LOOKING UNDER THE HOOD

Key insights from the Evaluation of USDOL's Technical Assistance to Improve Labor Rights in Mexico's Automotive Sector

DEVTECH

In Mexico's automotive sector, the United States Department of Labor's Bureau of International Labor Affairs (USDOL - ILAB) is spearheading a transformative agenda aimed at elevating worker rights through system-level change. As Mexico strengthens its labor laws in alignment with the 2019 Labor Law Reform and the United States-Mexico-Canada Agreement (USMCA), system actors view ILAB's technical assistance as crucial in harnessing this momentum.

The goal is to create a cohesive labor ecosystem where workers' voices are amplified, enabling them to assert their rights and ensuring an equitable labor environment. This ambitious approach is grounded in ILAB's Theory of Sustained Change (TOsC), which strategically guides efforts to achieve lasting improvements in labor rights by utilizing available resources, identifying key leverage points, and modifying causal mechanisms within the system.

This infographic highlights the key results and recommendations garnered from a recent independent evaluation led by DevTech Systems, Inc. between 2023 and 2024. The evaluation was commissioned to enhance key stakeholders' understanding of how ILAB's portfolio is advancing Mexico's labor standards through a systems-based approach. Drawing upon the evaluation's mixed methods approach, the evaluation examined and revealed the interactions of factors within the labor rights landscape and assessed the effectiveness of ILAB's portfolio in leading systemic changes. Findings are organized across the following themes identified and validated by systems actors:

KEY THEMES

AWARENESS AND UNDERSTANDING OF LABOR LAWS AND RIGHTS

CAPACITY STRENGTHENING, ORGANIZATION, AND ADVOCACY

ENFORCEMENT OF LABOR LAWS AND ADDRESSING LABOR LAW VIOLATIONS

PROMOTING COMPLIANCE WITH LABOR LAWS

COLLABORATION, LEARNING, AND ADAPTATION

Please refer to the evaluation report for additional information and insights on how ILAB's portfolio is supporting sustainable change across Mexico's automotive sector.

AWARENESS AND UNDERSTANDING OF LABOR LAWS AND RIGHTS

ILAB's initiatives, particularly through projects like the <u>Mexico Awareness Raising project (MAP)</u>, implemented by Partners of the Americas (POA) and the Solidarity Center's <u>Engaging Workers and Civil Society to Strengthen Labor Law Enforcement project</u>, have significantly enhanced workers' awareness and understanding of labor laws and rights, especially in the automotive sector.

> Freedom requires knowledge, and knowledge comes partly from theory, information, and dissemination. But the other part is practice, the experience that workers must be able to exercise. And this is where things are still very much in their infancy because knowledge does not trickle down to the levels we would like.
>
> *- Labor Union Representative*

However, the impact is inconsistent across the automotive supply chain and other USMCA priority sectors, with some workers remaining unaware of labor reforms. Stakeholders, including worker groups, unions, academia, and government entities, have highlighted the need for more comprehensive and practical training that bridges the gap between theoretical knowledge and real-world application. This training should integrate:

- rights-based approaches,
- social inclusion, diversity, and legal frameworks, and
- modern digital platforms to reach a broader audience.

Moreover, labor institutions, including the Federal Center for Conciliation and Labor Registration (CFCRL), have demonstrated improved service delivery, which fosters trust among workers and, in turn, strengthens the relationship between workers and government entities, creating a positive feedback loop that enhances the utilization of labor dispute resolution services.

CAPACITY STRENGTHENING, ORGANIZATION, AND ADVOCACY

ILAB's targeted technical assistance initiatives have significantly strengthened the capacity of workers, unions, and civil society organizations (CSOs) in Mexico's automotive sector to engage with labor reforms, leading to the formation of democratic unions that enhance transparency and representation.

Key projects like the Solidarity Center's <u>Engaging Workers and Civil Society to Strengthen Labor Law Enforcement project</u> have empowered these groups to address labor law violations and advocate for their rights, contributing to the development of independent unions such as the National Independent Union of Automotive Industry Workers (SINTTIA), the first established under the USMCA and the first to hold female leadership.
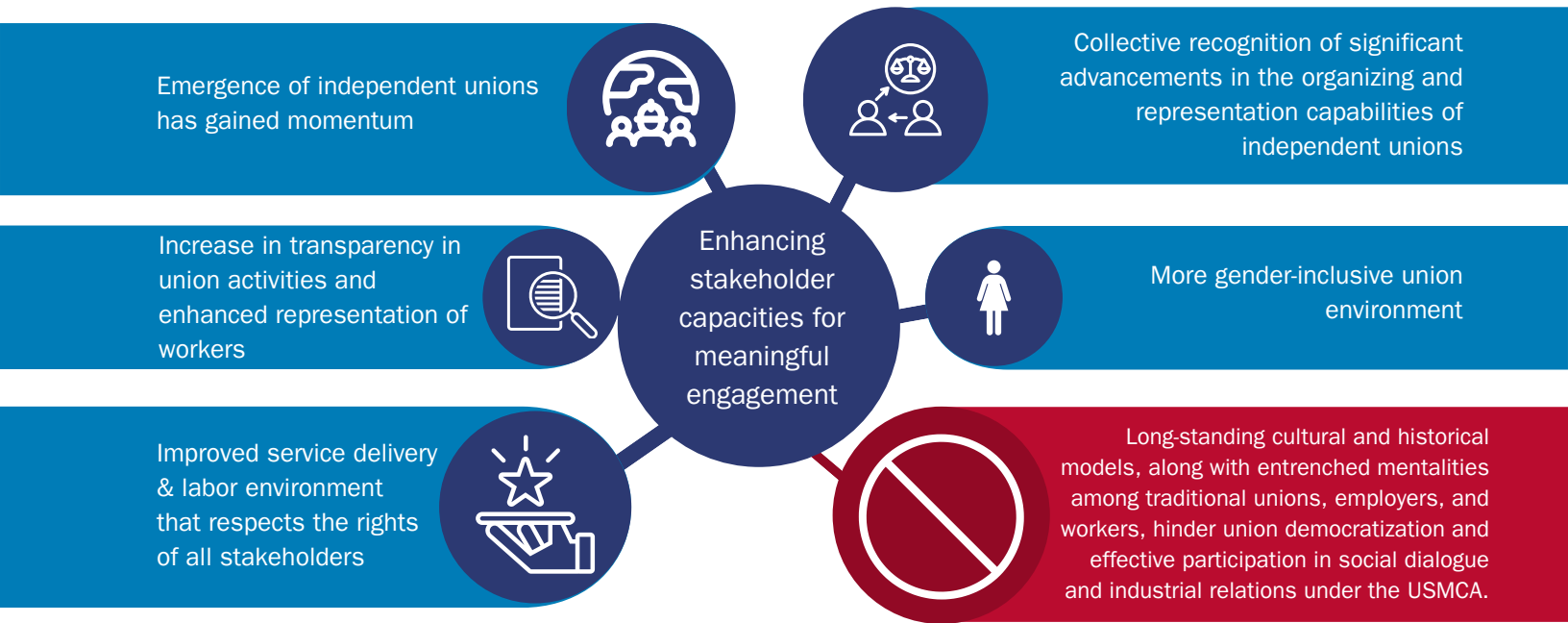
Despite these advancements, challenges remain, including employer resistance, the dominance of employer protection unions, and the sustainability of democratic unions. ILAB's efforts also highlight disparities in labor law compliance between large enterprises and small and medium enterprises (SMEs), with targeted interventions like the Pan American Development Foundation (PADF) <u>Engaging Mexico's Auto Sector Employers in Labor Law Reform Implementation project</u> working to bridge these gaps.

SEPTEMBER 2024

Additionally, despite progress in gender equity within unions, issues like gender discrimination and the need for inclusive training and proactive inclusion initiatives persist, underscoring the need for a systemic shift in labor relations to ensure broader participation and equity.

The following figure highlights the positive results as well as barriers observed in strengthening capacity, organization, and advocacy.

Emergence of independent unions has gained momentum

Collective recognition of significant advancements in the organizing and representation capabilities of independent unions

Enhancing stakeholder capacities for meaningful engagement

Increase in transparency in union activities and enhanced representation of workers

More gender-inclusive union environment

Improved service delivery & labor environment that respects the rights of all stakeholders

Long-standing cultural and historical models, along with entrenched mentalities among traditional unions, employers, and workers, hinder union democratization and effective participation in social dialogue and industrial relations under the USMCA.

"I believe that as a union, we are working to ensure that the workers we represent are treated fairly, regardless of gender, origin, or identity."
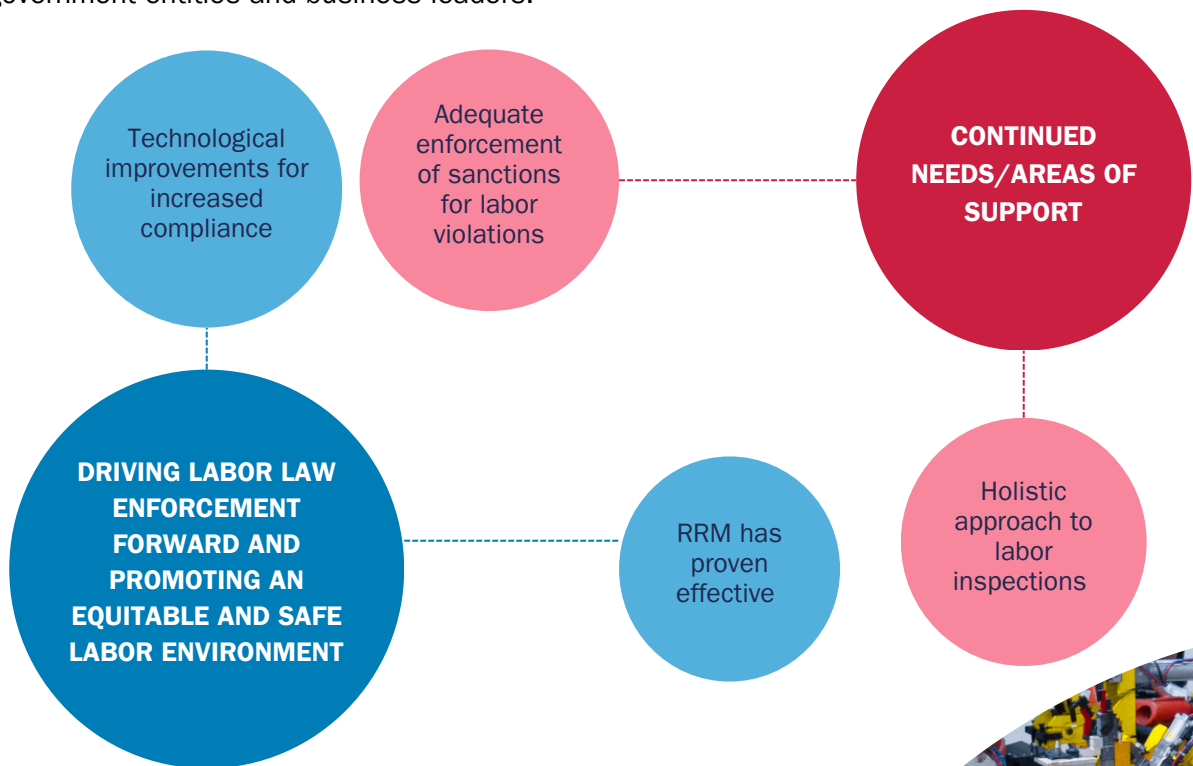
- *Labor Union Representative*

ENFORCEMENT OF LABOR LAWS AND ADDRESSING LABOR LAW VIOLATIONS

ILAB's initiatives have significantly enhanced the enforcement of labor laws within Mexico's automotive sector by improving labor inspections, strengthening institutional coordination, and proactively addressing labor violations.

Projects like the Improving Working Conditions in the Mexican Automotive Supply Chain (CALLE) project, implemented by the American Institutes for Research (AIR) have provided the Mexican government with technical assistance, innovative tools, and specialized training, resulting in better inspection quality and stronger law enforcement coordination. However, a complex picture emerges regarding employment conditions, with ongoing safety concerns and coercive practices reported by worker centers and unions, despite claims of improvement by government entities and business leaders.

Technological improvements for increased compliance

Adequate enforcement of sanctions for labor violations

CONTINUED NEEDS/AREAS OF SUPPORT

DRIVING LABOR LAW ENFORCEMENT FORWARD AND PROMOTING AN EQUITABLE AND SAFE LABOR ENVIRONMENT

RRM has proven effective

Holistic approach to labor inspections

The Rapid Response Mechanism (RRM) is recognized for its effectiveness in protecting labor rights, especially in the export sector, but concerns exist about the RRM overshadowing domestic conflict resolution mechanisms. Technological advancements in inspections, driven by ILAB's technical assistance, promise greater efficiency, yet stakeholders emphasize the need for a more holistic approach, including professionalizing the labor inspectorate and enforcing significant penalties for violations. To ensure effective enforcement, a comprehensive strategy is needed, encompassing capacity building for inspectors, stringent sanctions, and anti-corruption efforts.

SEPTEMBER 2024

> "The exchange of information and organizational experiences among workers from different countries is invaluable," stressing the urgency of establishing robust cross-border solidarity.
>
> *- Worker Representative*

PROMOTING COMPLIANCE WITH LABOR LAWS

ILAB's interventions have significantly advanced labor law compliance by increasing employer awareness and encouraging proactive measures to prevent violations.

Initiatives, like PADF's Engaging Mexico's Auto Sector Employers in Labor Law Reform Implementation project, have focused on bringing small and medium-sized manufacturers in Mexico's automotive sector into compliance with labor laws, improving working conditions. The collaboration between U.S. and Mexican workers has been an innovative model praised for enhancing labor rights across borders. This cross-border cooperation, supported by the Engaging Workers and Civil Society to Strengthen Labor Law Enforcement project implemented by the Solidarity Center, strengthens collective labor advocacy and power, crucial for promoting labor standards in the interconnected automotive industry.

While progress has been made in implementing labor reforms, resistance from certain business sectors and employer protection unions remains, with some entities showing only superficial adherence to democratic practices. Mechanisms like the RRM are essential in supporting democratic unions and ensuring fair labor negotiations.

COLLABORATION, LEARNING, AND ADAPTATION

While ILAB does not explicitly incorporate Collaborating, Learning, and Adapting (CLA) principles in its programming, its management practices align with key CLA aspects, particularly adaptive management, robust monitoring and evaluation, and stakeholder engagement.
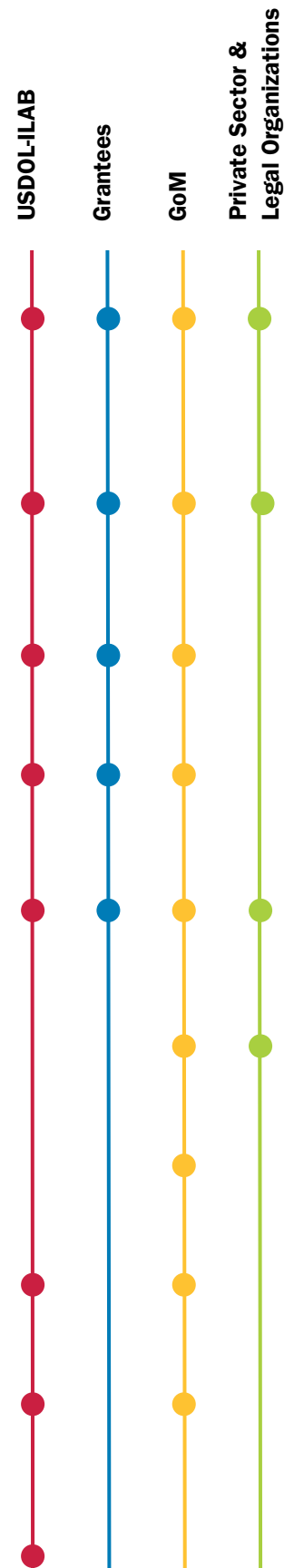
ILAB's Technical Assistance and Cooperation (TAC) approach emphasizes flexibility and responsiveness, allowing project managers to adapt strategies to changing circumstances. Comprehensive monitoring and evaluation frameworks, including the integration of Complexity-Aware Monitoring, Evaluation, and Learning (CAMEL), support continuous strategy refinement. ILAB also engages a wide range of stakeholders, fostering trust and partnerships essential for sustainable labor law enforcement. Through workshops, training sessions, and collaborations with entities like the Secretariat of Labor and Social Welfare (STPS), ILAB promotes knowledge sharing and sectoral collaboration, particularly in Mexico's automotive industry. Projects like PADF's Engaging Mexico's Auto Sector Employers in Labor Law Reform Implementation project provide structured learning opportunities, ensuring effective implementation of labor reforms.

RECOMMENDATIONS

The recommendations presented below are the culmination of thorough data collection conducted during the systems evaluation, engaging with diverse stakeholders. Refined and prioritized through validation workshops, this list encapsulates the top nine actions identified by the participating system actors, reflecting their invaluable feedback and insights. Additionally, the final recommendation represents a direct contribution from the evaluation team, aimed at addressing critical findings and bolstering the efficacy of ongoing and future USDOL-ILAB initiatives.

1. **Knowledge Transfer and Capacity Building.** (1) For Workers: Expand labor rights and negotiation training with practical, real-life scenarios and contextually relevant teaching. (2) For Employers: Enhance compliance training programs focused on fostering democratic practices and social dialogue during collective contract consultations.

2. **Gender Equity and Female Participation:** Promote gender diversity in union activities and leadership roles and foster a cultural shift toward inclusivity with specific policies and masculinity training - an innovative approach that promotes healthy masculinity and fosters attitudes and practices reflecting values of equality, respect, collaboration, and allyship with women.

3. **Autonomous and Independent Union Training:** Initiate training programs that promote autonomy, democracy, and effective negotiation within unions, involving both new and existing unions.

4. **Interinstitutional Coordination Improvement:** Strengthen collaboration among government agencies and labor institutions through robust legal mechanisms for consistent and continuous application of labor laws.

5. **Multi-Stakeholder Collaboration Strengthening:** Develop multi-stakeholder coordination platforms that include diverse participants like government, unions, non-union workers, labor centers, non-governmental organizations (NGOs), and employers.

6. **Enhance the Enforcement of Effective and Fair Sanctions:** Ensure rigorous, equitable, and effectively enforced sanctions to maintain compliance with labor regulations, with clear definitions and strong enforcement agencies.

7. **Ongoing Education and Awareness:** Launch long-term education programs using both innovative technologies and traditional outreach methods to increase awareness about labor rights and obligations.

8. **Strengthening of Labor Inspections:** Enhance labor inspection capacity through comprehensive training, professional development, and adequate resource allocation, including fair compensation for inspectors.

9. **Promotion of Occupational Safety and Health:** Implement comprehensive safety initiatives, integrate social dialogue, and collaborate with training organizations and regulatory bodies to enforce safety regulations, extending beyond the automotive sector.

10. **Development of a Strategic Country Framework:** Develop an ILAB-wide strategic country framework for Mexico with sector-specific goals, a systemic programming approach, a long-term vision, and a stakeholder engagement plan.

#	USDOL-ILAB	Grantees	GoM	Private Sector & Legal Organizations
1	●	●	●	●
2	●	●	●	●
3	●	●	●	
4	●	●	●	
5	●	●	●	●
6			●	●
7			●	
8	●		●	
9	●		●	
10	●			

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