

Republic of Azerbaijan
Ministry of Labor and Social Protection of
Population

Azerbaijan Employment Support Project (P171250)
and Additional Finance (P181649)

LABOR MANAGEMENT PROCEDURES

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1. INTRODUCTION

1.1. Project background

The World Bank is providing support to the Government of Azerbaijan in implementation the Employment Support Project (ESP). The proposed operation is built around supporting the Government's Self-Employment Program (SEP). The objective of this program is to strengthen self-employment and entrepreneurship as a pathway out of poverty and into the labor market for vulnerable individuals. The improvement and scale-up of the self-employment program is consistent with the recently adopted "Employment Strategy of the Republic of Azerbaijan for 2019-2030" and its action plan in the draft. The third priority direction on "increasing the scope and efficiency of the active labor market programs and strengthening the integration of citizens who need social protection and who have difficulties in finding a job in the labor market" points to the need to enhance the effectiveness and scale of interventions supporting entrepreneurship and self-employment. 2. The Project is governed by the World Bank's Environment and Social Framework (ESF). Under the ESF, all World Bank clients have agreed to comply with ten Environmental and Social Standards (ESSs) applied to investment project lending financed by the Bank.

ie Under the ESF, all World Bank Borrowers have agreed to comply with ten Environmental and Social Standards (ESSs) applied to investment project lending financed by the Bank. The project recognizes the significance of, and adopts the ESSs, for identifying and assessing as well as managing the environmental and social risks and impacts associated with this investment project. The Ministry of Labor and Social Protection of Population (MLSP) as an implementing agency, has developed several key instruments to address such risks. One of the Standards – ESS2 relates to Labor and Working Conditions and expects the Borrowers to develop labor-management procedures (LMP). The LMP identifies the main labor requirements and risks associated with the project and helps the Borrower to determine the resources necessary to address labor issues. The LMP is a living document, which is initiated early in project preparation and is reviewed and updated throughout the development and implementation of the project. Accordingly, these document details are the type of workers likely to be deployed by the project and the management thereof.

1.2. About the Project

The Project Development Objective is to improve the access of vulnerable people to sustainable self-employment and income generating opportunities in Azerbaijan. This will be achieved by (i) scaling up and improving the effectiveness of the Self-Employment Program (SEP); (ii) strengthening program implementation capacity in the State Employment Agency (SEA), along with the capacity to provide a broader menu of activation and employment support program; and (iii) improving monitoring and evaluation practices of the SEA. The Project will be implemented country-wide and include the following component:

Component 1: Enhancing the scope and effectiveness of the Self-Employment Program (SEP)

Subcomponent 1.1: Expanding the program scale and scope of support.

Subcomponent 1.2: Testing the introduction of complementary business support services for selected SEP beneficiaries.

Subcomponent 1.3: Improving the governance and coordination mechanism of SEP

Component 2: Strengthening employment services and programs.

Subcomponent 2.1: Labour market assessment

Subcomponent 2.2: Enhancing provision of vocational trainings and certification

Subcomponent 2.3: Career counselling

Subcomponent 2.4: Increasing the potential of employees of the State Employment Agency and DOST Agency and Digital solutions services to support integration of project interventions into existing system

Subcomponent 2.5: Piloting employment services - (Creation of additional jobs for socially vulnerable persons pilot program (Wage-subsidy), On-the-job training and Apprenticeship models.

Component 3: Project management, monitoring and evaluation, communication and public awareness

Subcomponent 3.1: Project management

Subcomponent 3.2: Monitoring and Evaluation

Subcomponent 3.3: Communication and public awareness

2. OVERVIEW OF LABOR USE IN THE PROJECT

2.1 Type of Workers

ESS 2 categorizes the workers into direct workers, contracted workers, community workers, and primary supply workers. Community workers will not be involved in the Project. The project will provide in-kind assets to SEP beneficiaries which will entail the supply of pre-defined assets on an ongoing basis to the project. Such suppliers, providing goods on an ongoing basis core to the functioning of the Project, will be considered as primary suppliers for the purposes of this LMP.

Thus, only three categories of workers are expected:

Direct workers. The project implemented by the Project Implementation Unit (PIU) under the MLSPP which was established for the management of the project on a daily basis and play a linkage role between MLSPP and WB. Direct workers will comprise a mix of government civil servants (MLSPP) and those deployed as 'technical consultants' and PIU staff employed under the project. The former will be governed by a set of civil services code, the latter by mutually agreed contracts. Ministry and PIU staff includes both workers based in Baku as well as in the regions to be covered by the Project.

If after the date of the Contract there is any change in the applicable law in Azerbaijan with respect to taxes and duties will increase the cost incurred by the Consultant in performing the Services, then the remuneration payable to the Consultant under the Contract shall be increased accordingly by agreement between the Parties and corresponding adjustments shall be made to the Contract price amount. Staff performance evaluation will be managed on a yearly basis and the objective of the staff performance evaluation procedures is to achieve a transparent process which allows the subjects of evaluation to express their opinion with due consideration, as well as that the process is conducted as objectively as possible against verifiable indicators and criteria. Based on the results of the Annual Performance Appraisal the salary of the PIU may be increased based on the scoring results or the recommendations

on the points to be improved. The PIU staff remuneration may be also adjusted towards the annual inflation if the annual inflation rate exceeds 10 per cent in a reported year (based on the data from the State Statistical Committee of Azerbaijan Republic).

Contracted Workers. Contracted workers will be employed as deemed appropriate by contractors, sub-contractors, and other intermediaries, details of which will be known as and when activities' implementation begins. The project will support services, such as beneficiary assessment surveys, employer satisfaction survey, regular pieces of training to State Employment Agency (SEA) staff, the establishment of web-portal, among others, which shall be carried out by a team of professional companies. Thus, contracted workers are expected to be primarily employees of Consultant teams providing technical assistance services. No civil works are expected under the project.

Primary Suppliers. The primary suppliers to SEP shall be companies that manufacture or import assets needed within the project to deliver to the project beneficiaries. The assets offered by the program will be considerably more diverse. An initial list of assets that the program can finance will be established on the basis of the set of assets within SEP (mainly focusing on small manufacturing, food processing, and services).

Previous experiences of SEP show that the majority of assets, required by the project, are produced or grown in developed countries, via local company intermediaries. It is known that there are no significant risks of child labor and forced labor in European companies. In instances where local suppliers would be engaged, PIU shall be required to carry out due diligence procedure to identify if there are significant risks that the suppliers are exploiting child or forced labor or exposing a worker to serious safety issues. If there are any risks related to child and forced labor, and safety-related issues identified, MSLPP will prepare the procedures to address these risks. These may include signed verification by the supplier on adherence to national law, good environmental (sanitary, health, etc.) practices, no involvement of child or forced labor as well as visits to the supplier premises.

2.2 Number of Project Workers

Direct Workers. Total number of PIU employees, dedicated to this project, is estimated to be 26 persons. In addition, implementation of the project will involve directly hired technical and business experts, as well as some government staff¹. Number of experts and government staff (central or local) is not known yet.

Contracted Workers. The precise number of project contracted workers who will be employed are not known as of now. This will become known as and when implementation begins.

2.3 Characteristics of Project Workforce

The PIU is expected to comprise at the minimum 26 specialists (a PIU coordinator, a deputy project coordinator, an FM specialist, junior FM specialist, accountant, a procurement specialist, junior procurement specialist, a self-employment specialist, a labor-market specialist, six M&E specialists (two Baku based, four field based), an environmental specialist,

a social and communication specialist, three specialists, , an office manager and translator, administration officer, three drivers, a project assistant). Moreover, technical and business experts are planned to be hired to support strengthening the operational work on ESP within local SEA Centers and to carry out pieces of training, as well as conduct regular mentoring visits to support beneficiaries.

Furthermore, professional business/capacity building companies might be contracted in order to carry out surveys, trainings and other assessments within the project. The nature of labor force will be skilled workers/experts.

2.4 Timing of Labor Requirements

The direct workers (PIU staff) will be required full-time and around the year for the project duration (some staff will join PIU during implementation). Other experts/consultants will be hired on demand basis throughout the project period. Timing for involvement of contracted workers will be known at later stages, however it is clear that they will be engaged depending on implementation of various sub-components on specific time slots.

3. ASSESSMENT OF KEY POTENTIAL LABOR RISKS

Given the small-scale of project interventions (in-kind transfers), and no construction¹ activities to be supported by the project, no major risks are envisaged.

Labor risks associated with direct workers and contracted workers. In general, given that project implementing agency is the central executive body responsible for labor and employment policies and controls in the country, project implementing authorities are expected to have high awareness of national labor legislation and adhere to provisions of the national Labor Code. Moreover, the type of work to be carried out by direct and contracted workers does not entail high vulnerability to abuse of labor rights or OHS risks.

Labor risks including labor influx and associated gender based violence (GBV), and child labor are considered low given the small size of subproject investments, absence of civil works, and the MLSPP adherence to the national Labor Code which also prohibits child and forced labor.

Occupational Health and Safety (OHS) risks are low because the project will only include small scale support to households to improve their livelihood by means of self-employment activities. As all workers engaged within the project will be either MLSPP staff or hired for/by MLSPP PIU, by default it is expected that these labor management procedures, including procedures to establish and maintain a safe working environment as per requirements of ESS2, will be followed.

4. BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS

Labor related legislation in Azerbaijan consists of the Constitution of the Republic of Azerbaijan, Labor Code, and other legal and regulatory instruments and international treaties supported by the Republic of Azerbaijan.

The **Constitution** of the Republic of Azerbaijan stipulates basic principles of employment. Article 35 of the Constitution specifies that everyone have the right freely to choose his kind of activity, profession, occupation and place of work based on his or her ability to work. Also, nobody may be deprived of a right to work because of discrimination. Compulsory labor is forbidden. Labor contracts are freely signed. Everyone has the right to work in safe and healthy conditions and to receive salary not less than minimum wage defined by the state. Moreover, article 37 states that everybody who work with labor contract shall be granted paid leave not less than 21 calendar days in a year.

Labor Code of the Republic of Azerbaijan (dated February 1, 1999 № 618-IQ) is the fundamental legislative act aimed at governing relations between employees and employers, as well as other legal relations derived from such relations between them and relevant national authorities and entities. The Code also stipulates health and safety related requirements and principles.

4.1 Wages and deductions

The wages of employees are calculated based on the amount of work performed or the amount of time the employee has put in or on some other criteria. Wages paid shall be no less than the amount specified in employment contracts or standard salaries agreed upon in collective Labor contracts. (Artic 156, Labor Code). Wages may be based on either the individual or collective result of the work performed. Other terms for the payment of wages may also be stipulated in collective agreements and employment contracts.

The Labor Code stipulates right of employees who work with labour contract to get wages, without discrimination, not less than the minimum salary determined by the State. Wages includes the standard monthly pay, supplements to it, and bonuses. The Code also defines the currency of the Republic of Azerbaijan, the Manat, as payment currency.

By default, the legislation (Article 172, Labor Code) defines payment of wages in two installments within a month (advance and remaining pay) with an interval not exceeding sixteen days. However, it also empowers individual employment contracts to consider other type of agreements as well.

The total amount of a deduction from remuneration may not exceed 20% of the employee's wage. Nevertheless, in the case of legal actions defined by law, deductions may be up to maximum 50% (Article 176, Labor Code). Whereas, these restrictions are not used in cases of correctional work, alimony for minor children, and redress of wrong because of criminal activity or death of breadwinner, and restitution of injury caused to health of another person.

Deductions from an employee's wages can be made only for cases specified by legislation or with the written consent of the employee or by executive documents. By the order of the employer, only the following deduction are made from the salary of the employee:

- taxes, payments for social insurance, other compulsory payments specified by law;
- amounts by the executive documents;
- compensation of the damage by the fault of the employee's (not exceed average monthly earnings);
- vacation pay in cases of leave in advance and discharge before the end of the working year;

- amount given to an employee for travel or other expenses which was not spent;
- sums that were overpaid to the employee (due to an accounting error);
- sums for purchase of goods for utility purposes, that were not used and not returned in time;
- membership fees to the trade union;
- other cases specified by collective agreements.

The Labor Code also provides for higher remuneration to the workers engaged in heavy work, work with harmful or hazardous working conditions or in unfavorable climate.

4.2 Working hours

The standard work week is 40 hours, with less allowed for the specific categories. The following reduced working hours must apply (Article 91, Labor Code):

- employees up to the age of 16, 24 hours per week;
- employees between ages 16 and 18, workers who are disabled due to 61-100 percent impairment of body functions, as well as pregnant women and women with children under one and a half years of age, parents raising a child under the age of 3 on their own, 36 hours per week.

Reduced working hours of no more than 36 hours per week shall be specified for certain places of work (e.g., doctors, teachers and individuals working with electronic devices and etc.) where working conditions (special in nature) are characterized by a high degree of sensitivity, excitement, mental, physical and nervous strain, or other factors negatively affecting human health. The list of such workplaces and positions, professions, and specialties are approved by the Cabinet of Ministers².

4.3 Rest breaks

The employees must be granted a rest and meal break during the workday. Time and duration is regulated by internal work rules, shift schedules, or by an individual employment contract or a collective agreement between the employer and employee. The duration of rest between working days shall not be less than 12 hours.

4.4 Leaves

An employee will have the right to take a leave regardless of his/her position (profession), terms of employment or the effective period of their employment contract (article 110, Labor Code) with the duration of at least 21 days. Some categories of employees are eligible for 30 calendar days leave (agricultural workers; public officials, managers and experts holding responsible positions (responsibility for said positions shall be determined by the employer, taking into account the particulars of the work) at institutions, scientific personnel etc.). Depending on their seniority, employees shall be eligible for the following amounts of additional vacation time:

² List of these professions/specialties is approved by the Cabinet of Ministers' decree dated August 12, 2003, No: 106)

- formal experience from five to ten years - 2 additional calendar days;
- formal experience from ten to fifteen years - 4 additional calendar days;
- formal experience over fifteen years - 6 additional calendar days.

4.5 Overtime work

Wages for every hour of **overtime** work shall be paid to employees as follows:

- If wages are based on time worked, the amount paid per hour shall not be less than twice the standard hourly wage;
- If wages are paid on the basis of piecework performed by the employee, extra wages must be paid in an amount not less than the hourly wages of employees with the same pay scale (Article 165, Labor Code)

4.6 Labor disputes

Collective and individual labor disputes are regulated in accordance with the Chapter XI of the Labor Code. All individual labor disputes shall be handled by the courts, if mutual agreement cannot be reached by parties of contract.

However, in case of collective agreements, a special body may be created within the framework of a trade union to look into individual disputes prior to going to court. The creation and functioning of this body may be defined by collective agreements.

4.7 Grievances

Law on Appeals of Citizens (September 30, 2015) contains legal provisions on established information channels for citizens to file their complaints, requests and grievances. Article 10 of the Law sets the timeframes for handling grievances, which is 15 working days from the date of receipt that do not require additional study and research, and maximum 30 working days for the appeals that need additional study.

For the purposes of this project all employers of direct and contracted workers, with the exception of civil servants, will establish an internal grievance redress mechanism prior to beginning of work and inform their employees of the existence of such measures. The grievance mechanism for Project workers will be submitted to the World Bank for approval.

5. BRIEF OVERVIEW OF LABOR LEGISLATION: OCCUPATIONAL HEALTH AND SAFETY (OHS)

5.1 Azerbaijan legislation requirements on OHS

According to the article 35.6 of the Constitution of the Republic of Azerbaijan “Everyone has the right to work in safe and healthy conditions” Labor protection norms and regulations are determined by the Labor Code of the Republic of Azerbaijan, as well as other legislative acts, normative legal acts adopted by the appropriate executive bodies within their jurisdiction. Recommendations for the organization of occupational safety services in enterprises, offices and organizations (dated July 14, 1999)” is a normative act regulates roles and responsibilities of occupational health and safety services, approved by the collegial council of MLSPP..

State Labor Inspection Service (SLIS) under MLSPP enforces labor-related regulations following the requirements of the legislation. SLIS carries out state control for labor relations with employees, payment of labor, vacation and vacation rights, labor protection, technical safety, working conditions, compensation for work injuries, accidents at work and occupational accidents, compulsory occupational health insurance due to illnesses.

In addition to the labor inspection, the Ministry of Emergency Situation through State Agency for Control of Safety in Construction carries out technical control in construction works. The Agency within its mandate participates in the development of safety policy at all stages of the construction sector ensures the implementation of this policy and exercises state control over in this direction.

The legislation of Azerbaijan Republic requires all employers to provide insurance to all employees working under labour contract. This is defined as compulsory insurance against loss of professional ability as a result of industrial accidents and occupational diseases. The nature and scope of the insurance varies depending on the degree of occupational risk and the categories of insured.

The labor code requires occupational safety to be implemented on, but not limited to, the following principles:

- Priority of employee life and health over results of production by enterprises;
- Coordination of occupational safety with other economic and social policies, as well as with environmental protection;
- Determination of unified occupational safety requirements for all enterprises, regardless of their ownership or legal form of organization;
- Implementation of independent and efficient controls for compliance with occupational safety requirements by all enterprises;
- Development and use of efficient occupational safety methods, techniques and technologies;
- Providing employees with protective outer garments and boots, other individual protection devices, therapeutic food, etc., at no cost;
- Training of experts at educational institutions on occupational safety;

The law also stipulates requirements for compulsory investigation, registration and analysis of any industrial accident or occupational illness and providing employees with accurate information on the situation related to occupational injuries, damages and occupational diseases;

The owner and employer of the organization shall be directly responsible for the occupational safety of employees in the workplace and for the application of regulations. They also shall be obliged to take the following measures in the workplace:

- obey all occupational safety standards, norms and regulations;
- protect the security of buildings, machinery, technological processes and equipment;
- provide healthy conditions in the workplace and use current public health standards;
- provide the necessary sanitary and cleanliness and provide treatment and prevention services;
- provide employees who work in a harmful or adverse environment with free therapeutic food, milk or other foodstuff equivalents;
- apply normal work and rest standards;
- provide employees with free work clothes, shoes and other necessary protective gear in the required condition and with normal, regular frequency;
- educate, instruct, and test the knowledge of employees on occupational safety standards and regulations and encourage them in occupational safety;
- include necessary occupational safety regulations in the collective contract and assume responsibility as defined in these regulations;
- provide a statistical report on the application of current occupational safety standards and working conditions; on measures taken to implement the standards and the results of activities to achieve these goals. The required information shall be provided at specific times and in specific forms determined by the relevant executive authorities.

5.2 The World Bank Environmental and Social Standards: ESS 2

The World Bank's stipulations related to labor are outlined in its Environmental and Social Standard 2 on Labor and Working Conditions (ESS2). This helps the Borrowers in promoting sound worker-management relationships and enhance the development benefits of a project by treating workers in the project fairly and providing safe and healthy working conditions. Key objectives of the ESS2 are to:

- Promote safety and health at work;
- Promote the fair treatment, nondiscrimination and equal opportunity of project workers;
- Protect project workers, including vulnerable workers such as women, persons with disabilities, children (of working age, in accordance with this ESS) and migrant

workers, contracted workers, community workers and primary supply workers, as appropriate;

- Prevent the use of all forms of forced labor and child labor;
- Support the principles of freedom of association and collective bargaining of project workers; in a manner consistent with national law; and
- Provide project workers with accessible means to raise workplace concerns.

ESS2 applies to project workers including fulltime, part-time, temporary, seasonal and migrant workers. Where government civil servants are working in connection with the project, whether full-time or part-time, they will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement, unless there has been an effective legal transfer of their employment or engagement to the project. ESS2 will not apply to government civil servants.

The Borrower is responsible for developing and implementing written labor management procedures applicable to the project. These procedures set out the way in which project workers will be managed, in accordance with the requirements of national law and this ESS. The procedures will address the way in which this ESS will apply to different categories of project workers including direct workers, and the way in which the Borrower will require third parties to manage their workers.

Project workers will be provided with information and documentation that is clear and understandable regarding their terms and conditions of employment. The information and documentation will set out their rights under national labor and employment law (which will include any applicable collective agreements), including their rights related to hours of work, wages, overtime, compensation and benefits, as well as those arising from the requirements of this ESS. This information and documentation will be provided at the beginning of the working relationship and when any material changes to the terms or conditions of employment occur.

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, compensation (including wages and benefits), working conditions and terms of employment, access to training, job assignment, promotion, termination of employment or retirement, or disciplinary practices.

5.3 Policy Gap

Comparison of key OHS related World Bank Requirements with Azerbaijan Legal Requirements

ESS & Topic	Major WB requirements	Gaps with Azerbaijan legal framework
A. Working conditions and management of labor relations	<ul style="list-style-type: none"> • Written labor management procedures • Terms and conditions of employment • Nondiscrimination and equal opportunity 	<p>All requirements exist in Azerbaijan legislation, except</p> <ul style="list-style-type: none"> • No provision for Labor Management Plans for specific projects.

	<ul style="list-style-type: none"> • Worker's organizations • Elaborate Labor Management Plans including Contractor's ESMP 	
B. Protecting the work force	<ul style="list-style-type: none"> • Child labor prohibition • Forced labor prohibition 	<ul style="list-style-type: none"> • No gaps (Child labor prohibited (under 15) and 15-18 with permission of parents). •
C. Grievance mechanism	GRM should be in place for direct and contracted workers	<ul style="list-style-type: none"> • No specific GRM process for employees working with individual employment contracts • Grievance registration and follow-up procedures are available through the Law on Appeals of Citizens.
D. Occupational Health and Safety	<ul style="list-style-type: none"> • Detailed Procedure required for every project. • Requirements to protect workers, train workers, document incidents, emergency preparation, addressing issues; and • Monitor OSH performance 	<ul style="list-style-type: none"> • No detailed procedure specific to every project. • Consistent on requirements to protect workers, train workers, document incidents, have emergency preparedness plan.
E. Category of workers (direct, contracted, supplier, community)	Specifies categories of workers	No such classification
F. Minimum age of workers	<ul style="list-style-type: none"> • Minimum age for employment is 14; • A child between 14-18 may be employed or engaged only in certain conditions 	<ul style="list-style-type: none"> • Employment permissible for 15 plus age, but with guardian permission. • 15-18 years are not permitted to work under difficult and unsafe working conditions

The Azerbaijan labor legislation is consistent with the World bank ESS2 in most key aspects with the exception of few points, namely, requirements for employers to develop internal grievance redress mechanism for workers. For the purposes of this Project the provisions of the World Bank ESS2, stipulated in this Labor Management Procedures document will be followed, with the exception of civil servants, whose terms of employment will follow national legislation only.

6. RESPONSIBLE STAFF

The PIU will be directly supervised by the MLSPP and/or will report to responsible staff within MLSPP appointed by the minister. The assigned person will oversee and guide all the workers associated with the project. The PIU coordinator, on a daily basis, will coordinate the project activities including relations with direct employees, contractors and suppliers.

The human resources person assigned by MLSPP and PIU's Social and Environmental specialists will be responsible for the following within their responsibility area:

- Implementing these labor management procedures;
- Ensuring that contractors comply with this labor management procedure;
- Monitoring to verify that contractors are meeting labor and OHS obligations toward contracted and subcontracted workers as required by Azerbaijan legislation and ESS2;
- Monitoring contractors and subcontractors' implementation of labor management procedures;
- Monitoring compliance with occupational health and safety standards at all workplaces in line with the national occupational health and safety legislation;
- Monitoring and implement training on LMP and OHS for project workers;
- Ensuring that the grievance redress mechanism for project workers is established and implemented and that workers are informed of its purpose and how to use it;
- Have a system for regular monitoring and reporting on labor and occupational safety and health performance; and (see Annex 1)
- Monitoring implementation of the Worker Code of Conduct (Annex 2).

The Contractors (Consultants) will be responsible for the following:

- To obey requirements of the national legislation and this labor management procedure;
- Maintain records of recruitment and employment process of contracted workers;
- Communicate clearly job description and employment conditions to contracted workers;
- Have a system for regular review and reporting on labor, and occupational safety and health performance.

When contractor(s) are known, this labor management procedure can be updated to include additional details about companies, hired workforce and etc., as necessary.

7. POLICIES and PROCEDURES

As specified in the Labor Code, employment of project workers will be based on the principles of non-discrimination and equal opportunity. There will be no discrimination with respect to any aspects of the employment relationship, including recruitment, compensation, working conditions and terms of employment, access to training, promotion or termination of employment. The following measures will be monitored by the Human Resources department of MLSPP and PIU Social specialist, to ensure fair treatment of all employees:

- Recruitment procedures will be transparent, public and non-discriminatory, and open with respect to ethnicity, religion, sexuality, disability or gender;
- Clear job descriptions will be provided in advance of recruitment and will explain the skills required for each post;
- All workers will have written contracts describing terms and conditions of work and will have the contents explained to them. Workers will sign the service contract;
- Employees will be informed at least two months before their expected release date of the coming termination;
- Depending on the origin of the employer and 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.

8. AGE OF EMPLOYMENT

Azerbaijan legislation prohibits anyone under 18 from performing “unhealthy or heavy” labor and there are special requirements for leave, work hours, and other conditions of employment. It is expected that people to be hired within the project will be over 18. However, in case of a particular need, 15-18 years could be hired within the project with shortened working hours and with guardian permission. Given the nature of work, mostly skilled labor requiring secondary or higher education, it is not expected that employees between 15-18 will be employed by the project.

Contractors (consultants) will be required to verify the identify and age of all workers. This will require workers to provide official documentation, which could include a birth certificate, national identification card, passport, or medical or school record. If a child under the minimum age is discovered working on the project, measures will be taken to immediately terminate the employment or engagement of the child in a responsible manner, taking into account the best interest of the child.

9. TERMS and CONDITIONS OF EMPLOYMENT

Terms and conditions of direct workers are determined by their individual contracts.

Permanent project staff will have individual agreements (labor contract or service contract) with fixed monthly wage rates. All the recruiting procedures should be documented and filed in the folders in accordance to the requirements of labor legislation of the Republic of Azerbaijan.

Forty hour per week employment should be practiced. Requirements and conditions of overtimes and leave durations are agreed as part of individual contracts.

10. GRIEVANCE MECHANISM (GM)

A grievance mechanism (GM) will be provided for all direct workers and contracted workers to raise workplace concerns. Such workers will be informed of the grievance mechanism at the time of recruitment and the measures put in place to protect them against any reprisal for its use. Measures will be put in place to make the grievance mechanism easily accessible to all such project workers.

Considering the fact that very limited number of people will be employed within the Project, a simple project specific GM will be established for workers. This GM is not same as the grievance mechanism to be established for project affected stakeholders.

The project specific GM for the workers will be at two levels- one at the PIU level and the other in the Ministry level (MLSPP). It should be emphasized that this GM **is not** an alternative/substitution to legal/judicial system for receiving and handling grievances. However, this is formed to mediate and seek appropriate solutions to labor related grievances, without escalating to higher stages. Having said that, all employees always have rights, according to Azerbaijan legislation, to access judicial/legal grievance management system.

10.1 Worker GM structure

PIU level: Social specialist will serve as Grievance Focal Point (GFP) to file the grievances and appeals. He/She will be responsible to coordinate with relevant departments/organization and persons to facilitate addressing these grievances. If the issue cannot be resolved at the PIU level within 7 working days, then it will be escalated to the Ministry level.

Ministry level: If there is a situation in which there is no response from the PIU level, or if the response is not satisfactory then complainants and feedback providers have the option to contact the Focal Person in Employment Policy Department of the MLSPP () directly to follow up on the issue.

GM will be accessible to all employees through various means (written, telephone, fax, social media etc). Grievance logbook will be maintained in the PIU's office.

The Project workers' grievance mechanism will not prevent workers to use judicial procedure.

Moreover, monitoring of work related grievances will be carried out by the Human Resources Department of MLSPP on quarterly basis. Assigned person from HR department will review received grievances and their resolution, and prepare a short summary to be included in the quarterly progress report to WB.

10.2 World Bank Grievance Redress System

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projectsoperations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

11. CONTRACT MANAGEMENT

Contractors will be national business/technical consultancy companies. They should follow the requirements of the national legislation and measures described in this document in relation to labor management..

The primary suppliers to the project will be companies that manufacture or import/export assets required to deliver the project beneficiaries. In instances where local suppliers would be engaged, PIU will be required to carry out due diligence procedures to identify if there are significant risks that the suppliers are exploiting child or forced labor or exposing workers to serious safety issues. In instances where foreign suppliers would be selected, PIU will be required to inquire during their procurement process whether the supplier has been accused or sanctioned for any of these issues and also their corporate requirements related to child labor, forced labor, and safety. If there are any risks related to child and forced labor, and safety identified, MLSPP will prepare the procedures to address these risks.

Annex 1. Monitoring form of the PIU

Region: _____

Date _____

1. Name, surname, and taxpayer identification number (TIN) of the beneficiary:		
2. Contact information of the beneficiary:		
3. Beneficiary address:		
4. Name of the asset:	5. When did start to work ? [day/month/year]: _ / _ / ____	
6. Has the asset been delivered?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7. Has the asset been set up?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. Has the final monitoring been conducted?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9. Estimated monthly income of the beneficiary (if employed)?		
10. Is there any note regarding the beneficiary's current business?"		
<input type="checkbox"/> No	<input type="checkbox"/> Yes	If your answer is "Yes," please kindly list the relevant topics below:
11. Is there any problem(s) related to the management of the asset? (Please describe accurately)?		
12. Tasks to be undertaken for the resolution of the problems:		
13. What is the current condition of the given asset?		
<input type="checkbox"/> Good	<input type="checkbox"/> Moderate	<input type="checkbox"/> Poor
14. Are the rules of occupational safety observed during the project implementation?		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	
15. Are personal protective equipment (such as safety glasses, respirator masks, gloves, etc.) used during the work process?		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	
16. Is proper waste management adhered to during operations?		

<input type="checkbox"/> Yes	<input type="checkbox"/> No
17. Are the cases of individuals under the age of 15 being employed observed during business activities?	
<input type="checkbox"/> Yes	<input type="checkbox"/> No
18. Are the cases of causing inconvenience to the surrounding community during business activities observed?	
<input type="checkbox"/> Yes	<input type="checkbox"/> No
19. Final notes (if any):	
20 Prepared by:	
Signature:	

Annex 2. Sample Code of Conduct for Project Workers

We are the Contractor, [enter name of Contractor]. We have signed a contract with [enter name of Employer] for [enter description of the Works]. These Works will be carried out at [enter the Site and other locations where the Works will be carried out]. Our contract requires us to implement measures to address environmental and social risks related to the Works, including the risks of sexual exploitation and abuse and sexual harassment.

This Code of Conduct is part of our measures to deal with environmental and social risks related to the Works. It applies to all our staff, labourers and other employees at the Works Site or other places where the Works are being carried out. It also applies to the personnel of each subcontractor and any other personnel assisting us in the execution of the Works. All such persons are referred to as “Contractor’s Personnel” and are subject to this Code of Conduct.

This Code of Conduct identifies the behaviour that we require from all Contractor’s Personnel.

Our workplace is an environment where unsafe, offensive, abusive, or violent behaviour will not be tolerated and where all persons should feel comfortable raising issues or concerns without fear of retaliation.

REQUIRED CONDUCT

Contractor’s Personnel shall:

1. carry out his/her duties competently and diligently.
2. comply with this Code of Conduct and all applicable laws, regulations, and other requirements, including requirements to protect the health, safety and well-being of other Contractor’s Personnel and any other person.
3. maintain a safe working environment including by:
 - a. ensuring that workplaces, machinery, equipment, and processes under each person’s control are safe and without risk to health.
 - b. wearing required personal protective equipment.
 - c. using appropriate measures relating to chemical, physical and biological substances, and agents; and
 - d. following applicable emergency operating procedures.
4. report work situations that he/she believes are not safe or healthy and remove himself/herself from a work situation which he/she reasonably believes presents an imminent and danger to his/her life or health.
5. treat other people with respect, and not discriminate against specific groups such as women, people with disabilities, migrant workers, or children.
6. not engage in any form of sexual harassment including unwelcome sexual advances, requests for sexual favors, and other unwanted verbal or physical conduct of a sexual nature with other Contractor’s or Employer’s Personnel or any member of surrounding communities.
7. not engage in sexual exploitation, which means any actual or attempted abuse of position of vulnerability, differential power, or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially, or politically from the sexual exploitation of another. In

World Bank financed projects/operations, sexual exploitation occurs when access to or benefit from Bank financed Goods, Works, Consulting or Non-consulting services is used to extract sexual gain.

8. not engage in rape, which means physically forced or otherwise coerced penetration—even if slight—of the vagina, anus or mouth with a penis or other body part. It also includes penetration of the vagina or anus with an object. Rape includes marital rape and anal rape/sodomy. The attempt to do so is known as attempted rape. Rape of a person by two or more perpetrators is known as gang rape.

9. not engage in sexual assault, which means any form of non-consensual sexual contact that does not result in or include penetration. Examples include attempted rape, as well as unwanted kissing, fondling, or touching of genitalia and buttocks, do not engage in any form of sexual activity with individuals under the age of 18, except in case of pre-existing marriage. complete relevant training courses that will be provided related to the environmental and social aspects of the Contract, including on health and safety matters, and sexual exploitation, abuse and harassment report violations of this Code of Conduct; and

10. not retaliate against any person who reports violations of this Code of Conduct, whether to us or the Employer, or who makes use of the [Project Grievance [Redress] Mechanism].

RAISING CONCERNS

If any person observes behaviour that he/she believes may represent a violation of this Code of Conduct, or that otherwise concerns him/her, he/she should raise the issue promptly. This can be done in either of the following ways:

1. Contact [enter name of the Contractor's Social Expert with relevant experience in handling sexual exploitation and abuse/sexual harassment, or if such person is not required under the Contract, another individual designated by the Contractor to handle these matters] in writing at this address [] or by telephone at [] or in person at []; or
2. Call [] to reach the Contractor's hotline (if any) and leave a message.

The person's identity will be kept confidential, unless reporting of allegations is mandated by the country law. Anonymous complaints or allegations may also be submitted and will be given all due and appropriate consideration. We take seriously all reports of possible misconduct and will investigate and take appropriate action. We will provide warm referrals to service providers that may help support the person who experienced the alleged incident, as appropriate.

There will be no retaliation against any person who raises a concern in good faith about any behaviour prohibited by this Code of Conduct. Such retaliation would be a violation of this Code of Conduct.

CONSEQUENCES OF VIOLATING THE CODE OF CONDUCT

Any violation of this Code of Conduct by Contractor's Personnel may result in serious consequences, up to and including termination and possible referral to legal authorities.

FOR CONTRACTOR'S PERSONNEL:

I have received a copy of this Code of Conduct written in a language that I comprehend. I understand that if I have any questions about this Code of Conduct, I can contact [enter name of Contractor's contact person with relevant experience in handling gender-based violence] requesting an explanation.

Name of Contractor's Personnel: [insert name]

Signature: _____

Date: (day month year): _____

Countersignature of authorized representative of the Contractor:

Signature: _____

Date: (day month year): _____