

The Republic of Uzbekistan
Ministry of Digital Technologies

Uzbekistan Digital Inclusion Project (P179108)

Final
LABOR MANAGEMENT PROCEDURES

May 2023

TABLE OF CONTENT

| | |
|---|----|
| EXECUTIVE SUMMARY | 2 |
| Project components and planned investments..... | 2 |
| Implementing Agency | 2 |
| Purpose and Scope of the Labor Management Procedure (LPM)..... | 2 |
| Overview of labor use in the project | 3 |
| Assessment of key potential labor risks | 4 |
| Brief overview of labor legislation: terms and conditions | 4 |
| Responsible staff..... | 5 |
| Age of employment..... | 6 |
| Contractor management. | 7 |
| 1. INTRODUCTION | 8 |
| 1.1. Project rationale and project development goals | 8 |
| 1.2. Project components and planned investments..... | 8 |
| 1.3. Implementing Agency..... | 9 |
| 1.4. Purpose and Scope of the Labor Management Procedure (LPM)..... | 10 |
| 1.5. Objective of the LMP..... | 10 |
| 2. OVERVIEW OF LABOR USE IN THE PROJECT | 11 |
| 2.1. Type of Workers | 11 |
| 2.2. Number of Project Workers | 11 |
| 2.3. Timing of Labor Requirements..... | 12 |
| 3. ASSESSMENT OF KEY POTENTIAL LABOR RISKS | 13 |
| 4. BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS | 15 |
| 4.1. Uzbekistan National Labor Legislation | 15 |
| 4.2. The World Bank Environmental and Social Standards: ESS 2..... | 18 |
| 4.3. Key Gaps Between National Legislation and World Bank ESS2..... | 19 |
| 5. RESPONSIBLE STAFF | 20 |
| 6. POLICIES AND PROCEDURES | 22 |
| 7. AGE OF EMPLOYMENT | 23 |
| 8. TERMS AND CONDITIONS | 24 |
| 9. GRIEVANCE MECHANISM | 25 |
| 9.1. Description of Grievance Mechanism..... | 25 |
| 9.2 Direct workers' GM structure | 25 |
| 9.3 Contracted and primary supply worker's GM structure | 25 |
| 9.5 Monitoring and reporting on grievances..... | 27 |
| 9.6 Existing GM at MDT | 27 |
| 9.7 World Bank Grievance Redress System | 27 |
| 10 CONTRACTOR MANAGEMENT | 29 |
| ATTACHMENT 1. The content and template of code of conducts | 30 |

EXECUTIVE SUMMARY

The objective of the Uzbekistan Digital Inclusion project is to increase access to digital infrastructure and skills by unemployed youth and women to support productive digital inclusion. The proposed Project is articulated around three main components at the policy, infrastructure, and services levels, which seek to (i) enhance the enabling environment for a vibrant, safe, and inclusive digital economy; (ii) expand infrastructure for ITES market development in the regions of Uzbekistan; and (iii) promote Uzbekistan as the destination of choice for performing ITES services.

Project components and planned investments

The **Project Development Objective (PDO)** is to support digital inclusion by increasing access of unemployed women and youth to skills and employment opportunities in the digital economy. The **proposed project aims** to create new digital jobs, improving the employability of its beneficiaries to help generate economic benefits from increasing their employment rates and placing them in jobs with greater earnings.

The project consists of the three components:

Table A: Project Components and Activities

| No. | Project Components | Description of key tasks and activities |
|-----|--|---|
| 1 | Component 1: Digital Inclusion and Enabling Environment | 1.1. Digital and soft skills for the most vulnerable groups; 1.2. Modernization of the legal and institutional framework for the digital economy. |
| 2 | Component 2: Development of regional infrastructure and incentives for ITES | 2.1. Incentives (professional training, equipment, operational cost); 2.2. Construction and renovation of ITES Centers. |
| 3 | Component 3: Location Attractiveness Promotion | 3.1. Creation of international representations to promote the brand "Digital Uzbekistan"; 3.2. Development of ITES strategy and development of IT-Park potential for ITES transactions, stimulus packages and marketing research; 3.3. Support for the Project Implementation Unit. |

Implementing Agency

The Borrower will be the Ministry of Economy and Finance, and the Ministry of Digital Technologies (MDT) will be the implementing agency (IA) for the proposed Uzbekistan Digital Inclusion Project (UDIP). Taking into account the multi-faceted scope of the Project, it is envisioned that various Government agencies of the Republic of Uzbekistan will be involved as beneficiaries in individual stakeholders of the Project. The Project Implementation Unit (PIU) has been established within IT PARK under the IA. The implementation capacity of IA and PIU has been assessed as adequate during the environmental and social assessment.

Purpose and Scope of the Labor Management Procedure (LPM)

This project has applied the World Bank's Environmental and Social Framework (ESF) to identify and address environmental and social risks and impacts. Therefore, this Labor Management Procedures (LMP) has been developed by the Borrowers per ESS2: Labor and Working Conditions. The purpose of the LMP is to facilitate planning for the project and help identify the

resources necessary to address the labor issues associated with the project. The LMP helps to (a) identify the different types of project workers that are likely to be involved in the project, and (b) set out the ways of meeting the requirements of ESS2 that apply to the different types of workers.

Overview of labor use in the project

Type of Workers: Two main type of project workers such as i) direct workers, and ii) contracted workers will be included in this project. This LMP applies to project workers as defined by ESS2. The focus of this LMP is on directly employed in the PIU to perform project related tasks (direct workers) and staff, and contracted workers.

Direct workers: A direct worker is a worker with whom the Borrower has a directly contracted employment relationship and specific control over the work, working conditions, and treatment of the project worker. The worker is employed or engaged by the Borrower, paid directly by the Borrower, and subject to the Borrower’s day-to-day instruction and control. Examples of direct workers may include persons employed or engaged by the Borrower’s project implementation unit to carry out design and supervision, monitoring and evaluation or community engagement in relation to the project.

Contracted workers: A contracted worker is a worker employed or engaged by a third party to perform work or provide services related to the core functions of the project, where the third-party exercises control over the work, working conditions, and treatment of the project worker. In such circumstances, the employment relationship is between the third party and the project worker, even if the project worker is working on an ongoing basis on project activities. Contracted workers are those engaged in construction works and infrastructure investments and livelihood support activities.

Number of Project Workers: In total PIU will include around 12 staff who will be treated s direct workers. Additionally, the will be other direct workers which will include other employees, short-term consultants, consulting company to carry out some of the functions of the PIU or technical consultants on components (if necessary), and specialists of the structural divisions of the Ministry of Digital Technologies who will be responsible to the implementation of the Project. The exact number of other direct workers are not known as of now. This will become known as and when implementation begins.

Table B: Number of Direct Workers and characteristics under the PIU.

| Staff position | Total number of staff | Characteristics of workers |
|--------------------------------------|-----------------------|----------------------------|
| PIU director | | National |
| Chief Accountant | | National |
| Financial Management Specialist | | National |
| Component Coordinator | | National |
| Monitoring and Evaluation Specialist | | National |
| Procurement Specialist | | National |
| Office Manager/Translator | | National |
| Support Staff | | National |
| IT specialist | | National |
| Lawyer | | National |
| HR Specialist | | National |
| Cleaning woman | | National |
| Total | | - |

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.

Timing of Labor Requirements: The direct workers at PIU will generally be required full time which consists of 8 hours day work per national legislation of Uzbekistan, and around the year for the project duration. 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, they will be engaged as needed for implementation of various sub-components throughout the country to achieve their tasks, to oversee or to provide guidance for project implementation.

Assessment of key potential labor risks

Given the type of project activities, no major labor risks are envisaged. The type of work to be carried out by direct and contracted workers does not entail high vulnerability to abuse of labor rights or Operational Health and Safety (OHS) risks. Persons under the age of 18 will not be allowed by the Project. All contractors will be required to have a written contract with their workers materially consistent with objective of ESS2.

The Project is assessed as Low on labor risks including Labor influx, forced and child labor (CFL) and associated Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) risks. If other labor risks arise during project implementation, PIU will develop procedures to prevent further impacts. Nonetheless, the contractors will be required in the contract to sign codes of conducts and commit to ensure prevention of SEA/SH/ Forced and child labor. PIU staff in charge of contractor supervision will monitor and report compliance. The details of potential labor risks and mitigation measures are given in Table 3.1.

Brief overview of labor legislation: terms and conditions

Labor Code. The new Labor Code of the Republic of Uzbekistan introduced on April 30, 2023, treats labor legislation with due account of the interests of the employees, employers, and the state and fair and safe labor conditions, and the protection of the labor rights and health of the workers. This Code governs employment relationships and other relations, directly related, directed to the protection of the rights and freedoms of the parties of employment relationships, establishment of the minimum guarantees of the rights and freedoms in the sphere of work. Labor Code prohibits discrimination and guarantees that all citizens have equal rights to work; discrimination in labor relations is prohibited. Any differences, non-admission or preference, denial of employment, regardless of nationality, race, gender, language, religion, political beliefs, social status, education, or property, leading to a violation of equality of opportunities in the field of labor, are prohibited. In line with the current LMP requirements, the requirements of the Labor Code will be applied to all the project workers.

The standard work week is 40 hours, with less allowed for those under 18 and for women who have children up to 3 years old. The number of hours per day, and days per week, is established in the contract/agreement between the employer and employee. Details of time off are established in contracts/agreements.

Wages and deductions. Contracts and collective agreements establish the form and amount of compensation for work performed. It is forbidden to pay in kind, except in cases established by the Government of the Republic of Uzbekistan (Labor Code Article 153). The Government establishes a minimum wage (Article 155). From May 2022, the minimum wage payment for a full-time position, cannot be less than 920.000 UZS¹ (or \$81.1²).

¹ Decree of the President of the Republic of Uzbekistan, #PD-138 dated 20.05.2022

² <https://cbu.uz/oz/>

Key Gaps Between National Legislation and World Bank ESS2 is given in Table below

Table C: Summary of World Bank Requirements and Key Gaps with Labor Code

| ESS & Topic | Major WB requirements | Key requirements/gaps in Uzbekistan legal framework | Principles to be followed by the Project |
|---|---|---|---|
| A. Working conditions and management of labor relations | <ul style="list-style-type: none"> - Written labor-management procedures - Terms and conditions of employment - Non-discrimination and equal opportunity - Worker’s organizations - Elaborate Labor-Management Plans including Contractor’s Environmental Social Management Plan | <ul style="list-style-type: none"> - Written employment contract required, including procedures and employment conditions; - Non-discrimination and equal opportunity requirement No provision for Labor Management Plan - | LMP was developed for the project. Terms and conditions in the LMP to comply with national law and WB requirements. Where there are gaps, such as in the case with a child working, the more stringent requirements are to be followed. |
| B. Grievance mechanism | <ul style="list-style-type: none"> - GRM should be in place for direct workers and contracted worker | <ul style="list-style-type: none"> - No project-specific GRM is warranted. - However, it is allowed to apply to: <ul style="list-style-type: none"> a) conciliation commission; b) Labor Inspection under the Ministry of Employment and Labor Relations; and c) Court. | PIU will develop a specific GRM for all workers as per this LMP. |

Responsible staff

The human resources person assigned by the MDT and PIU’s Social specialist 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 Uzbekistan 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 implementing 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
- monitoring implementation of the worker code of conduct. the content and template of the code of conduct are given in annex 1.

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, occupational safety, and health performance.

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

Monitoring of the LMP measures will be conducted directly by PIU employees such as the Project Manager, HR specialist, and Lawyer, as well as by the contracted Consultants: Project Coordinators, Social Specialists, M&E specialists, and Regional Representatives.

Age of employment.

In accordance with the Labor Code of the Republic of Uzbekistan, it is prohibited to use the labor of persons under the age of 18 for heavy work and work with harmful or hazardous working conditions and there are special requirements for leave, work hours, and other conditions of employment. Employer will ensure that no construction workers under 18 years are employed. Under 18 years old employees are allowed to work in sectors with no health risks with the following reduced working hours: the employees aged 14 to 16 years old - no more than 24 hours a week, from 16 to 18 years old - no more than 36 hours a week.

Contractors will be required to verify and identify the 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 minor under the minimum labor eligible age is discovered working on the project, measures will be taken to immediately terminate the employment or engagement of the minor in a responsible manner, taking into account the best interest of the minor.

Grievance Mechanism.

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.

The project will use GM for the project workers, which is being established for the project in compliance with the objectives of ESS2. The GM with a step-by-step procedure for the Project workers consistent with the ESS2 will be described in the Project Operations Manual (POM). Essentially, it will be at different levels. This GM is not same as the grievance mechanism to be established for project affected stakeholders. The Project workers' grievance mechanism will not prevent workers to use judicial procedure.

Table D: Channels for accessing information and submitting grievances³

| Description | Contact details |
|--|---|
| Grievance Redress Committee – 1 st tier | Project Implementation Unit. IT-Park |
| Grievance Redress Committee – 2 nd tier | MDT Mrs. Dilnora Inagamova |
| Address: | 4 Amir Temur Avenue, 100000, Tashkent, Uzbekistan |
| Telephone: | +99871 238 41-58 |
| Hotline: | +99871 238 41-58 |
| Web-platform: | murojaat@mitc.uz |
| Anonymous complaints are also entertained by any of the above channels | |

³ Contact details will be updated as soon as the PIU will be established

Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may also complaints directly to the Bank through the Bank’s Grievance Redress Service (GRS) (<https://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>). A complaint may be submitted in English, Uzbek or Russian, although additional processing time will be needed for complaints that are not in English

Contractor management.

Any contracts will include provisions related to labor and occupational health and safety as provided in the World Bank Environmental and Social Framework, Standard Procurement Documents and Uzbekistan legislation. The PIU will use the Bank’s latest Standard Procurement Documents (SPD) for solicitations and contracts, and these include labor and occupational, health and safety requirements and will make reference to this LMP. The PIU shall ensure that the contractors are legitimate and reliable entities, and that any written labor procedures the contractors have in place are in compliance with this Procedure. PIU will manage and monitor the performance of contractors in relation to contracted workers, focusing on compliance by contractors with their contractual agreements (obligations, representations, and warranties) and labor management procedures. This may include periodic audits, inspections, and/or spot checks of project locations and work sites as well as of labor management records and reports compiled by any contractors.

1. INTRODUCTION

1.1. Project rationale and project development goals

The objective of the Uzbekistan Digital Inclusion project is to increase access to digital infrastructure and skills by unemployed youth and women to support productive digital inclusion.

The proposed Project is articulated around three main components at the policy, infrastructure, and services levels, which seek to (i) enhance the enabling environment for a vibrant, safe, and inclusive digital economy; (ii) expand infrastructure for ITES market development in the regions of Uzbekistan; and (iii) promote Uzbekistan as the destination of choice for performing ITES services.

Enhancing the sustainability and resilience of digital infrastructure in Uzbekistan is a priority, particularly in relation to promoting cybersecurity, data protection, and ensuring business continuity in the face of disasters. Uzbekistan currently ranks 70th in the International Telecommunication Union's (ITU) Global Cybersecurity Index out of 184 countries⁴ with lower scores received on technical and organizational measures. This is corroborated by a study of the UK-based Comparitech⁵ that found Uzbekistan to be among the ten least cyber-secure among the 75 countries analyzed. To start addressing this challenge, the GoU is currently planning to adopt a new Law "On cybersecurity" (the Law was approved by the Senate of the Oliy Majlis on March 17, 2022), develop a Cybersecurity Strategy for the 2023-2026 period, and improve the country's cyberattacks monitoring system. Moreover, further progress is strongly recommended to continue strengthening Uzbekistan's policy and legal framework in personal data protection in line with good international practices as a precondition for a successful digital transformation. This has become even more important as Uzbek citizens face an accelerated increase of online scams and data thefts.⁶

1.2. Project components and planned investments

The **Project Development Objective (PDO)** is to support digital inclusion by increasing access of unemployed women and youth to skills and employment opportunities in the digital economy. The **proposed project aims** to create new digital jobs, improving the employability of its beneficiaries to help generate economic benefits from increasing their employment rates and placing them in jobs with greater earnings.

The project consists of the following three components:

Component 1. Digital Inclusion and Enabling Environment. Under Component 1, the Project will mainly focus on the establishment of a solid foundation for the development of the ITES industry in Uzbekistan, starting with capacity building activities to produce a large pool of qualified labor in the regions equipped with necessary digital and soft skills, particularly targeting women and youth in NEET (aiming for a participation level of 50 percent women). Trainings will be provided on the premises of IT Park regional centers and will include basic digital skills and English language skills (to be further specified by appraisal). More advanced skills development, linked to ITES technical skills requirements, will take place under component 2. Under this Component, the Project will further improve the institutional, legal, and regulatory framework to enable a favorable business environment for private investment in outsourcing services markets. It will also provide broader support for the development of the legal and regulatory frameworks

⁴ ITU Global Cybersecurity Index 2021, <https://www.itu.int/epublications/publication/D-STR-GCI.01-2021-HTM-E/>

⁵ Comparitech "Which countries have the worst (and best) cybersecurity?", September 2021

⁶ According to the Ministry of Interior's data, Internet scammers "cleaned" the bank cards of almost three thousand Uzbeks during 2021 (and these are only among those who officially reported). <https://repost.uz/aferisti-i-smski>

for the digital economy, with a specific emphasis on inclusion and focus on ensuring modern enablers and safeguards for data management, IP protection, company registration, data protection, cybersecurity and energy efficiency. This component will be implemented during the first phase of the project (Y1-3) and will allow the client to take further decisions on investments downstream.

Component 2. Development of regional infrastructure and incentives for ITES. The Project will support demand generation through financing of a program of incentives and preparing necessary office spaces for the incoming ITES companies with the objective of creating jobs in the regions. Specifically, the incentive package will include co-financing with the ITES companies professional training, equipment, and operational costs. The co-financing will be provided for each person hired from the pool of vulnerable individuals whose skills would have previously been upgraded under Component 1 during phase 1 of the project. In order to be eligible for co-financing, ITES companies would have to retain staff for at least one year of employment. These efforts coupled with activities under Component 3, will stimulate more global ITES companies to choose Uzbekistan as a location. It is anticipated that the spillover effect will create employment of between 10,000 and 25,000 people (to be confirmed by the feasibility study (FS) to be carried out under this component. A large part of co-financing is planned to be disbursed during the second phase of the project. Furthermore, during the first phase, the Project will finance refurbishment of up to 5 existing Uzbektelecom facilities (the FS will confirm a possibility and cost of the refurbishment works), and based on the demand, the second phase may involve either rolling out the refurbishment of existing facilities in a larger number of locations or construction of new buildings for ITES centers.

Component 3. Location Attractiveness Promotion. The Project will support enhancement of the digital brand of Uzbekistan, including cooperation with a foreign industry promotion company and creation of a network of international representation agencies with the aim to attract local and global ITES companies and private entrepreneurs into the ITES market in Uzbekistan. This component will also finance in-depth both local and global market analysis and development of the ITES strategy that will guide strategic decisions around selection of target sectors and regions as well as fine-tuning of the incentives package and development of promotion materials. Also, this component will support IT Park capacity in handling ITES transactions, management and monitoring and evaluation of the project.

Table 1.1: Project Components and Activities

| No. | Project Components | Description of key tasks and activities |
|-----|--|---|
| 1 | Component 1: Digital Inclusion and Enabling Environment | 1.1. Digital and soft skills for the most vulnerable groups; 1.2. Modernization of the legal and institutional framework for the digital economy. |
| 2 | Component 2: Development of regional infrastructure and incentives for ITES | 2.1. Incentives (professional training, equipment, operational cost); 2.2. Construction and renovation of ITES Centers. |
| 3 | Component 3: Location Attractiveness Promotion | 3.1. Creation of international representations to promote the brand "Digital Uzbekistan"; 3.2. Development of ITES strategy and development of IT-Park potential for ITES transactions, stimulus packages and marketing research; 3.3. Support for the Project Implementation Unit. |

1.3. Implementing Agency

The Borrower will be the Ministry of Economy and Finance, and the Ministry of Digital Technologies (MDT) will be the implementing agency for the proposed Uzbekistan Digital Inclusion Project (UDIP). Taking into account the multi-faceted scope of the Project as outlined above, it is envisioned that various Government agencies of the Republic of Uzbekistan will be involved as beneficiaries in individual components of the Project. The Project Implementation Unit (PIU) has been established and is located in the IT Park under the MDT. The implementation capacity of MDT has been initially assessed as adequate but further assessments will be conducted.

1.4. Purpose and Scope of the Labor Management Procedure (LMP)

This project has applied the World Bank's Environmental and Social Framework (ESF) to identify and address environmental and social risks and impacts. One of the ten Environmental and Social Standards (ESSs) – relates to Labor and Working Conditions (ESS2) requires the Borrowers to develop Labor Management Procedures (LMP). The LMP has been developed with the purpose of protecting the health, safety, rights and wellbeing of project workers who will be engaged during the implementation of the Project. It is also intended to promote equal opportunity and non-discrimination in the management of the workforce taking into consideration both national and international labor requirements including the World Bank's ESS2. The purpose of the LMP is to facilitate planning for the project and help identify the resources necessary to address the labor issues associated with the project. The LMP help to (a) identify the different types of project workers that are likely to be involved in the project, and (b) set out the ways of meeting the requirements of ESS2 that apply to the different types of workers.

The scope of this LMP will cover all aspects of the project that will require the hiring of a workforce to execute the project activities. It is applicable to all types of project workers, skilled and unskilled, and deals with all aspects relating to recruitment, labor and working conditions, remuneration, management of worker relationships, and Occupational Health and Safety (OHS) as well as work-based grievance redress mechanisms. The LMP also includes measures related to the management of workers engaged by third parties or contractors and sub-contractors.

1.5. Objective of the LMP

The overall objective of this LMP is to establish clear labor procedures for all project workers, namely direct project workers, contracted workers in line with the requirements of the local legislation and the World Bank's ESS 2 provisions and requirement.

The LMP presents the activities that lead to labor and working conditions related risks and impacts, the main labor and working conditions requirements, and the identified risks and impacts and gaps in requirements. It captures the procedures to be implemented to address the gaps and manage the risks and impacts including the resources necessary to address these. 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.

This LMP applies to all Project workers whether full-time, part-time, temporary, seasonal or migrant workers. The LMP is applicable, as per ESS2, to the Project in the following manner:

- People employed or engaged directly by the Project Implementation Unit (PIU) to work specifically in relation to the Project;
- People employed or engaged by contractors to perform work related to the core function of the project, regardless of location; and
- People employed or engaged by the primary suppliers under this project.

2. OVERVIEW OF LABOR USE IN THE PROJECT

ESS2 on Labor and Working Conditions recognizes the importance of employment creation and income generation in the pursuit of poverty reduction and inclusive economic growth. In addition to the national labor legislation, ESS2 guides and enable implementing agency to ensure 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.

2.1. Type of Workers

ESS2 categorizes the workers into direct workers, and contracted workers. This LMP applies to project workers as defined by ESS2. The focus of this LMP is on directly employed in the PIU to perform project related tasks (direct workers) and staff, and community workers, and contracted workers.

Direct workers

A direct worker is a worker with whom the Borrower has a directly contracted employment relationship and specific control over the work, working conditions, and treatment of the project worker. The worker is employed or engaged by the Borrower, paid directly by the Borrower, and subject to the Borrower's day-to-day instruction and control. Examples of direct workers may include persons employed or engaged by the Borrower's project implementation unit to carry out design and supervision, monitoring and evaluation or community engagement in relation to the project.

Contracted workers

A contracted worker is a worker employed or engaged by a third party to perform work or provide services related to the core functions of the project, where the third-party exercises control over the work, working conditions, and treatment of the project worker. In such circumstances, the employment relationship is between the third party and the project worker, even if the project worker is working on an ongoing basis on project activities. Contracted workers are those engaged in construction works and infrastructure investments and livelihood support activities.

2.2. Number of Project Workers

Direct workers. The Project PIU has core personnel such as PIU director, procurement specialist, financial management specialist. The PIU will be supported by additional specialists and staff, including project coordinators for each project component with relevant technical skills; procurement assistant, M&E specialist, accountant, office manager/translator and support staff.

Employees and short-term consultants will be hired by competition. The recruitment will be carried out in accordance with WB standards and procedures for hiring of local consultants. The Project will finance the activities of PIU staff and short-term consultants, including the operational costs of the Project. With the no objection of the World Bank, and in order to ensure the successful implementation of the Project, MDT may hire a consulting company to carry out some of the functions of the PIU or technical consultants on components (if necessary). All employees and consultants of the PIU will report to the PIU Director. The structure of PIU reporting will be developed by PIU director within an agreement with the MDT and the WB. The reporting requirements for each PIU staff and consultant will be defined in their individual terms of reference. All decisions on the operational management of PIU, including reporting, procurement of operating expenses, organizational and personnel issues will be formalized by internal orders of PIU. The Project Operational Manual (POM), currently in draft and to be finalized, lays out the detailed operational procedures for project implementation, including the institutional, disbursement, procurement and financial management arrangements

The PIU will interact with structural divisions of the MDT on matters related to the implementation of the Project. The structural units of the MDT will assist the PIU in provision of information

necessary for the implementation of the Project. The head of the MDT will be responsible for the implementation of the Project. The working groups of the MDT that will include employees of structural divisions of the ministry will be formed by order of the MDT. The MDT working groups will be the permanent working bodies responsible for ensuring the successful implementation of the Project objectives. The composition of the working groups is approved by the MDT based on the proposal of the Deputy Minister. The working groups may include representatives of other state bodies, local governments, civil society, and business associations. The working groups will be monitoring the implementation of project components, providing information support for PIU on issues related to the implementation of the project, hearing the report of the PIU on the progress of the project, assisting PIU on matters of PIU interaction with other state bodies, have the right to request the necessary information about the activities of PIU, have the right to make proposals for improving the implementation of project components, have the right to carry out other actions related to the implementation of the project. Table 2.1 below gives an overview of the direct workers.

Table 2.1: Number of Direct Workers and characteristics.

| Staff position | Total number of staff | Characteristics of workers |
|--------------------------------------|-----------------------|----------------------------|
| PIU director | | National |
| Chief Accountant | | National |
| Financial Management Specialist | | National |
| Component Coordinator | | National |
| Monitoring and Evaluation Specialist | | National |
| Procurement Specialist | | National |
| Office Manager/Translator | | National |
| Support Staff | | National |
| IT specialist | | National |
| Lawyer | | National |
| HR Specialist | | National |
| Cleaning woman | | National |
| Total | | - |

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. Timing of Labor Requirements

The direct workers at PIU will generally be required full time which consists of 8 hours day work per national legislation of Uzbekistan, and around the year for the project duration. 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, they will be engaged as needed for implementation of various sub-components throughout the country to achieve their tasks, to oversee or to provide guidance for project implementation.

3. ASSESSMENT OF KEY POTENTIAL LABOR RISKS

Given the type of project activities, no major labor risks are envisaged. The type of work to be carried out by direct and contracted workers does not entail high vulnerability to abuse of labor rights or Operational Health and Safety (OHS) risks. Persons under the age of 18 will not be allowed by the Project. All contractors will be required to have a written contract with their workers materially consistent with objective of ESS2.

The Project is assessed as Low on labor risks including Labor influx, forced and child labor (CFL) and associated Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) risks. If other labor risks arise during project implementation, PIU will develop procedures to prevent further impacts. Nonetheless, the contractors will be required in the contract to sign codes of conducts and commit to ensure prevention of SEA/SH/ Forced and child labor. PIU staff in charge of contractor supervision will monitor and report compliance.

Given the COVID situation, a checklist and guidance note will be prepared (as a part of the LMP) for governing the conduct of all workers to ensure health and safety.

All workers will have access to the project specific Grievance Mechanism (GM) with a dedicated window for workers' complaints.

From the anticipated project activities, potential labor risks have been identified which must be monitored closely by the PIU and project contractors during project implementation to avoid any escalation. These are summarized in Table 3.1 below.

Table 3.1: Summary of potential labor risk and proposed project mitigation measures

| # | Potential Labor Risk | Mitigation Measures |
|---|--|---|
| 1 | Occupational risks and hazards (incidents and accidents) | <ul style="list-style-type: none"> • Low • Mainly related to proper handling of equipment, long-sedentary activities, and disposal of IT-equipment • All contractors will be required to have a written contract with their workers materially consistent with the objective of ESS2 • Ensure full compliance with the OHS Management plan • Provide regular OHS training to staff • Ensure appropriate use of personal protective equipment (PPE) • Put appropriate safety warning signs |
| 2 | Risk of Contracting COVID-19 | <ul style="list-style-type: none"> • Continue to raise awareness on COVID-19 best practices for construction sites to workers • Use shift system to decongest workers from highly congested areas/ rooms • Enforce national COVID-19 protocols are adhered to • Provide appropriate nose masks and PPEs • Encourage vaccination of all staff |
| 3 | Sexual exploitation and abuse/sexual harassment (SEA/SH) | <p>No significant risks related to sexual exploitation and abuse/sexual harassment (SEA/SH) are expected as most project workers will be recruited locally and the national laws and norms are adequate for addressing the risks.</p> <ul style="list-style-type: none"> • The SEA/SH criteria for business practices will be provided to project participants and the project will include Codes of Conduct for project workers and bidding documents. • Project Affected Parties are informed of SEA/SH risks during the stakeholder consultations. • Establishing effective GM on SEA/SH-related complaints. |

| | | |
|---|--|--|
| 4 | Risk of contracting HIV and AIDS and other STIs; risk extended to both workforce and the local community | <ul style="list-style-type: none"> • No risks related to HIV/AIDS |
| 5 | Labour influx | <ul style="list-style-type: none"> • No labour influx is expected. |
| 6 | Child labour | <ul style="list-style-type: none"> • Restrict under-aged from doing business on the project site • maintain labor registry of all contracted workers with age information • Restrict workers from buying merchandise from children • Strengthen pre-employment screening systems to prevent hiring of children (Verification of the age shall be undertaken prior to the engagement of labor and be documented based on the worker's ID or other relevant legal documents) • Routine monitoring of project sites to confirm no underage is hired and involved in the work on the project site |
| 7 | Noncompliance with labour laws | <ul style="list-style-type: none"> • Intensive monitoring to ensure compliance to national labour laws • Include clauses in contracts to ensure contractors comply with national labour laws |
| 8 | Poor conditions of service | <ul style="list-style-type: none"> • Specify conditions of service to all workers in their contracts • Ensure contractors implement conditions of services of workers. • Ensure non-discrimination of workers |
| 9 | Discrimination and exclusion of Women and other vulnerable groups | <ul style="list-style-type: none"> • Development of Grievance Mechanism (GM) which is accessible, and confidentiality of personal information is ensured • Implement a deliberate policy for gender equality. • Develop deliberate mechanisms to monitor participation of vulnerable groups in all activities • Provide systems to ensure equal opportunity for all regardless of gender, ethnic and social status. |

4. BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS

4.1. Uzbekistan National Labor Legislation

Labor related legislation in Uzbekistan consists of the Constitution of the Republic of Uzbekistan, Labor Code, and other legal and regulatory instruments and international treaties supported by the Republic of Uzbekistan. Uzbekistan has ratified all of the eight fundamental international labor related conventions:

- C029 - Forced Labor Convention, 1930 (No. 29); 13 Jul 1992;
- C087 - Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87); 12 Dec 2016;
- C098 - Right to Organize and Collective Bargaining Convention, 1949 (No. 98); 13 Jul 1992;
- C100 - Equal Remuneration Convention, 1951 (No. 100); 13 Jul 1992;
- C105 - Abolition of Forced Labor Convention, 1957 (No. 105); 15 Dec 1997;
- C111 - Discrimination (Employment and Occupation) Convention, 1958 (No. 111); 13 Jul 1992;
- C138 - Minimum Age Convention, 1973 (No. 138); Minimum age specified: 15 years; 06 Mar 2009;
- C182 - Worst Forms of Child Labor Convention, 1999 (No. 182).

Uzbekistan pursues a purposive policy of creating a legal framework for the protection of human rights and freedoms in accordance with international standards. Having joined the world community, the Republic has constitutionally sealed the priority of universally accepted norms of international law. As a fully-fledged member of the United Nations Organization, Uzbekistan accedes to international human rights acts thus assuming an obligation to comply with them and apply them in its state and legal practice. The universal significance of international human rights acts means that its provisions should be embodied in national legislation. The Main Law of the Republic of Uzbekistan includes all the provisions of the Universal Declaration of Human Rights.

The Constitution of the Republic of Uzbekistan (adopted on December 8, 1992) includes a chapter on the Economic and Social Rights of the citizens. According to it, everyone is entitled to:

- “Have the right to work, free choice of work, fair conditions of labor, and protection against unemployment in the procedure specified by law. Any forced labor shall be prohibited except for punishment under the sentence of a court or some other instances stipulated by law” (Chapter IX, Article 37);
- The right to rest is included in Article 38: “Citizens, working on hire, shall be entitled to a paid rest. The number of working hours and paid labor leave shall be specified by law”;
- Social security in old age in the event of disease, disability, loss of a breadwinner, and in other cases stipulated under the law (Article 39);
- Have the right to skilled medical care (Article 40); and
- Equal rights of men and women are guaranteed by the law (Article 46).
- “Have the right, both individually and collectively, to submit applications and proposals, and to lodge complaints with competent state bodies, institutions, or public representatives. Applications, proposals, and complaints shall be considered in the procedure and within the time limit specified by law” (Chapter VIII, Article 35).

The Labor Code of the Republic of Uzbekistan introduced on April 1, 1996, treats labor legislation with due account of the interests of the employees, employers, and the state and fair and safe labor conditions, and the protection of the labor rights and health of the workers. This Code governs employment relationships and other relations, directly related, directed to the protection of the rights and freedoms of the parties of employment relationships, establishment of the minimum guarantees of the rights and freedoms in the sphere of work. Article 6 of the Labor Code prohibits discrimination and guarantees that all citizens have equal rights to work; discrimination in labor relations is prohibited. Any differences, non-admission or preference,

denial of employment, regardless of nationality, race, gender, language, religion, political beliefs, social status, education, or property, leading to a violation of equality of opportunities in the field of labor, are prohibited. A person who considers that he has been subjected to discrimination at work may apply to the court for the elimination of discrimination and compensation for material and moral damage caused to him.

According to Labor Code, labor-management relations should be formalized in a fixed-term or temporary employment contract. The maximum length of a single fixed-term contract is 5 years (with the exception of a few specific positions).

The Ministry of Employment and Labor Relations of the Republic of Uzbekistan is the main state institution responsible for labor, employment, and social protection policymaking. The ministry is tasked with the development and regulation of the labor market and ensuring employment of the population, regulation of labor relations and labor protection, provision of social services for the population, and medical-social rehabilitation of persons with disabilities.

The supervision and monitoring of compliance with Labor Code requirements and protection of labor rights of citizens is implemented by the State Labor Inspection under the Ministry of Employment and Labor Relations, and its territorial subordinate structures according to the Statement on the State Labor Inspection, Attachment #3, Resolution of the Cabinet of Ministers #1066 of 31.12.2018 “On measures to improve the performance of the Ministry of Employment and Labor of Relations of Uzbekistan”.

Age of employment. Article 7 of the Labor Code states that Forced labor, i.e., forced to perform work under the threat of any punishment (including as a means of labor discipline) is prohibited. The right to work is permitted for persons aged 16 and older. The law allows the hiring of students from secondary schools, secondary special, and professional educational institutions as an internship to perform light work that does not harm their health and moral development, and does not interfere with the learning process, in their free time, provided that they are over the age of 15 with the written consent by a parent or legal guardian (Article 77). No one under the age of 15 is allowed to work under the Labor Code.

Young people aged between 15 and 18 years old have the right to work based on the local legislation and have the same rights as adult workers with some benefits due to their age (Labor Code, Article 240). People under the age of 18 can be employed only after medical examination and further until reaching the age of eighteen are subject to the mandatory annual medical examination. People under the age of 18 can be employed only for works that have no risk to their health, safety, and morals, they are not allowed to lift and move heavy objects (Labor Code Article 241).

Employees aged 15-16 are allowed to work no more than 24 hours a week, and employees aged 16-18 are allowed to work no more than 36 hours a week. Students can be employed only when they are free of study, and their working time may not exceed half of the maximum working time set for the respective age groups, i.e., students aged 15-16 can work only 12 hours a week and students aged 16-18 allowed to work no more than 17.5 hours a week (Article 242).

Articles 49 and 51 of the Administrative Code of Uzbekistan impose fines for violation of the above-mentioned regulations on forced and child labor. The amended law on 23.08.2019 significantly increases fines for using administrative measures to attract employees to forced labor, which has been practiced previously in the country involving public workers, mostly teachers, health workers, and students. The new law imposes fines ranging from 10 to 30 times the minimum wage for using such practices. If the same offense is committed repeatedly, responsible persons will face fines from 30 to 100 times the minimum wage, according to the ministry.

Wages and deductions. Contracts and collective agreements establish the form and amount of compensation for work performed. It is forbidden to pay in kind, except in cases established by the Government of the Republic of Uzbekistan (Labor Code Article 153). The Government

establishes a minimum wage (Article 155). From May 2022, the minimum wage payment for a full-time position, cannot be less than 920.000 UZS⁷ (or \$81.1⁸). In areas with adverse climatic and living conditions, district coefficients and allowances for wages are established. There is no established minimum wage for seasonal and daily workers (minimum payment for hours of work).

Employers are obligated to pay workers at least once per half-month (Article 161). Compensations for the payment delays can be included in the collective agreement. Employers also must pay for work-related damage to health or property and families are compensated in case of death. Deductions are allowed mainly for taxes and other obligatory payments set by the Government of Uzbekistan, as well as for specific reasons, but may not exceed 50 percent of the amount owed to the employee, and payment after deductions may not be less than the minimum rate determined by the government (Article 164).

Women. Nighttime work, overtime work, work on weekends and business trips for pregnant women and women with children under the age of 14 (with disabled children up to 16 years old), are allowed only with their consent. Herewith, recruitment of pregnant women and women with children under 3 years of age for night works is allowed only if there is a medical certificate confirming that such work does not threaten the health of the mother and child (Article 228).

Pursuant to the Presidential Decree PD #4235 dated March 7, 2019⁹, men have received the same package of rights related to the childcare since 1 May 2019, only one of the parents (male or female) can decide to take maternity leave. Additionally, the President ordered to revoke the prohibitions on the use of female workers. As a corollary, the list of the professions that excluded the females' presence has gained a recommendatory nature (amendment to Article 225).

Working hours. The standard workweek is 40 hours, with less allowed for those under 18 and for women who have children up to 3 years old. The number of hours per day, and days per week, is established in the contract/agreement between the employer and employee. Employers must provide time off each workday for "rest and food", and also paid time off in case time is needed to cool off, to warm up, or to breastfeed children. Details of time off are established in contracts/agreements.

Leave. In addition to national holidays, employees have to receive at least 15 working days of paid leave per year, with workers under 18 years of age receiving at least 30 calendar days and disabled employees receiving 30 calendar days (Article 134-135). In addition, those who work in unhealthy and unfavorable working conditions receive an additional seven days and those who work in unfavorable climate conditions receive an additional eight days. Leave without pay may also be taken by certain groups of people and may also be covered in contracts. At the termination of employment, employees are paid for unused leave, or they may use the leave as their last days of employment.

Women are provided maternity leave for up to 70 calendar days and then are provided 56 days leave after giving birth, in case of complications or giving birth to 2 or more children up to 70 days, with benefits paid from the state social insurance (Article 233). Maternity leave is calculated in total and is paid in a lump sum, regardless of the actual number of days off before giving birth. After giving birth, a mother may take additional leave until the child is six months old, again paid by social insurance. She may take unpaid leave until the child is three years of age. Her position is guaranteed upon her return from all these types of leave.

Overtime work. Overtime compensation as specified in employment contracts or agreed to with an employee's trade union, can be implemented in the form of additional pay or leave. The law states that overtime compensation should not be less than 200 percent of the employee's average monthly salary rate (broken down by hours worked). Additional leave time should not be less than

⁷ Decree of the President of the Republic of Uzbekistan, #PD-138 dated 20.05.2022

⁸ <https://cbu.uz/oz/>

⁹ <http://lex.uz/ru/docs/4230938>

the length of actual overtime work (Article 157).

Layoffs and Firing. The Labor Code and subordinate labor legislation differentiate between layoffs and firing. Employees can terminate their employment by filing a two-week prior written notice or applying for a leave without pay. Layoff or temporary leaves without pay can be initiated by an employer due to the worsening of the economic situation as below. For firing (severance), the employer should personally give two months' advance notice in the case of corporate liquidation or optimization, two weeks' advance notice in the case of an employee's incompetence, and three days' advance notice in the case of an employee's malpractice or unacceptable violations. In case of severance caused by corporate liquidation or optimization, an employee should receive compensation, which should not be less than two average monthly salaries paid during their employment plus payment for unused leave (if another form of compensation was not agreed to in the employment contract).

Labor disputes. The general court system, where civil and criminal cases are tried, is responsible for resolving labor-related disputes. This can be done on a regional or city level. Formally, workers can file their complaints through the Prosecutor General's Office. The Ministry of Employment and Labor Relations should provide legal support to employees in their labor disputes.

Disputes may be adjudicated by commissions that are created "on a par with employer and agencies representing the interests of employee" (that is, with equal representation of employee/employees and employer), if such commissions are provided for in labor agreements/contracts (Article 262). Commissions must consider issues within 10 days. If the employer, employee, or their representatives disagree with decisions by a commission, or if the commission does not consider applications within 10 days, any of the parties may appeal to the courts, but that must be within 10 days of the decision (or no decision).

Enforcement of Labor Code is implemented by the State Labor Inspection under the Ministry of Employment and Labor Relations, and its territorial subordinate structures according to the Statement on the State Labor Inspection, Attachment #3, Resolution of the Cabinet of Ministers #1066 of 31.12.2018 "On measures to improve the performance of the Ministry of Employment and Labor of Relations of Uzbekistan".

4.2. The World Bank Environmental and Social Standards: ESS 2

The projects financed by the World Bank need to comply with the World Bank's Environmental and Social Framework (ESF), effective from October 2018, comprising, inter alia, the Environmental and Social Standards (ESS)¹⁰. The ESF specifies the mandatory requirements in the form of 10 ESSs that borrowers must apply based on the specificity of each project.

Environmental and Social Standard 2 ("ESS2") addresses labor and working conditions. This standard recognizes the importance of employment creation and income generation in the pursuit of reducing poverty and inclusive economic growth. By treating workers fairly and ensuring safe and healthy working conditions, borrowers can promote sound worker-management relations and enhance the development benefits of a project. Key objectives of the ESS 2 are to:

- Promote safety and health at work
- Promote the fair treatment, non-discrimination, 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 and child labor

¹⁰ <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/environmental-and-social-standards>

- 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 full-time, 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.

PIU will develop and implement internal labor management procedures applicable to the project. These procedures will set out the way in which project workers will be managed, in accordance with the requirements of national law and ESS2. The procedures will address the way in which ESS2 will apply to different categories of project workers including direct workers, and construction 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.

4.3. Key Gaps Between National Legislation and World Bank ESS2

Table 4.1: Summary of World Bank Requirements and Key Gaps with Uzbekistan Legal Requirements

| ESS & Topic | Major WB requirements | Key requirements/gaps in Uzbekistan legal framework | Principles to be followed by the Project |
|---|---|---|---|
| A. Working conditions and management of labor relations | <ul style="list-style-type: none"> - Written labor-management procedures - Terms and conditions of employment - Non-discrimination and equal opportunity - Worker’s organizations - Elaborate Labor-Management Plans including Contractor’s Environmental Social Management Plan | <ul style="list-style-type: none"> - Written employment contract required, including procedures and employment conditions; - Non-discrimination and equal opportunity requirement No provision for Labor Management Plan - | LMP was developed for the project. Terms and conditions in the LMP to comply with national law and WB requirements. Where there are gaps, such as in the case with a child working, the more stringent requirements are to be followed. |
| B. Grievance mechanism | <ul style="list-style-type: none"> - GRM should be in place for direct workers and contracted worker | <ul style="list-style-type: none"> - No project-specific GRM is warranted. - However, it is allowed to apply to: <ul style="list-style-type: none"> a) conciliation commission; b) Labor Inspection under the Ministry of Employment and Labor Relations; and c) Court. | PIU will develop a specific GRM for all workers as per this LMP. |

5. RESPONSIBLE STAFF

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.

The MDT will be the lead implementing agency (IA) with the overall responsibility for coordinating all aspects of the project, including contributions by the different relevant committees, ministries and agencies participating in the project's implementation. MDT will coordinate the implementation of the Project at the national and local levels, and also acts as the executive body to ensure the transition to the digital economy in Uzbekistan. The main role of the MDT will be the preparation of technical conceptual strategic documents for the reform and the organization of their discussion at the national, regional and local levels, as well as the coordination of the reform process at the regional and local levels. Within the existing potential of knowledge and information resources, the MDT develops and implements a communication strategy for supporting the Project at the national, regional and local levels. In addition, the MDT provides organizational support in the organization of all project activities, the organization of monitoring processes, evaluation and reporting of the project on the above components. MDT carries out regular supervision of the progress of the measures implemented under the Project for the above components. For the implementation of project activities, the MDT together with the PIU organizes the involvement of external expertise through participation in the development of technical tasks and the selection of consultants, as well as provides technical expertise for the acceptance of their reports and the corresponding implementation of their best practices. In addition, the MDT provides support to hydraulic fracturing in providing the necessary technical expertise of all the components presented in the relevant procurement of goods, works and services through participation in the development of relevant specifications and participation in tender commissions. By the order of the MDT, the First Deputy Minister is responsible for the implementation of the project and regularly prepares information on the progress of the Project to the minister.

The human resources person assigned by the MDT and PIU's Social specialist 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 Uzbekistan 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 implementing 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
- monitoring implementation of the worker code of conduct. the content and template of the code of conduct are given in attachment 1.

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, occupational safety, and health performance.

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

6. 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 followed by contractors and monitored by the MDT and PIU to ensure fair treatment of all employees:

- recruitment procedures will be transparent, public and non-discriminatory, and open with respect to ethnicity, faith/religion, disability, sexuality and 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 employment contract;
- the contracted workers will not be required to pay any hiring fees. If any hiring fees are to be incurred, these will be paid by the Employer (in this case, the “Employer” would be the contractor);
- 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;
- Normal working time should not exceed 40 hours per week. With a five-day working week, the duration of daily work is determined by the internal work regulations approved by the employer after prior consultation with the representatives of the workers, in compliance with the established working week duration.

Monitoring

Monitoring of the above-mentioned measures will be conducted directly by PIU employees such as the Project Manager, HR specialist, and Lawyer, as well as by the contracted Consultants: Project Coordinators, Social Specialists, M&E specialists, and Regional Representatives.

7. AGE OF EMPLOYMENT

In accordance with the Labor Code of the Republic of Uzbekistan, it is prohibited to use the labor of persons under the age of 18 for heavy work and work with harmful or hazardous working conditions and there are special requirements for leave, work hours, and other conditions of employment. Employer will ensure that no construction workers under 18 years are employed. Under 18 years old employees are allowed to work in sectors with no health risks with the following reduced working hours: the employees aged 14 to 16 years old - no more than 24 hours a week, from 16 to 18 years old - no more than 36 hours a week.

Contractors will be required to verify and identify the 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 minor under the minimum labor eligible age is discovered working on the project, measures will be taken to immediately terminate the employment or engagement of the minor in a responsible manner, taking into account the best interest of the minor.

8. TERMS AND CONDITIONS

Terms and conditions of direct workers are determined by their individual contracts. Terms and conditions should include provisions set out in the “HR Regulations” approved by the Law of the Republic of Uzbekistan #ZRU-410 dated September 22, 2016 on introduction of amendments and additions to the law of the Republic of Uzbekistan “On Labor Protection”. Purpose of Law. The purpose of this Law is to regulate relations in the field of labor protection. Legislation on labor protection. Labor protection legislation consists of this Law and other legislative acts. If an international treaty of the Republic of Uzbekistan establishes rules other than those provided by the legislation of the Republic of Uzbekistan on labor protection, then the rules of the international treaty are applied.

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 with the requirements of labor legislation of the Republic of Uzbekistan.

The contractors’ labor management procedure will set out terms and conditions for the contracted and subcontracted workers. These terms and conditions will be in line, at a minimum, with this labor management procedure, Uzbekistan Labor Code, and General Conditions of the World Bank Standard Procurement Documents.

9. GRIEVANCE MECHANISM

9.1. Description of Grievance Mechanism

A grievance mechanism is a procedure that provides a clear and transparent framework for addressing grievances related to the recruitment process and in the workplace. This typically takes the form of an internal procedure for complaints, followed by consideration and management response and feedback.

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.

The project will use GM for the project workers, which is being established for the project in compliance with the objectives of ESS2. The GM with a step-by-step procedure for the Project workers consistent with the ESS2 will be described in the Project Operations Manual (POM). Essentially, it will be at different levels. This GM is not same as the grievance mechanism to be established for project affected stakeholders. The Project workers' grievance mechanism will not prevent workers to use judicial procedure.

Grievance procedures should be tailored to meet the needs of the project, culture and workforce composition. The Grievance procedures may be included in collective agreements. A clause in a contractor-level collective agreement that establishes a mechanism for individual employees to bring an employment-related grievance, potentially through their trade union and/ or with trade union assistance, will be sufficient to meet ESS2.

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

9.2 Direct workers' GM structure

To mitigate the risks related to direct workers a GM for Direct Workers will be established.

First - PIU level. The project coordinator, specialists of the HR, legal support and office work department of the PIU are the first level for complaints related to violation of labor legislation in accordance with the Code of Conduct and Ethics in PIU, which is an integral part of the employee's employment contract, depending on the nature of the issue raised, will be responsible for the timely receipt, consideration of complaints, including problems related to violation of the employee's employment contract. If the issue cannot be resolved at the first level within 7 working days, then it will be escalated to the next level.

Second – MDT level. The MDT is the second level for handling complaints. For direct workers, there is a situation in which there is no response from the HR department, or if the answer is not satisfactory, then plaintiffs and feedback providers have the opportunity to contact the PIU director directly to continue on this issue. The complaints should be considered and feedback provided within the next 7 working days.

9.3 Contracted and primary supply worker's GM structure

First - Contractor's level. Contractors should develop their own GM and resolve the grievances of contracted workers. Grievance Focal Point (GFP) assigned by the Contractor will file the grievances and appeals of contracted workers and will be responsible to facilitate addressing the grievances. If the issue cannot be resolved at contractor's level within 7 working days, then it will be escalated to the PIU local level.

Second - PIU level. Social specialist of PIU local level will serve as GFP to file the grievances and appeals of the project workers. He/She will be responsible to coordinate with relevant departments/organizations 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 next level.

If there is a situation in which there is no response from the PIU Local level, or if the response is not satisfactory then complainants and feedback providers have the option to contact the Focal Person indirectly to follow up on the issue.

9.4 Handling sensitive grievances

Taking into account the standards regarding the prevention of sexual exploitation and abuse/sexual harassment (SEA/SH), which, in accordance with the requirements of the World Bank, must be observed in all projects financed by the World Bank, these standards will be observed and responsibilities take action to raise awareness on the prevention and suppression of SEA/SH. At all stages of the project implementation, all project staff and contractors will be informed about the understanding of the principles of control and prevention of risks of SEA/SH. The GM will ensure the access and confidentiality of the complaint mechanism, and will allow the complainant not to fear retaliation. These complaints will be investigated without undue delay, and all perpetrators will be held accountable. SEA/SH issues require some additional measures:

- Gender sensitivity will be sought in the employment of social specialist;
- Social specialists will be informed about SEA/SH issues;

In addition to the socio-cultural characteristics and non-violent communication ways in the training of workers, SEA/SH will also be on the agenda. Worker training will include the following information on SEA/SH:

- Definition of violence against women in national and international documents;
- Types of violence (physical, sexual, economic, emotional);
- Legal sanctions;

The grievance mechanism will be accessible and ensure the confidentiality of personal information.

Information activities will be carried out to inform women about the mechanism. The following types of information are presented in these studies:

- Women's rights;
- Self-protection in cases of violence and sexual abuse;
- Emergency phone numbers;
- Contact information of the institutions and organizations they can apply to;
- Grievance mechanism and privacy policy;

The confidentiality principle of the grievance mechanism will be repeated in all information materials.

The project will utilize additional mitigation measures proportional to risk. The contractor will be responsible for developing the workforce management procedure, health, and safety plans as well as SEA/SH protocols which will apply to their own and subcontractor employees who work on the Project. These procedures and plans will be submitted to PIU for review and approval before the contractors are allowed to mobilize to the field of construction. All contractors will be required in the contract to commit against the use of child and forced labor, introduce mitigation measures against SEA/SH, and PIU staff in charge of contractor supervision will monitor and report the absence of forced labor and cases of SEA/SH. All personal data and complaints received by the GM will be treated in a confidential manner unless the complainant consents to the disclosure of their personal information. Especially, the confidentiality of sensitive issues and complaints related to SEA/SH raised by communities will be followed.

9.5 Monitoring and reporting on grievances

The PIU will be responsible for:

- Analyzing the qualitative data on the number, substance, and status of complaints and uploading them into the project databases established by PIU;
- Monitoring outstanding issues and proposing measures to resolve them;
- Preparing reports on GM as a part of the project progress reports being shared with the WB.

Biannual reports to be submitted to the WB shall include a section related to GM which provides updated information on the following:

- Status of GM implementation (procedures, training, public awareness campaigns, budgeting, etc.);
- Qualitative data on the number of received grievances (applications, suggestions, complaints, requests, positive feedback), highlighting a number of resolved grievances;
- Quantitative data on the type of grievances and responses, issues provided, and grievances that remain unresolved;
- Level of satisfaction by the measures (response) taken;
- Any correction measures taken.

9.6 Existing GM at MDT

Along with the World Bank requirements on development and implementation of grievance mechanism for each Bank finance project, a grievance redress procedure is also required according to national legislation. In Uzbekistan a grievance redress procedure is regulated by the law “On Citizens’ Applications” and the “Law on the order of submission of appeals of physical and legal entities” (#378, December 03, 2014). Moreover, the SCVLD provides an internal grievance mechanism for physical and legal entities to raise reasonable workplace concerns. The grievance mechanism procedures are described in the following local regulations as well: Law of the Republic of Uzbekistan “About appeals of individuals and legal entities” #445 dated on 11.09.2017.

Table 9.1. Channels for accessing information and submitting grievances¹¹

| Description | Contact details |
|--|---|
| Grievance Redress Committee – 1 st tier | Project Implementation Unit. IT-Park |
| Grievance Redress Committee – 2 nd tier | MDT Mrs. Dilnora Inagamova |
| Address: | 4 Amir Temur Avenue, 100000, Tashkent, Uzbekistan |
| Telephone: | +99871 238 41-58 |
| Hotline: | +99871 238 41-58 |
| Web-platform: | murojaat@mitc.uz |
| Anonymous complaints are also entertained by any of the above channels | |

9.7 World Bank Grievance Redress System

Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may also complaints directly to the Bank through the Bank’s Grievance Redress Service (GRS) (<https://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>). A complaint may be submitted in English, Uzbek or Russian,

¹¹ Contact details will be updated as soon as the PIU will be established

although additional processing time will be needed for complaints that are not in English. A complaint can be submitted to the Bank GRS through the following channels:

- By email: grievances@worldbank.org
- By fax: +1.202.614.7313
- By mail: The World Bank, Grievance Redress Service, MSN MC10-1018, 1818 H Street Northwest, Washington, DC 20433, USA
- Through the World Bank Uzbekistan Country Office in Tashkent: 107B Amir Timur Street, Block C, 15th floor, 100084, Tashkent, Uzbekistan, tashkent@worldbank.org, Tel. +998 71 120-2400.

The complaint must clearly state the adverse impact(s) allegedly caused or likely to be caused by the Bank-supported project. This should be supported by available documentation and correspondence to the extent possible. The complainant may also indicate the desired outcome of the complaint. Finally, the complaint should identify the complainant(s) or assigned representative/s and provide contact details. Complaints submitted via the GRS are promptly reviewed to allow quick attention to project-related concerns.

In addition, project-affected communities and individuals may submit complaints to the World Bank's independent Inspection Panel, which will then determine whether harm occurred, or could occur, as a result of the World Bank's non-compliance with its policies and procedures. Complaints may be submitted to the Inspection Panel at any time after concerns have been brought directly to the World Bank's attention, and after Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org

10 CONTRACTOR MANAGEMENT

Any contracts will include provisions related to labor and occupational health and safety as provided in the World Bank Environmental and Social Framework, Standard Procurement Documents and Uzbekistan legislation.

The PIU will use the Bank's 2017 Standard Procurement Documents for solicitations and contracts, and these include labor and occupational, health and safety requirements and will make reference to this LMP. The PIU shall ensure that the contractors are legitimate and reliable entities, and that any written labor procedures the contractors have in place are in compliance with this Procedure. As part of the selection process the PIU may review the following information:

- Information in public records, for example, corporate registers and public documents relating to violations of applicable labor law, including reports from labor inspectorates and other enforcement bodies;
- Business licenses, registrations, permits, and approvals;
- Documents relating to a labor management system, including OHS issues, for example, labor management procedures;

While during the implementation of the Contracts the following shall be reviewed:

- Identification of labor management, safety, and health personnel, their qualifications, and certifications;
- Workers' certifications/permits/training to perform required work;
- Records of safety and health violations, and responses;
- Accident and fatality records and notifications to authorities;
- Records of legally required worker benefits and proof of workers' enrollment in the related programs;
- Worker payroll records, including hours worked and pay received;
- Copies of previous contracts with contractors and suppliers, showing the inclusion of provisions and terms reflecting ESS2.

PIU will manage and monitor the performance of contractors in relation to contracted workers, focusing on compliance by contractors with their contractual agreements (obligations, representations, and warranties) and labor management procedures. This may include periodic audits, inspections, and/or spot checks of project locations and work sites as well as of labor management records and reports compiled by any contractors.

Labor management records and reports that may be reviewed would include: representative samples of employment contracts or arrangements between third parties and contracted workers, records relating to grievances received and their resolution, reports relating to safety inspections, including fatalities and incidents, and implementation of corrective actions, records relating to incidents of non-compliance with national law, and records of training provided for contracted workers to explain occupational health and safety risks and preventive measures.

ATTACHMENT 1. The content and template of code of conducts

CODE OF CONDUCT

MINIMUM REQUIREMENTS FOR THE CODE OF CONDUCT

A minimum requirement for the Code of Conduct should be set out, taking into consideration the issues, impacts, and mitigation measures identified in:

- project reports e.g. ESIA/ESMP
- consent/permit conditions
- required standards including World Bank Group EHS Guidelines
- national legal and/or regulatory requirements and standards (where these represent higher standards than the WBG EHS Guidelines)
- relevant standards e.g. Workers' Accommodation: Process and Standards relevant sector standards e.g. workers accommodation
- grievance redress mechanisms.

The types of issues identified could include. risks associated with: labor influx, the spread of communicable diseases, sexual harassment, gender-based violence, illicit behavior and crime, and maintaining a safe environment etc.

The minimum Code of Conduct requirement may be based on the following:

CODE OF CONDUCT REQUIREMENTS

A satisfactory code of conduct will contain obligations on all project staff (including sub-contractors and day workers) that are suitable to address the following issues, as a minimum. Additional obligations may be added to respond to particular concerns of the region, the location and the project sector or to specific project requirements. The issues to be addressed include:

- Compliance with applicable laws, rules, and regulations of the jurisdiction
- Compliance with applicable health and safety requirements (including wearing prescribed personal protective equipment, preventing avoidable accidents and a duty to report conditions or practices that pose a safety hazard or threaten the environment)
- The use of illegal substances
- Non-Discrimination (for example on the basis of family status, ethnicity, race, gender, religion, language, marital status, birth, age, disability, or political conviction)
- Interactions with community members (for example to convey an attitude of respect and non-discrimination)
- Sexual harassment (for example to prohibit use of language or behavior, in particular towards women or children, that is inappropriate, harassing, abusive, sexually provocative, demeaning or culturally inappropriate)
- Violence or exploitation (for example the prohibition of the exchange of money, employment, goods, or services for sex, including sexual favors or other forms of humiliating, degrading or exploitative behavior)
- Protection of children (including prohibitions against abuse, defilement, or otherwise unacceptable behavior with children, limiting interactions with children, and ensuring their safety in project areas)
- Sanitation requirements (for example, to ensure workers use specified sanitary facilities provided by their employer and not open areas)
- Avoidance of conflicts of interest (such that benefits, contracts, or employment, or any sort of preferential treatment or favors, are not provided to any person with whom there is a financial, family, or personal connection)
- Respecting reasonable work instructions (including regarding environmental and social norms)
- Protection and proper use of property (for example, to prohibit theft, carelessness or waste)

- Duty to report violations of this Code
- Non retaliation against workers who report violations of the Code, if that report is made in good faith.

The Code of Conduct should be written in plain language and signed by each worker to indicate that they have:

- received a copy of the code;
- had the code explained to them;
- acknowledged that adherence to this Code of Conduct is a condition of employment; and
- understood that violations of the Code can result in serious consequences, up to and including dismissal, or referral to legal authorities.

CODE OF CONDUCT TO BE ADHERED BY CONTRACTORS

Code of Conduct for Contractor’s Personnel (ES) Form

CODE OF CONDUCT FOR CONTRACTOR’S PERSONNEL

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, sexual abuse and sexual harassment.

Note:

The minimum content of the Code of Conduct form as set out by the Employer shall not be substantially modified. However, the Contractor may add requirements as appropriate, including to take into account Contract-specific issues/risks.

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, laborers 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 behavior that we require from all Contractor’s Personnel.

Our workplace is an environment where unsafe, offensive, abusive or violent behavior 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:

- carry out his/her duties competently and diligently;
- 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;
- maintain a safe working environment including by:
 - ensuring that workplaces, machinery, equipment and processes under each person’s control are safe and without risk to health;
 - wearing required personal protective equipment;

- using appropriate measures relating to chemical, physical and biological substances and agents; and
- following applicable emergency operating procedures.
- 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 serious danger to his/her life or health;
- treat other people with respect, and not discriminate against specific groups such as women, people with disabilities, migrant workers or children;
- not engage in Sexual Harassment, which means unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature with other Contractor's or Employer's Personnel;
- 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;
- not engage in Sexual Abuse, which means the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions;
- 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, Sexual Exploitation and Abuse (SEA), and Sexual Harassment (SH);
- report violations of this Code of Conduct; and
- 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 grievance mechanism for Contractor's Personnel or the project's Grievance Redress Mechanism.

RAISING CONCERNS

If any person observes behavior 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, sexual abuse and sexual harassment cases, 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 behavior 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(s) with relevant experience] 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): _____

ATTACHMENT 1: Behaviors constituting Sexual Exploitation and Abuse (SEA) and behaviors and behaviors constituting Sexual Harassment (SH)

ATTACHMENT 1 TO THE CODE OF CONDUCT FORM

BEHAVIORS CONSTITUTING SEXUAL EXPLOITATION AND ABUSE (SEA) AND BEHAVIORS CONSTITUTING SEXUAL HARASSMENT (SH)

The following non-exhaustive list is intended to illustrate types of prohibited behaviors

(1) Examples of sexual exploitation and abuse include, but are not limited to:

- A Contractor's Personnel tells a member of the community that he/she can get them jobs related to the work site (e.g. cooking and cleaning) in exchange for sex.
- A Contractor's Personnel that is connecting electricity input to households says that he can connect women headed households to the grid in exchange for sex.
- A Contractor's Personnel rapes, or otherwise sexually assaults a member of the community.
- A Contractor's Personnel denies a person access to the Site unless he/she performs a sexual favor.
- A Contractor's Personnel tells a person applying for employment under the Contract that he/she will only hire him/her if he/she has sex with him/her.

(2) Examples of sexual harassment in a work context

- Contractor's Personnel comment on the appearance of another Contractor's Personnel (either positive or negative) and sexual desirability.
- When a Contractor's Personnel complains about comments made by another Contractor's Personnel on his/her appearance, the other Contractor's Personnel comment that he/she is "asking for it" because of how he/she dresses.
- Unwelcome touching of a Contractor's or Employer's Personnel by another Contractor's Personnel.

A Contractor's Personnel tells another Contractor's Personnel that he/she will get him/her a salary raise, or promotion if he/she sends him/her naked photographs of himself/herself.