

FACT SHEET

CAFTA-DR Labor Capacity Building

In support of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), the US Government committed over \$130 million in funds from FY2005 - FY2009 for labor capacity building in the CAFTA-DR countries.¹ Funds have been dedicated to labor capacity building programs by strengthening labor ministries and courts, promoting an overall culture of compliance, and removing or preventing children from exploitative child labor.

Goal areas for labor capacity building in Central America and the Dominican Republic were identified through a cooperative process with partner countries and reflected the on-going needs identified in the April 2005 “White Paper” of the Working Group of the Vice Ministers Responsible for Trade and Labor in the Countries of Central America and the Dominican Republic. Programs implemented by the Department of Labor (USDOL), the Agency for International Development (USAID), and the Department of State’s Bureau for Democracy, Human Rights, and Labor (State/DRL) through FY2009 include:

Goal: Strengthen Labor Ministries’ Capacity to Enforce Labor Laws, Conduct Inspections, and Resolve Labor Disputes

Comply and Win (FY03-04-05; \$13.5 million; 2003-2009)

Administered by USDOL, Implemented by Foundation for Peace and Democracy—FUNPADEM

This project provided over three million workers information on labor rights by airing 52 radio spots at a rate of 1,800 per month, disseminating over 3.3 million informational materials, and installing an innovative web site with information on labor laws for workers and employers www.leylaboral.com. Additionally, over 10,000 ministry officials, employers, and workers were trained on labor laws and procedures, and labor inspection manuals and electronic case management systems were developed in each of the countries.

Comply and Win II for Inspection (FY07-08; \$8.8 million; 2008-2012):

Administered by USDOL, Implemented by Foundation for Peace and Democracy—FUNPADEM

This project helps CAFTA-DR Labor Ministries make maximum use of resources by strategically targeting their labor inspection activities to specific sectors and/or types of labor violations. As of September 30, 2010, the project has installed electronic systems in the Inspectorates of most countries to assist in the management of cases and data collection. The project also developed protocols for inspections, including for freedom of association and collective bargaining, which was validated by worker and business organizations and will be widely used by inspectors starting in 2011.

Modernize Labor Ministries (FY05-08, \$3 million; 2006-2009):

Administered by USAID, Implemented by SRA International

This project developed integrated management systems to better provide services to workers and employers. The project helped develop information technology infrastructure and training and

¹ The US government committed an additional \$12.5 million in FY 2010 funds; however, these funds have not yet been obligated to implementing entities and are therefore not reflected in this fact sheet.

media production centers, provided computer equipment to the Ministries to support key electronic systems, and facilitated a Virtual Regional Labor Training Center that will network regional Ministry training centers.

Todas y Todos Trabajamos: Establishing Worker Rights Centers (FY06-07-09; \$6.4 million; 2007-2011): Administered by USDOL, Implemented by Catholic Relief Services

This project implemented through local Worker Rights Centers in each country has provided legal assistance on 50,667 labor rights cases and supported workers in submitting nearly 35,000 of those cases to labor authorities. The Centers have conducted educational workshops for 50,511 workers and trained 416 local trainers, who conducted 211 repeat trainings to continue the project's outreach services beyond US funding. The media campaign has used television, radio, flyers, and kiosks to inform nearly 7 million workers about their labor rights.

Strengthening Civil Service Systems for Labor Inspectorates (FY06; \$1.19 million; 2007-2012): Administered by USDOL, Implemented by the International Labor Organization

This project works within the Inspectorates of the Ministries of Labor of El Salvador, Guatemala, and Honduras to improve the recruitment and retention of qualified, experienced, and professional staff. The project has created inspection training modules that focus on ethical protocols and unification of inspector positions and responsibilities and created a draft code of ethics and integrity, which is in review and will be finalized early in 2011.

Ensuring Benefits in the Formal Sector: Working with the Salvadoran Social Security Institute (FY07; \$940,000; 2008-2011): Administered by USDOL, Implemented by Alexius International

This project is designed to raise awareness of El Salvador's social security system and increase accountability. The project promotes a transparent process for employers' payments into the social security system, allowing workers to verify, via text message, the proper transfer of salary deductions to the social security agency, assuring that the workers can receive the health care benefits to which they are entitled.

Goal: Modernize Labor Justice Systems

Labor Justice Training (FY05; \$2 million; 2006-2008):

Administered by USDOL, Implemented by the International Labor Organization

This comprehensive training program trained judicial personnel on national labor laws, the application of international labor standards, and proper handling of labor-related cases. This program trained over 600 legal professionals on international labor standards, conducted five courses on techniques for admission of evidence for 140 participating judges and created a web site www.justicia-laboral.org to provide access to all activities and training materials.

Strengthening Labor Justice for CAFTA-DR (FY05-07-08-09; \$12.14 million; 2007-2012):

Administered by USAID, Implemented by Management Sciences for Development

To address inefficiencies in court systems and guarantee legal compliance and predictability, this project was designed to build capacity and expedite labor court cases in CAFTA-DR countries. After implementing pilot labor courts, the program is now replicating the model in 68 labor courts across the region. Court processes are being streamlined and electronic case management systems designed and implemented. Model court rooms with audio/video capability have been

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set up to facilitate the training of law professionals and law students in oral techniques. Post-graduate degree programs have been launched in three countries. Virtual labor justice observatories have been set up in each country as part of a region-wide judicial monitoring effort by civil society.

Citizens' Access to Labor Justice for CAFTA-DR (FY07-08-09; \$5.3 million; 2008-2012):

Administered by USAID, Implemented by Pact & the Inter-American Institute for Human Rights

This program was designed to facilitate access to labor justice, contribute to transparency and accountability in the labor justice system, and reduce gender and other forms of discrimination in the administration of labor justice in CAFTA-DR countries. The program has trained 21 civil society institutions throughout the region to provide legal services in labor cases; designed and installed an electronic case management system in each legal clinic; and provided grants and training in the area of access to labor justice to 10 civil society institutions. 500 public employees have been trained to detect and reduce labor discrimination based on gender, workers with HIV/AIDS, domestic workers, physically challenged workers, and migrant workers. More information can be found at www.justicialaboral.ning.com.

Goal: Eliminate Gender and Other Types of Discrimination

Comply and Win Gender Component (FY05; \$1.98 million²; 2006-2009):

Administered by USDOL, Implemented by Foundation for Peace and Democracy

Offices specializing in issues related to gender were established or enhanced in Ministries of Labor departments in CAFTA-DR countries, which included providing training, technical support, and equipment to the staff. Labor inspectors and mediators were trained on techniques for detecting and investigating gender workplace discrimination, and over 1,500 workers were trained on protection against gender discrimination and labor rights through "Train the Trainer" programs.

Provide Job Training for People with Disabilities in Costa Rica (FY07; \$470,000; 2008-2010):

Administered by USDOL, Implemented by Trust for the Americas

The Government of Costa Rica recently passed legislation to encourage hiring people with disabilities. This project, which concluded in September of 2010, was successful in reducing the barriers to employment for people with disabilities by training them in information technology (using adaptive technology) and other skills, educating employers, and facilitating job placement. The project trained 268 employers and 242 people with disabilities.

Continuous Improvement in the Central American Workplace (FY06; \$2 million; 2007-2008):

Administered by USAID, Implemented by DAI and a multi-sectoral stakeholder alliance

This alliance worked to jointly train workers and managers in 47 factories and Labor Ministry inspectors across the region on labor rights and voluntary compliance best practices, resulting in improved working conditions for nearly 24,000 workers in the predominantly female textile/apparel sector. Factory-level improvements included implementation of a new anti-discrimination manual, non-interference in formation of a union, reduced overtime, creation of a Safety and Hygiene committee, better employee training, and improved worker-manager communication

² Amount included in the \$15.5 million for Comply and Win I & II, reported on Page 1.

Citizens' Access to Labor Justice for CAFTA-DR (FY07-08; \$1.3 million; 2008-2010):

Administered by USAID, Implemented by Pact & the Inter-American Institute for Human Rights

This aspect of the Citizen's Access to Labor Justice project provided training and other support to civil society organizations that provide services (counseling, accessibility, translation for indigenous languages, etc.) to women and other disadvantaged groups to obtain access to labor justice. The project conducted an audit of court processes that affect women, disabled persons, indigenous groups, and other disadvantaged populations, and provided technical assistance to these courts, as well as sensitization training for judges and public defenders.

Goal: Promote a Culture of Compliance

Better Work Nicaragua (FY09; \$2 million; 2010-2015):

Administered by USDOL, Implemented by the International Labor Organization

This project aims to create decent job opportunities in the garment sector in Nicaragua. The project's objective is to increase the competitiveness of the sector by monitoring labor law compliance and providing services to elevate productivity at the factory level. This model has been proven successful for job creation in other countries, including Cambodia. The level of transparency provided by the ILO's monitoring on labor conditions is a highly attractive feature for multinational brands, as they lower their auditing costs while protecting their reputation.

Promoting Compliance with Labor Standards for Migrant Workers (FY08; \$900,000; 2009-2011): *Administered by State/DRL, Implemented by Trust for the Americas*

This project seeks to improve labor standards for migrant workers in Costa Rica, the Dominican Republic, and El Salvador in three ways: (1) it builds the long-term capacity of civil society organizations, including labor and human rights NGOs, to better reach out to migrant workers; (2) it raises awareness among employers of the rights of migrant workers and builds the capacity of employer trade associations to help employers improve compliance efforts; and (3) it builds the capacity of labor ministries to improve and develop policy and enforcement mechanisms related to labor protections for migrant workers. In 2010, the project provided training and targeted support to a diverse group of 27 civil society organizations.

Best Practices in Employer and Worker Organizations (FY06; \$2 million; 2007-2009):

Administered by State/DRL, Implemented by Trust for the Americas

This project strengthened regional worker and employer organizations by raising workers' awareness and understanding of their rights and how to assert them and building the capacity of worker and employer organizations with respect to compliance issues. It also built the advocacy and technical capacity of civil society organizations. The project, which closed in 2010, trained over 2,800 worker representatives, employer representatives, students and journalists representing 400 worker and employer organizations. To enhance sustainability and enable local organizations to continue these efforts, the project awarded 34 small grants to civil society organizations and provided individual project mentoring to execute activities in support of labor rights compliance.

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A Worker-Centered Approach to Building a Culture of Labor Rights Compliance (FY06-07-08; \$4.8 million; 2006-2012): Administered by State/DRL, Implemented by the American Center for International Labor Solidarity—(Solidarity Center)

In 2010, the project provided training and mentoring for 64 independent and democratic labor unions to promote international core labor standards, and trained approximately 5,400 workers in areas including union organizing, collective bargaining, conflict resolution, equality, and non-discrimination. CAFTA-DR workers employed the assistance they received and led an international coalition to generate consumer demand for compliance with national and international labor standards following factory closures where employers reportedly had failed to make legally mandated payments to workers. The workers also engaged a multi-national apparel brand and negotiated an agreement to provide \$1.5 million in relief fund, health insurance coverage and vocational training to the unemployed workers, and also gave them priority in newly-created jobs in the brand's other supplier facilities in the country.

Supporting Responsible Competitiveness (FY06; \$2 million; 2007-2010):

Administered by State/DRL, Implemented by Business for Social Responsibility

This program worked to make the “business case” for responsible labor practices through education on labor standards and by demonstrating that these practices can have a positive effect on competitiveness in several key industries in the CAFTA-DR countries. The project, which closed in 2010, executed 15 “demonstration projects” with local producers to implement practical improvements at the company level, and disseminated their findings to other companies, government, and international buyers through executive education seminars. The project helped build a regional network of organizations to continue engaging and encouraging member companies to maintain this initiative.

Cultivar: Strengthen Labor Law Compliance in Agriculture (FY06; \$2.9 million; 2007-2011):

Administered by USDOL, Implemented by Social Accountability International

This project works with targeted agricultural communities in Honduras, Nicaragua, and the Dominican Republic to develop and implement action plans to improve law labor compliance, emphasizing occupational safety and health regulations. The project collaborates with local organizations and Ministries of Labor to strengthen mechanisms for workers to exercise their rights. The project has trained approximately 400 people on 18 farms in the three countries and has convened inter-institutional working groups and crop-specific consultative groups.

Campo a Campo: Advancing Labor Rights in the Agricultural Sector in Guatemala (FY07; \$940,000; 2008-2011): Administered by USDOL, Implemented by Catholic Relief Services

This project works with a local partner, the Social Pastorate, in the department of Izabal. As of September 30, 2010, the project had provided information and training on labor rights to thousands of workers in rural communities through community fairs, and the two Worker Rights Centers established by the project had delivered free legal advice to 945 workers. The project works with local organizations and the departmental office of the Ministry of Labor to strengthen mechanisms for workers to exercise their rights and to educate employers on national labor laws.

Promoting Informal Labor Rights: (PILAR) (FY07; \$990,000; 2008-2011):

Administered by State/DRL, Implemented by Global Fairness Initiative

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This pilot project, which closed in January 2011, focused on extending labor rights to the informal sector in Guatemala and Nicaragua. The project developed best practices and training modules for government officials on data collection and strategies to incentivize worker formalization and provided training to over 1,600 stakeholders, educating worker organizations and informal sector workers on labor rights, government benefits such as social security, and potential pathways to formalization.

Promote Tripartite Social Dialogue (FY07; \$2.97 million; 2008-2011):

Administered by State/DRL, Implemented by the International Labor Organization

This project is strengthening national tripartite institutions and mechanisms for social dialogue among governments, workers, and employers to increase compliance with labor law and improve cooperation to develop common agendas and formal agreements. For example, the project formally inaugurated in September 2010 the Joint Union Council of Central America and the Caribbean, a united sub-regional trade union platform, facilitated by the Trade Union Confederation of the Americas in collaboration with the ILO, which includes 30 organizations from 9 countries and represents more than 3 million workers in the region.

Support Alliances to Improve Labor and Environmental Standards (FY07; \$2 million; 2008-2010): *Administered by USAID, Implemented by Chemonics, Inc.*

This program has channeled the power of commercial alliances between companies along the value chain into encouraging producers and processors to adopt voluntary environmental and labor standards that buyers developed and/or supported. In the area of labor, the alliances between producers and buyers have included establishing baselines such as for workers' safety, undertaking diagnostics, implementing better practices, and seeking independent certifications.

Goal: Eliminate the Worst Forms of Child Labor

USDOL has funded several programs targeting the elimination of child labor in Central America, both prior to negotiations of the CAFTA-DR and after it entered into force for the respective CAFTA-DR countries. Since 2005, this funding has included \$43 million in projects to eliminate exploitative child labor in the region. These efforts have removed or prevented over 43,000 children from exploitative child labor, providing them with educational and training opportunities, and aim to prevent or remove an additional tens of thousands of 28,000 children from exploitative or dangerous conditions.

Goal: Implement Benchmarking, Verification, and Monitoring Procedures

Verification of White Paper Recommendations (FY05-07-08; \$11.6 million; 2006-2012):

Administered by USDOL, Implemented by the International Labor Organization

This project tracks progress made on the implementation of the White Paper recommendations through extensive consultations with stakeholders, including NGO's, employers, and worker organizations and measures it against country implementation plans designed to record progress. The *Baseline Report for the ILO Verification of the Compliance of White Paper Recommendations* and *Verification Report on the Implementation of the White Paper Recommendations* were published in August 2007 and July 2010, respectively, as verification mechanisms to follow up on execution of plans.

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