

VIRTUAL COOPERATIVES OF PASTORAL LIVESTOCK COMMUNITIES

Project no. P174733

**LABOR MANAGEMENT PROCEDURES**

Prepared by: MINISTRY OF FOOD, AGRICULTURE AND LIGHT INDUSTRY (MOFALI), Government of Mongolia

March 2021

CONTENTS

- 1. Introduction ..... 3
- 2. Overview of labor use on the project ..... 3
- 3. Assessment of key potential labor risks..... 4
- 4. Brief overview of labor legislation: terms and conditions ..... 5
- 5. Brief overview of labor legislation: occupational health and safety ..... 6
- 6. Responsible staff ..... 6
- 7. Policies and procedures ..... 7
- 8. Age of employment..... 8
- 9. Terms and conditions..... 8
- 10. Grievance mechanism..... 8
- 11. Contractor management..... 9

## 1. INTRODUCTION

Virtual Cooperatives of Pastoral Livestock Communities project development objective is to improve livelihoods and quality of life of remote pastoral livestock communities in targeted locations by harnessing digital technologies and services. To achieve its development objective, the project will carry out following activities:

- Mobilize poor herders into virtual cooperatives
  - Build capacity
  - Develop and deliver a stack of digital services that suits local needs
- Link herders with markets
  - Digital financial services
  - Livestock services
  - Marketing services
- Provide project management

By undertaking these activities, the project will achieve following key results:

- Rural herders organized into virtual cooperatives (Number, gender disaggregated)
- Rural herders (extension and market) accessing services rolled out through the digital platform (Number, gender disaggregated)
- Rural herders adopting sustainable livestock management practices (Number, gender disaggregated)
- Enhanced capacities of women doing business and better market linkages (Number)

The project will be implemented in 2-3 aimags where Livestock Commercialization Project (LCP) is currently taking place. This project will be funded by the Japan Social Development Fund and will be overseen by the World Bank. LCP PIU will support and will assist with the project implementation as these two projects are both governed by the MOFALI and coordinated by the LCP Project coordinator. Under the World Bank Environmental and Social Framework (ESF), the MOFALI is required to develop labor management procedures as per *ESS2 Labor and working conditions*. The aim of this labor management procedure (LMP) is to identify main labor requirements and potential risks associated with the project activities and to determine the resources necessary to address those risks if there is any.

## 2. OVERVIEW OF LABOR USE ON THE PROJECT

MOFALI is the grant recipient and will create a dedicated project management unit (PMU) for this project. The PMU will be responsible for overall day-to-day implementation and coordination and shall be led by the Project Coordinator of the already established Project Implementation Unit (PIU) of the LCP. Key staff will include government hired individual consultants or contracted experts (contracted workers) who will be chosen upon competitive selection process. The PMU will leverage the monitoring, safeguards, fiduciary management systems, and other back-end support of the LCP PIU for this project. PMU shall consist of following experts:

- IT/Integration Expert
- Value-chain Specialist
- Cashmere/Wool Expert
- Procurement Specialist
- Financial Management Specialist

- M&E Specialist
- Environmental and Social Specialist
- Administrative Assistant

The project will not have any primary supply or migrant workers. Furthermore, no youth will be employed under this project.

Digital Green, a technical support agency of the project will have their own personnel and will take the lead on conceptualizing, developing and deploying the digital platform for use of the project among other tasks. MOFALI will request Digital Green to demonstrate its own labor management procedures for staff and contracted workers serving under the project, and ensure such LMP will operate in accordance with the requirements of ESS2. Requirements on labor management will be incorporated into the contractual agreements with Digital Green together with appropriate noncompliance remedies. MOFALI will make sure contracted workers under Digital Green have access to a grievance mechanism either directly through Digital Green or under the project GRM.

The project will hire Facilitating Agencies (FAs), as needed to mobilize rural herder communities into virtual cooperatives, build their capacities, facilitate the delivery of services to herder cooperatives. MOFALI will request FAs to demonstrate its own labor management procedures for staff and contracted workers serving under the project, and ensure such LMP will operate in accordance with the requirements of ESS2. Requirements on labor management will be incorporated into the contractual agreements with FAs together with appropriate noncompliance remedies. MOFALI will make sure contracted workers under FAs have access to a grievance mechanism either directly through FA or under the project grievance redress mechanism (GRM).

Component 2 of the project enables financing of common facilities and small scale productivity infrastructure such as mobile baths and mobile animal fences. The project anticipates to have these mobile infrastructures at approximately 30 spots and such work may involve small scale civil work, where around 60 local labor shall be contracted in total. A single project involving small scale civil work may contract up to 4 local hires at once.

### **3. ASSESSMENT OF KEY POTENTIAL LABOR RISKS**

Project activities mainly involve enabling herders to get organized into virtual cooperatives by building their capacity and providing them with various services by establishing a platform. In addition to that, the project may finance technical assistance, common facilities, small scale productivity infrastructure and working capital to the virtual cooperatives. Therefore, the project associated key labor risks may include but are not limited to:

- Discrimination and exclusion of disabled individuals
- Labor disputes over terms and conditions of employment, particularly for FAs
- Inadequate compliance with national labor and occupational health and safety laws
- Incidents or accidents due to small civil construction works
- Noncompliance with occupational health and safety rules that results in different degree of injuries

## 4. BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS

Mongolia has ratified several of International Labour Organization's conventions, which some of are:

- C029 – Forced Labour Convention
- C111 – Discrimination (Employment and Occupation) Convention
- C138 – Minimum Age Convention
- C155 – Occupational Safety and Health Convention

Mongolian Law on Labor (1999) provides the legislative framework for labor issues and it covers a range of topics such as labor relations, contracts, wage and benefits, rest and leaves, employability of disabled individuals, nondiscrimination and equal opportunity, principles of freedom of association and collective bargaining of employees among others. This law and its requirements are applicable to all types of project workers including direct, contract, community and primary supply workers.

Relevant sections of the Labor Law are summarized below.

### *Terms and conditions of employment*

*Clause 21 and 23* – Project workers will be provided with information and documentation that is clear and understandable regarding their employment conditions and terms. Such document shall specify person's job title, responsibilities, wage, working condition and timeframe.

*Clause 49* – Project workers will be paid on a regular basis.

*Clause 63* – Unless an employee was obliged to pay a penalty fee that is no more than his/her one-month salary due to noncompliance with work requirements, no deductions shall be made from payment of workers' wage.

*Clause 70* – Project workers shall work no more than 40 hours or 5 days a week.

*Clause 76, 79, 103 and 104* – All workers shall be provided with annual and public holidays as well as maternity leave.

### *Nondiscrimination and equal opportunity*

*Clause 7* – The employment of project workers will be based on the principle of equal opportunity and fair treatment.

### *Worker's organizations*

Mongolian Labor Law recognizes workers' rights to form and join workers' organizations of their choosing and to bargain collectively without interference. Where project workers decide to establish a workers' organization, it will be respected and provided with information needed for meaningful negotiation.

### *Protecting the work force*

*Clause 7 and 109* – No child labor nor forced labor will be tolerated throughout the project implementation.

*Clause 48-60* – All personnel working at the project will be adequately paid with no less than minimum wage.

### *Grievance mechanism*

As required by the Labor Law and ESS2, a grievance mechanism will be provided for all project workers to raise workplace concerns and workers will be informed of the grievance mechanism at the time of recruitment.

## **5. BRIEF OVERVIEW OF LABOR LEGISLATION: OCCUPATIONAL HEALTH AND SAFETY**

Project occupational health and safety measures will be in compliance with the Mongolian Law on Occupational Health and Safety (2008) and will be applicable to all personnel involved in the project including but are not limited to contract and primary supply workers.

Occupational Health and Safety (2008) law requirements are summarized below:

*Clause 7* – Civil construction and expansion work as well as equipment installation and maintenance works shall comply with health, safety and hygiene rules specific to the activity.

*Clause 15* – Employers shall provide personal protective equipment to all employees that suits their needs.

*Clause 18* – Project workers shall be provided with safe and healthy working environment. Where required, employers shall ensure to purchase industrial incident insurance for all employees.

*Clause 28* – Employers shall eliminate all circumstances where it may pose occupational health and safety (OHS) risks to employees and adopt an OHS system that is designed to ensure health and safety of all employees.

Throughout the project implementation, the Occupational Health and Safety law (2008) will be obliged and complied with at all times.

## **6. RESPONSIBLE STAFF**

LCP PIU will be responsible for overall project management and coordination, including the compliance with safeguards requirements such as labor and working conditions. Environmental and social specialist of the LCP PIU will be responsible for the following tasks related to labor and working conditions:

- Undertake the overall implementation of this LMP and OHS related aspects in the Project Environmental and social management framework (ESMF)
- Ensure that contractors prepare their labor management plan that comply with this LMP and contractors' Environmental and social management plan (ESMP)
- Monitor that contractors are meeting obligations of labor issues as specified in the Mongolian Labor Law and the project LMP and ESMF
- Monitor the potential risks of child labor, forced labor and serious safety issues in relation to contractors
- Monitor training of relevant project workers
- Ensure that the grievance mechanism for project workers is established and implemented and that workers are informed of it
- Report to the World Bank on labor and occupational health and safety performance.

As stated earlier, LCP PIU will be responsible for engagement and management as well as training of project workers, contractors and subcontractors. All project personnel shall abide by Mongolian Law on

Occupational Health and Safety (2008). As part of this LMP, the project will adopt and implement a worker grievance mechanism.

## 7. POLICIES AND PROCEDURES

The LCP PIU will apply the following policies and procedures to address the key labor issues identified under the section 3. Indicative procedures to implement the policies are presented below:

- **Occupational health and safety (OHS).** Pursuant to the relevant provisions of the Mongolian Labor Law (1999), Occupational Health and Safety Law (2008), ESF ESS2 and the project ESMF, the contractor shall manage all construction sites in such a way that the workers and local community are properly protected against possible OHS risks. The contractor shall actively collaborate and consult with project workers in promoting understanding, and methods for, implementation of OHS requirements, as well as in providing information to project workers, training on occupational safety and health, and provision of personal protective equipment without expense to the project workers. The contractor shall also implement measures to minimize the transmission of COVID 19 at work place in line with the World Bank guidelines (such as daily temperature check, social distancing, frequent disinfection of common areas/tools, holding meetings/training at open-space.).
- **Child labor.** The minimum age of project workers eligible for any type of work under the project (including construction work) is set at 18. To prevent engagement of under-aged labor, all contracts shall have contractual provisions to comply with the minimum age requirements including penalties for noncompliance. The contractor is required to maintain labor registry of all contracted workers with age verification.
- **Labor influx.** To minimize the labor influx, the PIU will contractually require the contractor to preferentially recruit unskilled labor from the local communities and nearby areas.
- **Labor disputes over terms and conditions of employment.** To avoid labor disputes, fair terms and conditions will be applied for project workers. The PIU will also have grievance mechanisms for project workers in place prior to any operation activities take place to promptly address their workplace grievance.
- **Discrimination and exclusion of vulnerable/disadvantaged groups.** The employment of project workers will be based on the principle of equal opportunity and fair treatment, and there will be no discrimination with respect to any aspects of the employment relationship, such as recruitment and hiring, terms of employment (including wages and benefits), termination and access to training. To address the risk of exclusion of vulnerable groups (such as women and persons with disabilities) from employment opportunities, the PIU will require the contractor to employ such groups as part of their unskilled workforce. The contractor will be also required to comply with Mongolian Labor Law (1999) and Law on Promotion of Gender Equality (2011) on gender equality in the work place, which will include provision of maternity leave.

**Monitoring and reporting.** The contractor shall report to the PIU on the status of implementation of the above policies and procedures on a monthly basis. The contractor shall report immediately to the PIU in the case of a project-related death or serious injury.

**Fatality and serious incidents.** In the event of an occupational fatality or serious injury, the PIU shall report to the Bank as soon as becoming aware of such incidents, and inform the government authorities in accordance with relevant Mongolian laws. Corrective actions shall be implemented in response to project-

related incidents or accidents. The PIU or, where relevant the contractor, will be required to conduct a root cause analysis for designing and implementing further corrective actions.

## 8. AGE OF EMPLOYMENT

The minimum age for employment on the project is 18. In order to prevent engagement of under-aged labor, all contracts with work contractors shall have contractual provisions to comply with the minimum age requirements including penalties for non-compliance, and it will be well communicated to all potential stakeholders including the local community where the unskilled workforce might be sourced. The contractor is required to maintain labor registry of all contracted workers with age information. Birthday on official documents such as birth certificate and national ID will be regularly and randomly checked to verify ages of workers. In case a project worker who does not satisfy the age limit is identified working on the project, the employer (contractor, subcontractor or primary supplier) shall be required to terminate the engagement of such a project worker in a responsible manner.

## 9. TERMS AND CONDITIONS

Mongolian Law on Labor (1999) will serve as the guiding legislation on employment term and conditions for all personnel involved and are paid from the project. A written individual contract of employment shall be provided to workers that specify the following: (a) name of workers; (b) address, occupation, age and sex of workers; (c) employer's name and address; (d) nature and duration of contract; (e) hours and place of work; (f) remuneration payable to the worker; (g) procedure for suspension or termination of contract. Depending on the origin of the employer and the employee, employment terms and conditions will be communicated in a language that is understandable to both parties. In addition to written documentation, an oral explanation of conditions and terms of employment will be provided to workers who may have difficulty understanding the documentation.

**Notice for termination of contract.** Either of the contracting parties may terminate a contract of employment by giving written notice as under: (a) not less than ten days in the case of manual workers; or (b) not less than 30 days in the case of non-manual workers. No notice needs to be given in case the duration of contract does not exceed one month.

**Hours of work.** The normal hour of work of a project worker shall not exceed 8 hours a day or 40 hours a week.

## 10. GRIEVANCE MECHANISM

Handling of grievances should be objective, prompt and responsive to the needs and concerns of the aggrieved workers. Different ways in which workers can submit their grievances should be allowed, such as submissions in person, by phone, text message, mail and email. The grievance raised should be recorded and acknowledged within one day. While the timeframe for redress will depend on the nature of the grievance, health and safety concerns in work environment or any other urgent issues should be addressed immediately. Where the grievance cannot be addressed within a reasonable timeframe, the aggrieved worker should be informed in writing, so that the worker can consider proceeding to the national appeal process. The mechanism will also allow for anonymous complaints to be raised and addressed. Individuals who submit their comments or grievances may request that their name be kept confidential.



LCP PIU will hold periodic team meetings to discuss any workplace concerns. The grievance raised by workers will be recorded with the actions taken by the PIU. The summary of grievance cases will be reported to the World Bank as part of the regular report. Where the aggrieved direct worker wishes to escalate their issue or raise their concerns anonymously and/or to a person other than their immediate supervisor/hiring unit, the worker may raise the issue with responsible local authorities, where relevant.

## 11. CONTRACTOR MANAGEMENT

**Selection of contractors.** The LCP PIU will use the World Bank Standard Procurement Documents for works for solicitations and contractors. These include labor and OHS requirements. The PIU on behalf of the MOFALI will make reasonable efforts to ascertain that the contractor who will engage contracted workers is legitimate and reliable entities and able to comply with the relevant requirements under the LMP. Such requirements will be included in the bidding documents. As part of the process to select the contractors who will engage contracted workers, the PIU may review the following information:

- Business licenses, registration and permits
- Documents relating to the contractors' labor management system and OHS system, past project performance related to OHS
- Previous contracts with contractors and suppliers (showing inclusion of provisions and terms reflecting requirements on labor and working conditions)

**Contractual provisions.** The PIU shall incorporate the agreed labor management requirements as specified in the bidding documents into contractual agreements with the contractor, together with appropriate non-compliance remedies (such as the provision on withholding 10% of payment to the contractor in case of non-compliance with relevant environmental, social, health and safety requirements.). In the case of subcontracting, the PIU will require the contractor to include equivalent requirements and non-compliance remedies in their contractual agreements with subcontractors.

**Performance monitoring.** The PIU shall establish resources and procedures for managing and monitoring the performance of the contractor in relation to the LMP. The monitoring may include, inspections, and/or spot checks of project locations or work sites and/or of labor management records and reports compiled by the contractor. Contractors' labor management records and reports that should be reviewed would typically include the following:

- Representative samples of employment contracts
- Grievances received from the community and workers, and their resolution
- Records of training provided for contracted workers on OHS risks and preventive measures.