



BetterWork

Nicaragua

REPORT HIGHLIGHTS

Progress towards sustainability



International
Labour
Organization



International
Finance
Corporation
WORLD BANK GROUP

In 2010, Better Work was invited to begin operations in Nicaragua by as part of an agreement between the International Labour Organization, the Nicaraguan government and the US Department of Labor – the programme’s principal donor. Since its inception in 2011, the programme has proven that a Nicaraguan garment industry with decent working conditions supports national growth, benefits business and empowers workers, their families and communities.

Drawing on the data and experience of a cohort of long-term collaborating factories, this report shows that compliance with national labour law and international labour standards has taken a path of continuous improvement as factories deepen their engagement with Better Work Nicaragua.

In addition, the report outlines the programme’s success in many areas beyond improvements in compliance. It has expanded opportunities for decent work on the factory floor through strengthening public policies, institutions and practice at the national and regional level.

At time of publication, there are 30 (of 52) exporting garment factories in the programme. Since the beginning of its operations, BWN has conducted a total of 142 assessments with over forty factories having completed Cycle 1, while just over half of those have now completed Cycle 4, an indicator of the programmes’ high retention rates and factory confidence in it. This group of factories, assessed between 2011 and 2018, from Cycle 1 to Cycle 4, provide the data for this report.

This report combines findings from an independent assessment of the Better Work programme conducted by Tufts University, compliance data collected by Better Work Nicaragua’s Enterprise Advisors through unannounced assessments in participating factories, and qualitative narrative based on BWN’s operational experience.

Realizing core labour standards

Core labour standards are enshrined in the 1998 ILO Declaration on Fundamental Principles and Rights at Work, as well as the Nicaraguan Constitution, which establishes the prohibition of forced labour (Article 40) and of child labour (Articles 71 and 84), the right to work, freedom of association, and the right to strike and to collective bargaining (Articles from 80 to 88).

Starting from a high baseline – Thanks to this sound legal framework, Nicaragua entered Better Work at a relatively high baseline. For instance, no evidence was found of non-compliance in the areas of child and forced labour in initial factory assessments.

Advancing gender equality – In the first round of assessments, just one factory was found to have differences in conditions of work for men and women, and this instance of non-compliance was quickly resolved. Since then, the BWN team has sought to move beyond simple compliance to influence industry practice through engaging employers, workers and the government to prioritize awareness of women's rights in the workplace, including the prevention of sexual harassment. The strategy has brought positive results, for example, independent research has shown that improved awareness of sexual harassment in

managers provided by the programme has seen workers' concern with this abuse by reduced 29 percentage points.

Improvements in collective bargaining – After four cycles in the programme, non-compliance on collective bargaining dropped from seven factories out of compliance (33 percent) to five (24 percent). In four factories, workers were prevented from accessing copies of collective bargaining agreements and learning about their provisions. In one factory, provisions were not as favourable as the law. These and other non-compliances were resolved after four cycles of participation in the programme, showing that participation in Better Work is correlated with gradual and positive change in workers' rights to collectively bargain.

“Most of the enrolled factories have been steady in their improvement and reducing their cases of non-compliance. Today, our relationship is open and transparent. Managers are not perceiving us as an audit anymore, rather, like an entity which is trying to help out.”

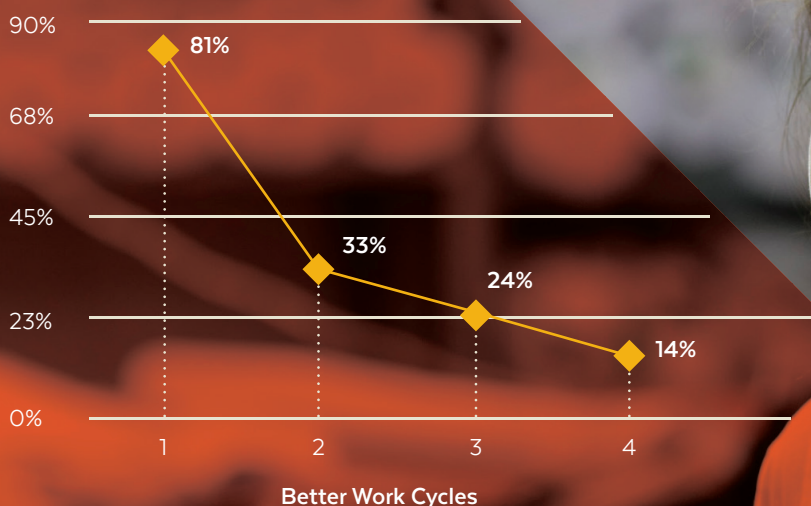
Blanca Peralta Paguaga,
Better Work Nicaragua Programme Manager

Achieving decent work

The Decent Work Agenda, which brings together the goals of rights at work, employment, social protection and social dialogue in a consolidated and gender-sensitive framework, is at the core of Better Work Nicaragua's mission to improve the garment industry. The data shows that factories make improvements in these fields as they mature in their participation with the programme. Declining trends in non-compliance with ILO labour standards and national labour law in the areas of contracts, occupational safety and health, and working time illustrate this argument. Independent research reinforces this evidence, demonstrating that improvements have a tangible impact on both workers' daily experiences and the competitiveness of firms.

More secure employment relations – After four cycles of participation in Better Work, non-compliance with national legislation for employment contracts declined by 80 percent.

FIGURE 1. NON-COMPLIANCE TREND FOR EMPLOYMENT CONTRACTS



“When the management is properly trained, fewer problems tend to emerge on the factory floor. Factories outside the programme present a higher number of violations and issues.”

Luis Barbosa,

secretary general of the union confederation of workers Central Sandinista de Trabajadores Jose Benito Escobar (CST-JBE)

After four cycles, the number of factories out of compliance with social security contributions and other benefits declined from six factories (29 percent) to four (19 percent). One factory resolved non-compliance issues related to wage information, use and deduction. These findings indicate that participation in Better Work is associated with improved employment security and more stable employment relations. Independent research shows that this stability extends beyond the workplace, reducing financial hardship and positively affecting outcomes such as education access for workers' children.

Positive impact on workers' perceptions of pay practices and overtime – Data from interviews with workers shows that after two cycles in Better Work, weekly take-home pay (including bonuses) reported by workers increased by about USD 16. Workers also reported being less concerned about late payments, low wages and excess overtime.

Better workplace relations and dialogue – By the third cycle of participation in Better Work Nicaragua, independent research shows that workers were more likely to feel comfortable seeking help from their supervisor, and 54 percent less likely to believe that joining a union would get them fired. Furthermore, after two years in the programme, the level of concerns about verbal abuse reported by workers declined by 12 percent.

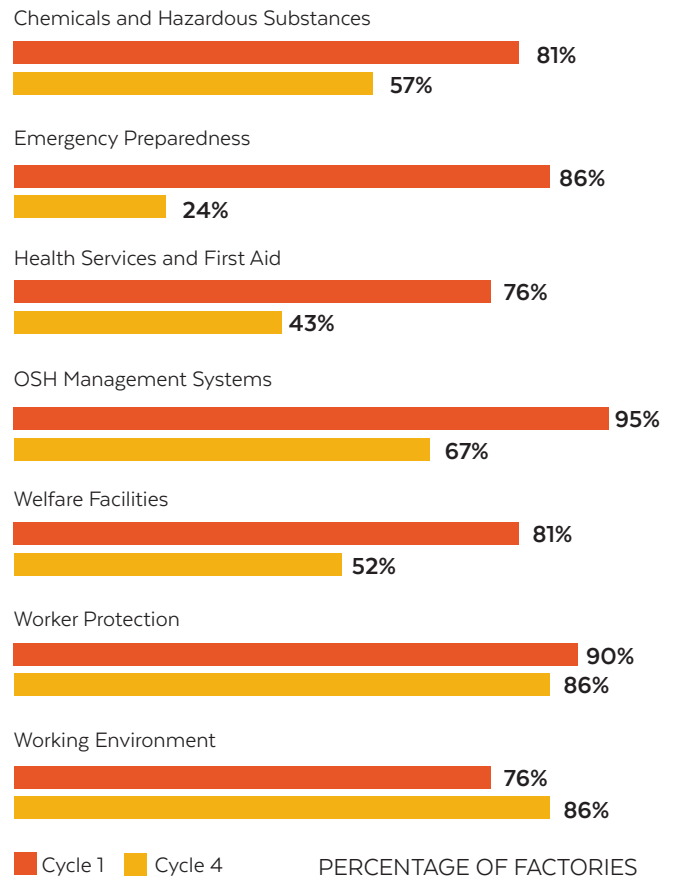
Improvements in occupational safety and health – For factories first enrolled in Better Work, maintaining compliance with the national legislation, reducing incident rates and ensuring employee safety was

an ongoing challenge. However, the combination of assessments, advisory services, trainings, and activities in collaboration with tripartite partners has made significant progress, including:

- ◆ Increased the capacity of factories to assess, monitor, prevent and limit workers' exposure to chemicals and hazardous substances, and to store them safely, leading to a 30 percent reduction in noncompliance from cycle one to cycle four
- ◆ Improved emergency preparedness, specifically with respect to emergency exits and escape routes, reducing noncompliance in the Emergency Preparedness compliance point by over 70 percent
- ◆ Ensured training for workers on first-aid and firefighting, certified by the local fire department, through the Emergency Preparedness Program (EPPRO), Industry Seminars, and a fire safety handbook in cooperation with the Ministry of Labour
- ◆ Strengthened collaboration between management and union representatives on worker-management Performance Improvement Consultative Committees (PICCs) to improve and monitor better conditions in welfare facilities and ensure that aisles were free of obstructions
- ◆ Improved factories' ability to establish a workplace that is safe, efficient and productive, through enhanced occupational safety and health management systems
- ◆ Reduced workers' concern about injuries at work by 23 percent

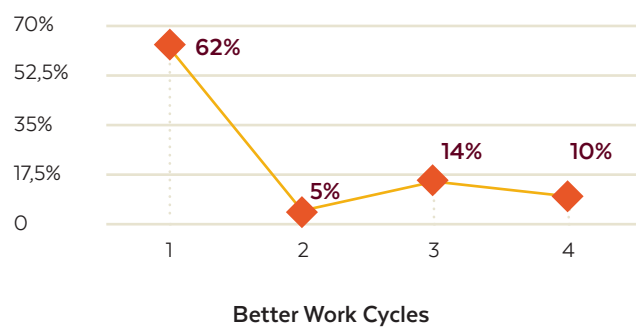


FIGURE 2. NON-COMPLIANCE TRENDS FOR OCCUPATIONAL SAFETY AND HEALTH



Improved job quality, through a better work-life balance – Non-compliance with the national legislation for workers' leave fell by over 80 percent, with only three factories (13 percent) out of compliance by cycle four.

FIGURE 3. NON-COMPLIANCE TREND FOR LEAVE



Engaging with Stakeholders

Better Work Nicaragua has placed a strong emphasis on longer-term strategic efforts with tripartite partners, for lasting impact. Highlights in the timeline (Figure 4) tell a story of intensifying and expanding collaborations, through training, research and advocacy at the industry, national and regional levels.

Starting in 2013, BWN developed a Labour Law guide for the management of the textile and clothing industry. It also supported the government in the elaboration of the national strategy for the garment sector, working closely with the Ministry of Labour (MITRAB).

Since the beginning of operations, BWN has also been working hand-in-hand with local unions, by establishing an educational committee to develop sectorial trainings modules and by fostering social dialogue in worker-management committees. Between 2014 and 2017, BWN partnered with the Paulo Freire University, to develop a specialized training programme for union leaders.

By 2015, BWN reached over 70 percent of the country's export apparel industry, expanding the reach of the programme and building stronger ownership for factory improvements. In October 2016, BWN published Good Practices in the Textile and Clothing Industry, a set of case studies on successful experiences of labour law compliance and continuous improvement in ten participating factories.

Finally, with funds from multinational business partners, BWN has supported a number of initiatives, including addressing gender equality and worker's wellbeing in industrial parks in the country's Free Trade Zone, focusing on leadership skills training, maternity protection and access to finance for women workers.

“We have a close collaboration with Better Work. Together, we worked on a number of projects that targeted the technification of the workforce, OSH and on social corporate responsibility issues, which were beneficial to the workers, the companies, and the sector as a whole.”

Dean Garcia,
Executive Director of ANITEC

FIGURE 4. HIGHLIGHTS FROM BETTER WORK NICARAGUA'S ACTIVITIES

2010

December - Cooperative agreement and launch of Better Work Nicaragua

2011

February - Beginning of operations

October - Pilot assessments in 3 factories

2012

July - First Buyer Forum

August - BWN reaches 12 factories

2013

July - Capacity-building programmes for labour inspectors on homologation criteria for the implementation of the Labour Inspection Guide and assessment techniques, focusing on discrimination in the workplace, interviews and documentary review

2014

March - First Synthesis Report (reporting period: February 2012 - March 2013)

March - New Labour Law Guide and Handbook on breastfeeding promotion at work

June - Capacity-building programme for trade union confederations in collaboration with the Paulo Freire University

October - BWN reaches 26 factories

October - Thematic Synthesis Report: Fire Protection

2015

February - BWN reaches over 70% of all workers in the country's export apparel industry

March - Second Synthesis Report (reporting period: January 2014 - January 2015)

March - Opens the first breastfeeding centre supported by BWN

September - Launch of BWN's capacity-building programmes for factory management delivered by the Universidad Centro Americana (UCA): Social compliance and Labor Law, productivity and quality management

2016

May - Industry seminar on Self Reporting

June - Launch of two capacity-building programmes on gender and communication for trade union confederations

August - First international OSH congress in Nicaragua

September - Thematic brief based on independent impact evaluation carried by Tufts University

October - Good Practices in the Clothing and Textile Industry case study

November - Third Synthesis Report (reporting period: April 2015 - April 2016)

2017

March – Fourth Synthesis Report (reporting period: September 2016 – March 2017)

June – Two Industry Seminars: Accident Investigation and Emergency Preparedness

August – New courses for trade union leaders on collective bargaining techniques

August – New training programme for labour inspectors

September – BWN participates to the Latin America Regional Forum

October – Industry seminars on Labour Law and its application in the textile industry

October – Course on Productivity and Quality Management for productivity managers

October – Launch of The Productivity Accelerator (PA) Programme

December – PAC meeting to discuss non-compliance results for 23 factories

2018

January – Launch of the Transparency Portal

February – PAC meeting to discuss preliminary findings from a proposal on Nicaragua's garment sector strategy

March – Industry seminars on sexual harassment prevention through a management systems approach and presentation of Better Work's Gender Strategy

April – BWN reaches 31 factories

July – Launch of the project "Improving the Lives and Welfare of Workers in the Clothing Industry" (funded by the Levi Strauss Foundation)

September – Industry Seminar on "Productivity and Total Quality," organized in collaboration with the IFC and a consultant company

September – Development and roll-out of new leadership skills training

November – Industry seminar on advisory activities and techniques

November – Learning seminar for Unions trainers "Tools for Industrial Relations" delivered by BWN staff

November – Training of training seminar (TOT) for labour inspectors from MITRAB

Next Steps

In 2019, Better Work Nicaragua will intensify its positive impact by prioritizing the delivery of factory assessment, advisory and training services, with greater emphasis on building stronger ownership, through worker-management committees and Training of Trainer initiatives. As shown by assessment results to date, it is critical that BWN continues to build capacities and expand opportunities for decent work. Areas for future improvement efforts will focus on:

- ◆ Expanding the delivery of factory assessment, advisory and training services, as well as the adoption of best practices to address the root-causes of non-compliance, with a focus on management systems, collective bargaining, occupational safety and health, and working hours
- ◆ Improving working conditions and business practices, by focusing on greater ownership of the improvement process in participating factories, and by strengthening labour law governance in the manufacturing sector, including in garment sector factories which have not yet joined Better Work
- ◆ Establishing a sustainable model for service delivery and lasting impacts, by strengthening the capacity of the Ministry of Labour to conduct thorough inspections of garment sector factories in accordance with international labour standards and national labour laws, through proven Better Work methodologies
- ◆ Foster a policy environment in which a fair, productive garment industry can thrive by advancing the National Strategy for the Garment Industry and by enhancing collaboration among all national stakeholders



International
Labour
Organization



IFC
**International
Finance
Corporation**
WORLD BANK GROUP