PICC has done is that it has given this open door policy a more institutional character, and it has established a social dialogue. It is impossible to move forward if we do not talk to each other and find common ground,” said Jorge Duarte, Administrative Manager for Human Development at USLC Apparel Inc.

The company has been operating in Nicaragua for 14 years, manufacturing casual cotton slacks for different brands, including Levi Strauss, its main client.

USLC Apparel Inc. joined the BWN program during the first quarter of 2012. Its

*Right in the Nicaraguan capital's Free Trade Zone, at USLC Apparel Inc., social dialogue between workers and employers has become stronger.*

is an added reason to do so,” said Duarte. Among these brands are several of their clients, such as Levi Strauss, and VF, among others.

Duarte says the BWN programme has done a lot to help them, in terms of training middle managers, and trade unionists, which has contributed to improved social dialogue and promoted working together for joint solutions. They also advise the members of the PICC.

Duarte said that based on

motivation to join was a desire self-improvement, and to become more competitive, given that it competes with the best casual dress pants manufacturing plants in the world.

“We are interested in being part of a programme that is geared toward helping us get better, and if it is internationally recognized as Better Work is, that is an even greater reason to do so. And if there are international brands that support it, that

findings in the BWN assessment evaluation report each cycle, the PICC members jointly define and put forward an action plan that seeks to solve each of the areas of improvement, according to priorities.

### Trade Unionists Acknowledge the Benefit

Marlon Bonilla, member of the board of directors for the “28 May” trade union, is on the PICC along with his fellow trade unionist Erika Blenn, secretary for Health and Safety. This trade union has some 450 members made up of workers of both sexes. This represents 25% of the total work force at USLC Apparel Inc.

In terms of health and safety, both trade unionists say work has been done to reduce the noise in the washing and drying section, as well as in the boiler area.

“The PICC gets things done because both supervisors and area managers are on it with us, and we discuss our problems there, and form teams to solve them. Now there is more understanding on the part of both parties, workers and employers,” Blenn said.



Jorge Duarte, Administrative Manager for Human Development at USLC Apparel Inc.





### **PIONEERS IN THE QUALITY CONTROL LABORATORY**

One of the points of pride at this company is the Quality Control Laboratory that ensures the quality of the fabric that comes from the mill, and is used in making casual slacks.

The laboratory is internationally certified, and is operating under regulation ISO 17025. Freddy González is at the head of the laboratory, where he ensures the tests required by Levi Strauss are made to

corroborate strength, appearance, color and wear on the fabric that is going to be used. These measures are taken before and during production.

“Our laboratory is the first in Nicaragua, and it is the only one that is certified at an international level.

They have analyzed all of the procedures that are carried out, from start to finish, and for six consecutive years, we have been certified.

We are proud of the work being done,” said Gonzalez.

The certification was carried out, in the first place, by international firm Intertek de Mexico, and presently it is done by Bureau Veritas, a company founded in 1828.



**Marlon Bonilla, trade unionist**



**Erika Blenn, trade unionist**



**José Rojas, supervisor**



**Raquel Ruiz, supervisor**

“The (BWN) programme promotes a dialogue between workers and, area managers. We have been learning to discuss issues openly and, now there is more understanding between workers and area managers,” said Bonilla.

### **Supervisors: A Real Change**

José Rojas, supervisor on production line 5, is in charge of 55 operators. His job is to manage them and ensure everyone does their job according to client requirements. He has been working in this role at the Free Trade Zone for 12 years.,

On November 9, 2013, Rojas and other colleagues took part in a workshop on “Tools for Supervisors” held by BWN. Rojas says that he has a strong character, and that he has been impulsive, therefore he used the lessons from the workshop that were useful for him.

“There has been a change. I feel like I

learned a lot, particularly, how to listen to workers, to be tolerant and patient. I learned that a leader needs to be intelligent, competent and decent. The programme was very good and, I got a lot out of the workshops,” he said.

His colleague Raquel Ruiz, assembly area supervisor, also sees the benefits of the training. She has been working for Free-Trade-Zone companies for 13 years, for 11 of these, she was an operator. Two years ago, the USLC Apparel management promoted her to supervisor. There are 42 operators on her production line, and she is in charge of four assistants.

“They taught me the tools of leadership, to be able to talk to the workers, and team work. If it is in my power to give them answers, or solutions to their problems then I do it, and if it is not, I look for my boss. The important thing is that they feel like they can get help,” she said.



Worker at Hansae



There are 2,200 workers, 65% of whom are women

## SUCCESS STORIES

# Hansae International Inc. SAFEGUARDING THE HEALTH OF WORKERS

**H**ansae International Inc. has a 27,500 m<sup>2</sup> factory located 53 kilometers southeast of the Nicaraguan capital city. Two new structures stand out near the main entrance gate. One will be the head office for the trade union organizations operating there. The other will house the clinic that will serve workers and their families. It will also hold a nursing room for working mothers who are breastfeeding.

Darling Flores, Human Resources manager says that at the clinic for workers and their families, there will be two general practitioners, a pediatrician, a gynecolo-

*Hansae International Inc. – a Korean factory in the textile and clothing industry – is a pioneer of the Better Work Nicaragua programme.*

gist, and an ambulance, full time. Meanwhile, the nursing room will have a nurse, ten separate cubicles; two milk extractors, and a refrigerator, among other resources. “This is a pilot project, and we are enthusiastic, because it has to do with providing workers—who are nursing mothers—with the right conditions. With the help of the programme advisors, and Soyunica specialists, we are going to educate the workers on the importance of breastfeeding, which helps prevent cancer, and is key for a baby’s

development,” Flores said. The intention of the nursing room is to allow time during the working day for work-mothers who are breastfeeding to extract milk under hygienic conditions, and store it so they can feed their babies when they return home. At the time of writing, there were 60 nursing workers at Hansae International Inc.

This is the first programme of its kind among the factories affiliated with the Better Work Nicaragua programme.

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International Inc.

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### Results of Social Dialogue

Hansae International Inc. was established in Nicaragua in 1998 at Las Mercedes industrial Park in Managua. In March 2013, it moved to new facilities at the Niquinohomo



Darling Flores, Human Resources manager





*The factory joined BWN in 2012.*

Free Trade Zone. The company is mostly involved in producing garments for women and children. Its clients include famous brands such as Target, Wal-Mart, Kmart, Old Navy and Sears, to name a few.

Karoll Morgan, Compliance Manager said that currently three production plants are operating with 50 lines. There are 2,200 workers, 65% of whom are women. 20% of staff come from Managua, and the rest from neighboring provinces and municipalities.

The factory joined BWN during the first quarter of 2012, after the first company evaluation report noted 47 areas for improvement. Later, the Performance Improvement Consultative Committee (PICC) was formed. It is comprised of eight worker and eight management representatives, who meet on a monthly basis to identify solutions, and work in consensus to achieve them.

A second evaluation of the factory showed that the number of areas in need of improvement had reduced significantly. For example, workers on the industrial pressing machines are now provided with protective jackets to help prevent illness after exposure to hot steam.

"I believe that companies in Free Trade zones are not perfect, there are always things to improve. That is why the process is about ongoing improvement, and that is what the BWN programme helps us do, because we take on shared responsibilities, working in teams," Morgan said.

Jorge Calero, secretary general of the Sandino Vive trade union—one of eight at Hansae International—participates in the PICC. The union has some 290 workers, and asserts it is one of the first orga-

nized at the company.

"Participating in the Better Work programme has been very important for us, because it has helped us to approach the employer. As a trade union, we have worked in this company since 2002, and with the PICC we have seen that working conditions have improved for the workers," Calero said.

### **Training the Supervisors**

Section chief Francisco Hernández started working as an operator 15 years ago, and has risen through the ranks. Hansae International promoted him a year ago, and now he is in charge of six production lines, and a total 220 workers of both sexes.

Until a few months ago, workers under his responsibility criticized the way he treated them. However, the Human Resources manager says that Hernández has been improving following his participation in BWN's "Supervisory Skills Training" workshop.

"I admit they were right," says Hernández, "but the (Better Work) training took me to another level. I learned to listen to the employees, because they are the ones at the machines, the ones producing the garments," he added.

The training for supervisors at this Free Trade Zone concluded last January 23. The workshop took place over three days, and it was facilitated by BWN program staff. The topics included "The Professional Supervisor," "Building Inter-personal Relations," and "Managing Workers."

Hernández says that he has improved his communications and dialogue with personnel, and consequently his leadership role at the company.



*Francisco Hernández, supervisor*



*Jorge Calero, trade unionist*



*Karoll Morgan, Compliance manager*



**BETTER WORK**  
*Nicaragua*

#### **CAMBODIA AND JORDAN: TOTALLY COMMITTED**

The textile and garment sectors in Cambodia and Jordan have taken on full industry coverage of the Better Work programme with total commitment. These countries have incorporated in 100% of export garment production factories into the programme.

In Cambodia, since the Better Factories program was established in 2001, clothing sector exports to the United States almost tripled from 2001 to 2008, as well as job creation, according to official information.

Jordan has also seen a rise in exports and foreign investment. The case of Jordan is particularly relevant, because it is a small industry, and it will never be able to compete in volume (as opposed to the large Asian producers such as Bangladesh, Vietnam and Indonesia); therefore, its strategy has always been to compete in niche markets, based on other factors such as quality and improved labour rights.

Support by Better Work Jordan, which began operations six years ago, was instrumental in getting a collective bargaining agreement signed by the association of employers and the garment workers' union- a landmark in the country's labour history.



*International brands feel confident about the programme.*

## **“WE TRUST BETTER WORK”**

“We are pleased with the way the Better Work programme identifies areas for improvement at the factories, and corrections made on what was indicated. This means that the factories are committed to improving working conditions, and there is no reason for us, as brands, to interfere in this process,” says Louis Vanegas, Corporate Social Responsibility Director for PVH owner of emblematic brands in the garment sector, such as Calvin Klein, Tommy Hilfiger and Van Heusen, among others

PVH Corp., founded in 1881, became a BWN program partner in 2012. It also sources in other countries where Better Work operates around the world, including Vietnam and Cambodia.

In Nicaragua, PVH Corp. works with two factories that produce garments for the New York based corporation: Kaltex Argus and Wells Apparel, which

*Louis Vanegas,  
Corporate Social  
Responsibility  
director at PVH  
Corporation,  
underscores  
programme  
relevance*

are both affiliated to the BWN program.

Vanegas says that the PVH Corp. supply chain spans over 50 countries worldwide, and includes over 2,000 factories. They need to ensure there is no abuse of workers, child labour is banned, working hours are not excessive, labour law is followed, and the workers' right to freedom of association is respected.

Their service in monitoring compliance of these rights and working conditions made BWN a key partner

for PVH. “Since we began working with the programme, we have not audited the factories again, because the evaluation reports are very clear and extensive, and they cover the principal points in our Code of Conduct. We feel confident they are identifying areas for improvement, and these are being achieved through social dialogue, training, and the Improvement Committees,” Vanegas said.

**E&N**