

OVERVIEW

IFC, a member of the World Bank Group, has a holistic approach to promoting the competitiveness of the garment sector in Nicaragua. An IDA country, its apparel exports have grown from \$715 million in 2005 to \$1.3 billion in 2015¹—accounting for 30 percent of the nation's total exports.² Its garment sector employs about 55,400 workers, or 8 percent of all formally employed Nicaraguans.³ Around 55 percent of the workers are women.

Strengthening the position of Nicaragua's garment sector in global supply chains, IFC helps to improve working conditions, increase productivity, and move the sector toward gender equality. IFC also eases access for garment factories in need of affordable short-term financing.



¹ Banco Central de Nicaragua. *Estado de la Economía y Perspectivas* 2016, accessed April 7, 2017. http://www.bcn.gob.ni/publicaciones/periodicidad/eventual/economia/Estado_Economia_2016.pdf

² WorldBank.org. "World-Integrated Trade Solution," accessed May 24, 2017. <http://wits.worldbank.org/CountryProfile/en/Country/NIC/Year/LTST/TradeFlow/EXPIMP/Partner/WLD/Product/All-Groups>

³ Fuente: Commission Nacional de la Zona Franca

⁴ BetterWork.org. "Progress and Potential: Nicaragua Country Brief," accessed April 17, 2017. <http://betterwork.org/where-we-work/nicaragua/>

⁵ BetterWork.org. "Better Work Nicaragua: Home," accessed April 07, 2017. <http://betterwork.org/where-we-work/nicaragua/>

⁶ BetterWork.org. "Emergency Preparedness in Nicaragua," accessed April 07, 2017. <http://betterwork.org/blog/2015/07/08/emergency-preparedness-program/>

⁷ BetterWork.org. "Strengthening Stakeholder Capacity," accessed April 07, 2017. <http://betterwork.org/blog/2016/09/21/fortaleciendo-las-capacidades-de-los-actores-locales-2/>

⁸ BetterWork.org. *Progress and Potential: How Better Work is improving garment workers' lives and boosting factory competitiveness*, accessed April 17, 2017. <http://betterwork.org/blog/portfolio/progress-and-potential-nicaragua-country-brief/>

⁹ IFC.org. "Trade and Supply-Chain Finance," accessed January 24, 2017. http://www.ifc.org/wps/wcm/connect/CORP_EXT_Content/IFC_Externat_Corporate_Site/Solutions/Products+and+Services/TSCF.



IFC Engagement in the Nicaraguan Apparel Sector

How IFC Supports Nicaragua's Position in the Global Apparel Supply Chain

For further information, please contact: Milagros Rivas Saiz, mrivassaiz@ifc.org, Global Manager, Cross-cutting Advisory Services, IFC
2121 Pennsylvania Avenue NW
Washington DC 20433
Web: www.ifc.org



Better Work Nicaragua

Better Work Nicaragua—an IFC–International Labour Organization (ILO) partnership—mobilizes factories, buyers, and brands in the apparel industry to boost competitiveness through improved working conditions. Since the program's establishment in Nicaragua in 2011, it has grown to include 24 factories—or 60 percent of the country's apparel factories. The program there represents 19 international brands and retailers and improves conditions for 40,000 workers.⁴ Better Work provides the following services to factories:

- Labor assessments
- Advisory services, including the formation of worker-management committees
- Training for workers and managers ⁵

Some of the interventions offered beyond factory walls in Nicaragua include the following:

- The Better Work **Emergency Preparedness Program (EPPRO)** ⁶ provides emergency-response training for garment workers. With supervision from the local fire department, Better Work has trained more than 1,500 workers. They have received fire-department certification in first aid, fire-fighting, and conducting effective fire drills.
- Better Work Nicaragua has also **strengthened local union members' capacity** ⁷ in several areas, including social dialogue and communication; occupational safety and health; and gender equality. One training program provided through the Center for the Study of Labor at Paulo Freire University of Nicaragua has trained more than 1,200 union leaders, 45 percent of them women, in four years. Since 2014, those completing the courses can receive credit toward a professional certificate or college degree.

Better Work has had a positive impact on Nicaragua's garment industry Recently, Tufts University completed a six-year longitudinal study of the program in five countries, including Nicaragua. Some of the major accomplishments in the country include the following:⁸

- **Higher productivity**, more balanced production lines, and improved workplace relations. In particular, training women to prepare them for supervisory roles resulted in a 22 percent increase in productivity.
- **A smaller wage gap** and reduced disparity in the number of hours worked by women versus men
- **Decreased concerns over pay and overtime**: Nicaraguan garment workers have reported fewer concerns about late pay, low wages and overtime.

Global Trade Supplier Finance Program (GTSF)

Launched in 2010, the GTSF program⁹ provides short-term, post-shipment capital to suppliers in emerging markets, immediately after the buyer agrees to pay. GTSF...

- Determines suppliers' interest rates based on a combination of the buyer's cost of credit and the supplier's performance against the buyer's E&S standards
- Offers suppliers monetary incentives to make E&S improvements.

Nicaragua was recently approved as a country in which brands and factories are eligible for GTSF. So far, more than \$7 million has been disbursed to suppliers there.