

**Ministry of Agriculture and Uzbekistan Agroindustry and Food Security
Agency (UZAIFSA)**

Uzbekistan Agriculture Modernization Project

LABOR MANAGEMENT PROCEDURES

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1. Project Description

1.1. Project rationale and project development goals

The proposed Agriculture Modernization Project (AMP) supports an ambitious agricultural reform strategy of the Government of Uzbekistan (GoU) to successfully transition to a market-oriented and inclusive agriculture sector. Agricultural reforms are a critical part of the overall reform package organized under two pillars necessary to this transition: (i) increasing the role of markets and the private sector in the economy; and (ii) enhancing inclusion. The proposed project is central to the World Bank Group (WBG)'s overall engagement with Uzbekistan, as described in the revised 2016-2020 Country Partnership Framework (CPF).

The project is consistent with the GoU's Development Strategy for 2017-2021. The main economic reform priorities under the Development Strategy focus on achieving high and sustained rates of inclusive economic growth and job creation and improving public service quality and efficiency. Focus areas include improved economic competitiveness and export-oriented growth, industrial diversification, and the reduction in the role of the state in favor of private and market-led production. To achieve these, the GoU prioritized efforts to strengthen fiscal, monetary, and financial sector policies, reduce the tax burden, address external and internal price distortions that constrain the formation of markets, and strengthen and develop the banking and financial sector.

The proposed **project development objective** is to enable transition to market-oriented and inclusive agriculture sector in Uzbekistan.

Success of the project will be monitored against achievement of the following **key results indicators**:

- Beneficiaries satisfied with project (extension, finance, logistics, market information) services (Citizen Engagement Indicator).
- Farmers adopting improved agricultural technology (Corporates Results Indicator).
- Share of agribusinesses supported by the project that established and maintained formal value chain linkages with farmers.
- Share of produce that flows through agro-logistical centers supported by the project being exported.

1.2. Project components and planned investments

The project aims at laying the foundation for a profound structural transformation of Uzbekistan's agriculture, especially in horticulture, to foster market orientation and inclusion. Component 1 will focus on providing a set of interventions needed to begin a (re)creation of an agricultural knowledge innovation system suitable for market-oriented agriculture. Component 2 will help put in place the conditions necessary to attract private investors in the development of value chains in a way that ensures a broader participation of farmers. Component 3 will support market and trade access. Component 4 will support project management.

The Project Development Objective (PDO) is to enhance productivity-supporting agricultural services and promote market-led, high-value horticulture value chains. Four components to achieve the development objective are as follows:

- Component 1: Enhancing Productivity-Supporting Agricultural Services. The objective of this component is to enhance the knowledge and human capital – to underpin the productive transformation of agriculture - by both funding directly public agricultural R&D and creating conditions to attract more private investment into agricultural R&D, in order to more effectively serve the farmers. The component will focus on: (i) agricultural research and development; (ii) seed/seedling production; (iii) land productivity enhancement; and (iv) farmer adoption support. The project will support practical mechanisms that bring research, extension, and

private sector together in order to better align research and innovation priorities with local constraints faced by farmers and agribusinesses in order to develop a more productive, climate-resilient, diversified and market-led agricultural sector.

- Component 2: Supporting Investments in High-Value Horticulture Value Chains. The objectives of this component are to support investments in high-value horticulture value chains, facilitate farmers' participation in investment opportunities created by economic liberalization and agricultural diversification, and enable productive partnerships/clusters between farm groups and agribusinesses. These objectives will be achieved through a mix of technical support provided under component 1 and two credit windows that would offer long-term financing tailored to the needs of farmers and agribusinesses.
- Component 3: Facilitating Trade and Marketing. The objective of this component is to improve access of Uzbekistan's horticulture products on both internal and external markets through improvements in: (i) agro-logistics; (ii) plant protection and phytosanitary measures; and (iii) market information collection and dissemination.
- Component 4: Supporting Project Management. This component will support project management, coordination, monitoring and evaluation, and implementation of environmental and social measures under the World Bank Environmental and Social Framework.

1.3. Implementing Agency

The primary implementing agency will be the Uzbekistan Agroindustry and Food Security Agency (UZAIFSA). UZAIFSA, formerly Rural Restructuring Agency (RRA) under the Ministry of Agriculture and Water Resources of the Republic of Uzbekistan, was founded by the Resolution of the Cabinet of Ministers #356 of 19.08.1998. In 2018 the RRA was re-organized due to the split of the Ministry of Agriculture and Water Resources into two separate Ministries (Agriculture and Water Resources respectively). UZAIFSA was founded according to the RCM #940 of 21.11.2018 (<http://lex.uz/ru/docs/4072905>).

UZAIFSA was founded for the development of agro-industrial complex and entrepreneurship. The Agency is responsible for assisting in the development and implementation of projects in the field of agriculture and food supply, development and support of entrepreneurship.

The UZAIFSA is well experienced with implementing all donor-financed projects on agriculture and water resource management and they have a good record of working hand-in-hand with the line ministries to deliver specific programs. The track record on implementing safeguards issues under the WB implemented projects (Horticulture Development, Livestock Development, and Climate Adaptation for Aral Sea Basin projects) is overall positive and proves that UZAIFSA has good institutional and human in-house capacity for ensuring social and environmental safeguards under the proposed project.

UZAIFSA currently employs a total of 139 employees, out of which about 15% are women, who are managing more than 10 projects throughout the country, supported by the World Bank, ADB and other development partners.

It is expected that with the adoption of the Strategy for Agricultural Development in Uzbekistan for the period of 2020-2030, UZAIFSA will be re-organized into a Project Implementation Agency under the Ministry of Agriculture, and will be responsible for implementation of projects on Agriculture Sector including Horticulture and Livestock sub-sectors.

2. OVERVIEW OF LABOR USE ON THE PROJECT

2.1. Type of Workers

ESS 2 categorizes the workers into: direct workers, contracted workers, community workers, and primary supply workers.

Direct workers. The project will be implemented by the UZAIFSA. Apart from the PIU at the national level, it is expected to have regional coordinators, at least one in each of the two project regions, where construction of agro-logistical centers is planned in Bukhara and Khorezm regions.

Contracted Workers. Two broad categories of contracted workers are expected. First is Consultant service providers who will provide implementation support services to the implementing agency. Second is the staff of civil works contractors to be subcontracted to arrange for civil works under the subprojects.

Community Workers will not be involved in the project. Communities will have no role in procurement and management of any contracts. Local residents may be hired as employees by civil works contractors, and as such will be covered under the provisions of this LMP and the respective Contractors' LMPs.

Primary Suppliers are likely to include suppliers of construction materials for any civil works to be supported by the project, as well as equipment (e.g., cold storage and related machinery, calibration and packaging materials and machinery, laboratory equipment, etc.), as well as other inputs, for example, seeds, fertilizers that may be used on continuous basis by the laboratories, the extension service and logistics centers which will be built under the project.

2.2. Number of Project Workers

The exact number of project workers which will be engaged in relation to the Project is currently not known. However, some estimated numbers are provided below. These are based on the current workforce of UZAIFSA, present in Tashkent and in the potential regions to be covered by the Project, as well as on prior projects of similar scale.

Direct Workers. Total number of UZAIFSA employees, dedicated to this project, is estimated to be approximately 25: 21 residing in Tashkent City and 4 regional representatives. UZAIFSA employees working under Component 4 include: Project Manager, Accountant, Project Coordinators (x2), Investment Specialist, Loan Officer, Agriculture Development Specialists, Marketing Specialist, Procurement Specialists (x4), M&E specialist, Environment protection specialist, Social and Gender Specialist, Lawyer, interpreter/translator, and regional representatives (including environmental and social staff, community liaison officer).

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. Contracted workers will include Consultants and Civil Works Contractors.

- Consultants will be recruited for research and capacity building tasks. Estimated number of Consultants to be hired is about 50.
- Civil Works Contractors and Workers. Civil works are foreseen under Components 1 and 3 in the Project. Component 1 includes civil works for rehabilitation and

construction of new laboratories for Research Institutes, demonstrational activities, installation of climate-smart technologies, foundation of extension centers, etc. Estimated number of workforces for the Component 1 is about 250. Component 3 includes construction of 2 agro-logistics centers with locations to be determined (tentatively in Bukhara and Khorezm regions), and rehabilitation of premises of the State Quarantine Agency. Estimated number of workforces for the Component 3 is about 200.

In total about 450 workers may be involved in construction works under the project.

2.3. Characteristics of Project Workers

Given the nature of the project workforce (mostly unskilled and semiskilled construction labor) and characteristics of the labor force market in Uzbekistan, it is likely that the workforce, especially the lower-skilled workers will be predominantly male. Female workers are expected to be employed by UZAIFSA and, in more limited numbers, by Contractors. It is estimated that women would represent about 5-10 percent of the workforce, and those would likely be technical (engineering) and/or staff working in the operation offices and camps (maids, cooks, cleaners etc.). The expectation is that the majority of labor will be locally hired with the exception of a few skilled workers. All the works will be contracted out. Contractors will be encouraged to train and hire as many workers as possible from local communities.

Based on the experience under previous projects implemented by UZAIFSA, all workers will be over 18 and will be on average 30-40 years old.

2.4. Timing of Labor Requirements

The direct workers will be required full time and around the year for the project duration. Consultant Services workers will be required full time and on intermittent basis for the project duration. Civil works contracted workers will be required, as per the need. Construction season typically lasts from March to November but can vary depending on the weather conditions. It will be up to the contractors to mobilize labor force to coincide with the type of works and the season.

3. ASSESSMENT OF KEY POTENTIAL LABOR RISKS

It is assessed that key labor risks would be associated with health and safety risks related to the construction of agro-logistics centers and rehabilitation of buildings such as exposure to physical, chemical and biological hazards during construction activities, use of heavy equipment, trip and fall hazards, exposure to noise and dust, falling objects, exposure to hazardous materials and exposure to electrical hazards from the use of tools and machinery. As the construction activities will involve hazardous work, persons under the age of 18 will not be employed by the Project. Many workers will be exposed to occupational health and safety hazards, including but not limited to:

- Electrical works
- Exposure to chemicals (as paints, solvents, lubricants, and fuels, pesticides, chemical fertilizers)
- Traffic accidents
- Excavations hazards
- Lifting of heavy structures
- Exposure to construction airborne agents (dust, silica and asbestos)
- Ergonomic hazards during construction
- Welding hazards (fumes, burns and radiation)

- Steel erection hazards and so on.

The UZAIFSA will take steps to prevent accidents, injury, and disease arising from, associated with, or occurring in the course of work by minimizing, as far as reasonably practicable, the causes of hazards. In a manner consistent with good international industry practice, as reflected in various internationally recognized sources including the World Bank Group Environmental, Health and Safety Guidelines, the client will address areas that include the (i) identification of potential hazards to workers, particularly those that may be life-threatening; (ii) provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (iii) training of workers; (iv) documentation and reporting of occupational accidents, diseases, and incidents; and (v) emergency prevention, preparedness, and response arrangements. Requirements to follow good industry practice and RSH Guidelines will be included in bidding documents of all civil works contractors. Contractors will also be required to develop Contractor's LMP in line with the project Labor Management Procedures which will be monitored by UZAIFSA and Supervision Consultants throughout the course of Project implementation.

Under Component 2, the Project will support horticulture farmers via credit line and grant scheme. These may be small dehkan farms with 0.5 ha of arable land, as well as larger farms, with the size of 50 hectares and more, which could also produce cotton and wheat. In this way, the project may face risks of forced labor with cotton harvesting being indirectly associated with project activities. To mitigate this risk the UZAIFSA will require that Participating Financial Institutions (PFIs) recipients of credit introduce screening, training, and monitoring measures to ensure that credit recipients (agricultural enterprises or cooperatives) commit to positive environmental and social practices, including zero tolerance for forced or child labor. The respective screening and monitoring measures – be implemented by UZAIFSA and Participating Financing Institutions – are described in more detail in the Project Environmental and Social Management Framework.

Forced and Child Labor Issues: Sectoral Risks

Uzbekistan has been working towards abolishing past practices of child and forced labor associated with the cotton sector, and has achieved significant progress. In March 2019, Uzbekistan was removed from the list of countries where child labor was systematically used in agricultural production. However, the problem with the use of forced labor still remains. The third-party monitoring of the 2018 cotton harvest season by the International Labor Organization has shown that cases of forced labor were associated with approximately 7 percent of the labor force who participated in the cotton harvesting. Forced labor cases have also been associated with Uzbekistan's Obod Qishloq state program (Prosperous Village) related to labor used in carrying out community infrastructure works. Efforts continue to be made within the country to completely eliminate forced labor, including significant increase of fines ranging from 10 to 30 times the minimum wage for using such practices, and up to 100 times the minimum wage for repeated offence, according to the amended Articles 49 and 51 of Administrative Code. Moreover, in 2018 Uzbekistan adopted a number of labor related laws and regulations, including:

- GOU Resolution on Additional Measures to Eradicate Forced Labor in Uzbekistan (N 349 issued May 10, 2018)
- GOU Resolution for Implementation of ILO Conventions Ratified by Uzbekistan with the Regulations on the Republican Interagency Commission (N 407 issued May 31, 2018).

A national Grievance Redress Mechanism to report cases of forced and child labor is established through the Federation of Trade Unions in Uzbekistan responsible for the monitoring of labor rights

protection, using a 24-hour helpline anonymous short number (1092), telegram bots (the most popular messenger in Uzbekistan) and internet sites. According to the latest ILO report¹ “Third party monitoring of child labor and forced labor during the 2018 cotton harvest in Uzbekistan” p.20 regarding the performance of 24-hour helpline system: “Over 2,500 cases were received from all provinces of Uzbekistan. There was a consistent trend among both feedback mechanisms that the number of cases across provinces varied significantly. Most cases were received from Kashradaryo, Jizzakh and Tashkent provinces. Many of the cases received by the feedback mechanisms led to disciplinary measures against hokims, officials and managers for forced labor violations. During the 2018 harvest, a total of 206 hokims, officials and managers were sanctioned for violations related to forced labor. The measures applied included dismissals, demotions and fines. Further work is required to assess whether sanctions are indeed commensurate with the severity of the offence and in line with international standards on forced labor.”

The Uzbekistan Agriculture Modernization Project will support agricultural services exclusively related to horticulture. Any activities associated with cotton or wheat production will be deemed ineligible. Research conducted by ILO consultants in 2018 indicates that no incidents of forced and child labor have been observed in the horticulture sector. Nevertheless, as noted above, the project will introduce screening and monitoring measures for all project-supported activities, including under credit lines and grant schemes financed by the project. Precedents of such measures have been successfully introduced in ongoing World Bank-financed agriculture projects in Uzbekistan, such as the Ferghana Valley Rural Enterprise Project, which specifies that: *“The activities of all potential Project beneficiaries will be pre-screened and regularly monitored to ensure that they are not related in any form to child or forced labor. Should child or forced labor cases be found, the right of the Beneficiary to use the proceeds of the sub-financings will be suspended and terminated and declared to be immediately due and payable to the PFI.”*

Similarly, no child, forced, involuntary or unpaid labor will be used in any civil works activities, contracted by or directly associated with the project.

The above will be monitored by UZAIFSA and will be included in the training to be provided to UZAIFSA staff, staff of Participating Financing Institutions (PFIs), and local government officials in participating regions. These provisions will also be included in the Subsidiary Agreements signed between Central Bank, UZAIFSA and PFIs.

4. BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS

The Constitution of the Republic of Uzbekistan (adopted on December 8, 1992) includes a chapter on 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 the 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 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 is 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.

¹ https://www.ilo.org/ipec/Informationresources/WCMS_681372/lang--en/index.htm

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 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, 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 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 policy making. The ministry is tasked with the development and regulation of labor market and ensuring employment of population, regulation of labor relations and labor protection, provision of social services for 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 hiring of students from secondary schools, secondary special, 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 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 legislations, and have the same rights as adult workers with some benefits due to their age (Labor Code, Article 240). People under age of 18 can be employed only after medical examination and further until reaching the age of eighteen are subject to mandatory annual medical examination. People under age of 18 can be employed only for works which have no risk to their health, safety and moral, 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 Administrative Code of Uzbekistan impose fines for violation of 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 offence 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 September 2019, the minimum wage payment for a full-time position, cannot be less than 634,880 UZS² (or \$67,4). 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 hour 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. Night time 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 No. PP - 4235 of March 7, 2019³, 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 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. 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 termination of employment, employees are paid for unused leave, or they may use the leave as their last days of employment.

² Government Decree #775 of 16.09.2019

³ <http://lex.uz/ru/docs/4230938>

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, which 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 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 two-week prior written notice, or apply for leave without pay. Layoff or temporary leaves without pay can be initiated by an employer due to 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 employees..." (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".

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

Occupational Safety and Health (OSH) legislation comprises the Labor Code, the Law on Occupational Safety and Health, the decrees of the President of the Republic of Uzbekistan, Occupational Health and

Safety standards, decisions of executive government agencies taken within their competence in the form of decrees, executive orders, regulations, directives, rules, etc.

More than 30 articles of **the Labor Code** are directly linked with issues of occupational safety and health. They include:

- Occupational safety and health requirements (Article 211);
- Ensuring safe and healthy labor conditions (Article 212);
- Instruction and training in OSH matters (Article 215);
- Regulation of working hours in hazardous occupations for workers performing special work and workers under 18 (Articles 116, 117 and 118);
- Terms of recruiting invalids for various jobs (Article 220);
- Providing workers with milk, medical preventative nutrition, means of individual protection and hygiene (Article 217);
- Providing first medical aid to workers who have fallen ill at work (Article 221); and
- Registration and investigation of accidents, supervision of labor conditions (Article 222) and others.

The Law “On Labor Protection” in the new edition was signed by the President of Uzbekistan on September 22, 2016. The law is aimed at further improvement of labor protection system, strengthening responsibility of employer and workers to execute requirements in this area, defining public authorities powers to ensure proper monitoring of working conditions and safety, increasing efficiency of public control in this field, bringing certain provisions of the current law in accordance with the requirements of the newly adopted legislative acts in modern market economy.

The law introduces new concepts, regulates clearly issues of certification of workplaces on working conditions, audit of the OSH management system, investigation and registration of accidents at work and occupational diseases. It establishes specific mechanisms for public and trade unions participation in implementation of public control in this field, secures their rights related directly to OSH activities.

The Law on Occupational Safety in Hazardous Production Facilities passed on August 25, 2006 sets down the legal, economic and social terms of ensuring safe exploitation of hazardous production facilities and is aimed at preventing accidents and building the capacity of enterprises to liquidate their aftermath.

Under the Decree of the Cabinet of Ministers of the Republic of Uzbekistan No. 60 of February 11, 2005 Rules of Compensation by the Employer of the Damage Caused to Employees by Injury, Occupational Disease or other Work-Related Impairment of Health were introduced. Under the law On Occupational Safety and Health a worker who has been fully or partially disabled through the fault of the management as a result of an occupational accident or professional disease is entitled to a lump sum allowance and compensation of damage to health paid by the enterprise. The lump sum allowance is determined by the collective contract (agreement) and may not be less than the annual wages of the victim.

The enterprise is obliged to compensate the victim for the cost of treatment, prosthetic work and other types of medical and social assistance and ensure retraining and reemployment of the victim in accordance with the medical report or pay the cost of the same. In the event of the death of a worker the enterprise pays material damage to the persons entitled to it as well as a lump sum in the amount of not less than six average annual wages of the deceased.

In addition to the main legislation the Republic has national normative documents addressing the issues of occupational health and safety. They include the Sanitary Rules and Norms (SanPiN), State Occupational Safety Standards (GOST, SSBT), Construction Norms and Rules (SNiPs), standards of the content of harmful substances (maximum allowable concentrations and levels), normative methodological documents on individual issues setting forth concrete requirements to occupational safety in hazardous facilities, when manufacturing or applying various products, etc. In addition to state normative documents various sectors of industry enforce departmental and interdepartmental norms, requirements and rules of occupational safety and health.

Enforcement of OHS legislation. The main state bodies responsible for the implementation of OSH policy are:

- the Ministry of Employment and Labour Relations, including the State Labor Inspection under the Ministry with territorial branches distributed all over the Republic;
- the State Inspection for Safety in Industry, Mining and Housing and Utilities Sector;
- the Department of State Sanitary Epidemiological Supervision under the Ministry of Health of the Republic of Uzbekistan.

The Ministry of Employment and Labor Relations has an OSH directorate and the State Labour Inspection and its regional branches in the Republic of Karakalpakstan, Viloyats (provinces), the Tashkent city and district directorates and branches on labor, employment and social security. They constitute a single system of supervision and monitoring compliance with OSH requirements at the ministries and agencies, institutions, organizations, industrial and agricultural enterprises, with the exception of hazardous facilities that are under the jurisdiction of the State Inspection on Safety in Industry, Mining and the Housing and Utilities Sector.

The structural units of the State Inspection for Safety in Industry, Mining and the Housing and Utilities Sector are sectoral inspections:

- for supervision of the coal and mining industries;
- for supervision of the oil and gas industry;
- for supervision in the chemical, metallurgical and oil and gas processing industry;
- for gas supervision;
- for boiler and underground structures supervision;
- for geological prospecting supervision;
- for nuclear industry supervision;
- for transport and storage of petroleum products supervision;
- for supervision of the carriage of hazardous cargoes;
- for supervision of subsoil resources, processing of mineral raw materials and geological and surveying control;
- for supervision of compliance with the technological rules of grain storage and processing;
- for supervision of the work of power stations, substations and networks; and
- for supervision of the housing and utilities sector.

Sanitary supervision is carried out in the name of the state by the agencies of the Ministry of Health in accordance with the basic laws of the Republic of Uzbekistan: The Constitution, the Laws on Protecting the Health of Citizens and On State Sanitary Supervision (Gossannadzor) and other regulations.

According to the Statement on the Procedure for the Creation and Organization of Labor Protection Services in organizations, Attachment #5, 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” each organization must have Labor Protection personnel which is responsible for: i) organization of work to ensure that employees comply with labor protection requirements; ii) monitoring compliance by employees with laws and other regulatory legal acts on labor protection, regulatory documents in the field of technical regulation on labor protection, the collective agreement, labor protection agreements, and other local regulatory acts of the organization; iii) the organization of preventive work to prevent occupational injuries, occupational diseases and diseases caused by occupational factors, as well as work to improve working conditions; iv) informing and advising the employer and employees of the organization on labor protection issues, introducing best practices and scientific developments on labor protection, promoting labor protection issues; v) implementation of measures for the organization of induction trainings, trainings, retraining and advanced training of employees of the organization on labor protection issues.

And if organization have employees less than 50 people, than this organization should have at least on labor protection specialist or one of the managers combine work of the labor specialist, and for organizations with employees more than 50 people, labor protection service need to be created within the organization.

The Law of Uzbekistan #210 of 16.04.2009 “About mandatory insurance of civil liability of employer” obliges employers, under the conditions and in the manner established by the Law, to insure its civil liability for compensation for harm caused to the life or health of the employee in connection with work injury, occupational disease or other health damage associated with the performance of his/her labor duties (Article 4).

6. THE WORLD BANK ENVIRONMENTAL AND SOCIAL STANDARDS: ESS 2

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

- Promote safety and health at work;
- Promote the fair treatment, nondiscrimination and equal opportunity of project workers;
- Protect project workers, including vulnerable workers such as women, persons with disabilities, children (of working age, in accordance with this ESS) and migrant workers, contracted workers, community workers and primary supply workers, as appropriate;
- Prevent the use of all forms of forced labor and child labor;
- Support the principles of freedom of association and collective bargaining of project workers; in a manner consistent with national law; and
- Provide project workers with accessible means to raise workplace concerns.

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

Working conditions and management of worker relationships. The Borrower will develop and implement written 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 this ESS. The procedures will address the way in which this ESS will apply to different categories of project workers including direct workers, and the way in which the Borrower will require third parties to manage their workers.

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

For more details on the WB Environmental and Social Standards, please follow the below links: www.worldbank.org/en/projects-operations/environmental-and-socialframework/brief/environmental-and-social-standards and

<http://projects-beta.vsemirnyjbank.org/ru/projects-operations/environmental-and-socialframework/brief/environmental-and-social-standards>.

7. KEY GAPS BETWEEN NATIONAL LEGISLATION AND WORLD BANK ESS2

Table 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 - Nondiscrimination and equal opportunity - Worker’s organizations - Elaborate Labor Management Plans including Contractor’s ESMP warranted 	<ul style="list-style-type: none"> - Written employment contract required, including procedures and employment conditions - No provision for Labor Management Plans. 	LMP developed for the project. Terms and conditions in the LMP are consistent with national law.
B. Grievance mechanism	<ul style="list-style-type: none"> - GRM should be in place for direct and contracted workers 	<ul style="list-style-type: none"> - No project specific GRM is warranted. - However, it is allowed to apply to: a) conciliation commission; b) Labor Inspection under the Ministry of Employment and Labor Relations; and c) court. 	UZAIFFSA will develop GRM for its workers (Direct workers) as per this LMP. Contractors will develop C-LMP including provision to establish and maintain GRM for their employees.

ESS & Topic	Major WB requirements	Key requirements/gaps in Uzbekistan legal framework	Principles to be followed by the Project
C. Category of workers -	Specifies these following categories of workers:	No reference to Community and Primary Supply Workers	No community workers will be involved in the Project. Screening and monitoring measures will be introduced for primary suppliers as per this LMP.
D. Minimum age of workers	- Persons 14-18 are prohibited from work considered hazardous, that will interfere with their education or be harmful to their health or development (physical, mental, spiritual, moral, or social).	- Employment permissible for 15 plus age, but for non-hazardous work, with limited hours, and guardian permission.	National law will be followed. No direct and contracted workers under 18 will be recruited.

The UZAIFSA will ensure that the above-mentioned gap will be covered by the project contractors, PFIs and loan receivers. Each Contractor and PFIs will have to follow this LMP and introduce their own Grievance Redress Mechanism. Contractors will not hire persons aged under 18 for working in the project activities. PFIs will develop and follow their own ESMS and require written confirmation of credit recipients to comply with national law, including explicitly to not engage or promote in any form the use of forced or child labor.

8. RESPONSIBLE STAFF

The UZAIFSA Director General will be responsible for the overall management and implementation of the Project. The Project Manager will be responsible for the operational implementation of the components and will support the UZAIFSA Director General. While the UZAIFSA Director General will have overall responsibility for Project, the Project Manager will be responsible for the day-to-day management and implementation of the project. Other UZAIFSA staff related to this Project will include Finance Specialist, Project Coordinators, Procurement Specialist, M&E specialists, Social and Gender Specialist, Environment Specialists and others.

Overall the UZAIFSA, represented by Human Resource Specialist and Social and Gender Specialist will be responsible for the following, concerning labor management:

- Implement this labor management procedure for its direct workers;
- Ensure that contractor(s) prepare their labor management procedure, in compliance with this labor management procedure, and occupational health and safety plan before the design stage; For stand-alone construction works separate C-LMP will be prepared; for minor reconstruction or rehabilitation works LMP provisions including OHS will be integrated in the site-specific ESMP.
- Monitor that the Contractors are meeting obligations towards contracted and sub-contracted workers as included in the General Conditions of Contract the World Bank Standard Bidding Documents, and in line with ESS2 and national labor code;
- Monitor implementation of contractors' labor management procedures;

- Monitor that occupational health and safety standards are met at work places in line with national occupational health and safety legislation and Occupational Health and Safety Plan;
- Monitor training of the project workers;
- Ensure that the grievance mechanism for project workers is established and monitor its implementation.

The Contractors will be responsible for the following:

- Employ or appoint qualified social, labor and occupational safety experts to prepare and implement project specific labor management procedure, occupational health and safety plans, and to manage subcontractor performance;
- Develop Contractor's Labor Management Procedures and Occupational Health and Safety Plans which will apply to contracted and sub-contracted workers. These procedures and plans will be submitted to the Supervision Consultant for review and approval before the contractors mobilize for the design stage;
- Contractors will supervise their subcontractors' implementation labor managements procedures and occupational health and safety plans;
- Maintain records of recruitment and employment process of contracted workers;
- Communicate clearly job description and employment conditions to contracted workers;
- Develop, and implement workers' grievance mechanism and address the grievance received from the contracted and sub-contracted workers;
- Have a system for regular review and reporting on labor, and occupational safety and health performance;
- Deliver regular induction (including social induction) and HSE training to employees;
- Ensure that all contractor and sub-contractor workers understand and sign the Code of Conduct prior to the commencement of works.

After the bidding process is completed and the Contractors are known, this labor management procedure can be updated to include additional details about companies, as necessary.

The Participating Financial Institutes will be responsible for the following:

- Develop, approve and implement own ESMS for working with loan receivers under the project;
- Ensure that all loan receivers comply with core labor standards and the applicable laws and regulations of Uzbekistan, including, but not limited to, the requirements relating to (i) workplace occupational safety norms; (ii) no use of child and forced labor; (iii) no discrimination against workers in respect of employment and occupation.
- Ensure that the grievance mechanism for loan receivers is established and monitor its implementation.

8. 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 UZAIFSA to ensure fair treatment of all employees:

- Recruitment procedures will be transparent, public and non-discriminatory, and open with respect to ethnicity, religion, disability or gender;
- Applications for employment will only be considered if submitted via the official application procedures established by the contractors;
- 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;
- Employees will be informed at least two months before their expected release date of the coming termination;
- 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;
- It is noted that language-related problems are not expected, but if they are, interpretation will be provided for workers as necessary;
- Foreign workers, if any to be hired, will require residence permits, which will allow them to work in Uzbekistan;
- All workers will be 18 years old or above for civil works. This will be a requirement in UZAIFSA contracts with civil works contractors. UZAIFSA will ensure that no construction workers between 15-18 years are employed unless they are hired for office work with shortened working hours (during out of school time);
- 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 of the above-mentioned measures will be conducted directly by UZAIFSA employees such as Project Manager, HR specialist and Lawyer, as well as by the contracted Consultants: Project Coordinators, Social and Gender Specialist, M&E Specialist and Regional Representatives.

9. AGE OF EMPLOYMENT

Uzbekistan law prohibits anyone under 18 from performing “**unhealthy or heavy work**” and there are special requirements for leave, work hours, and other conditions of employment (Article 241, Labor Code). UZAIFSA as the main Implementing Agency will ensure that no construction workers under 18 years are employed unless they are hired for office work. Based on the local legislation, workers between 15-18 years could be hired for office work with shortened working hours, during out of school time, and with guardian permission as per national legislation.

Contractors will be required to verify the identity and age of all workers. This will require workers to provide official documentation, which could include a birth certificate, national identification card,

passport, or medical or school record. If a child under the minimum age is discovered working on the project, measures will be taken to immediately terminate the employment or engagement of the child in a responsible manner, taking into account the best interest of the child.

10. TERMS AND CONDITIONS

The terms and conditions applying to UZAIFSA employees are set out in the “HR Regulations” approved by the UZAIFSA Decree #39/AO issued on 7.12.2018. These internal labor rules and regulations apply to all UZAIFSA employees who are assigned to work on the project (direct workers). Terms and conditions of part-time direct workers are determined by their individual contracts

The UZAIFSA applies two types of employment contracts: fixed term employment agreements and short-term service contracts. Majority of staff are permanent staff with fixed-term employment agreements with fixed monthly wage rates. All the recruiting procedures are documented and filed in the folders in accordance to the requirements of labor legislation of Uzbekistan. Monthly timesheets are also filed and kept accurately.

The work hours for UZAIFSA workers are 40 hours per week, 5 days a week, eight hours per workday from 9:00 am to 18:00, with a break for lunch from 13:00 to 14:00. It is noted the Labor Code provides for a work week of 40 hours but allows six-day weeks and this may be required for some project workers. All project workers receive at least one rest day (24 hours) after six consecutive days of work. UZAIFSA employees are entitled for a paid annual vacation of 18 to 24 working days, depending on their work schedule and contract. Salaries are paid two times a month, advance payment by 20th of every month and by 5th of consecutive month rest of the payment.

HR Regulations also include basic rules for employee’s good behavior, ethical concerns and conflict of interests sections, as well as section on Grievance Redress Mechanism procedure for its workers.

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.

11. GRIEVANCE MECHANISM

The UZAIFSA provides a grievance mechanism for workers (and their organizations, where they exist) to raise reasonable workplace concerns. The Grievance mechanism procedure is described in the HR Regulations approved by the Agency (Decree #39/AO issued on 7.12.2018). The UZAIFSA informs the workers of the grievance mechanism at the time of hire, and make it easily accessible to them. The mechanism does not impede access to other judicial or administrative remedies that is available under law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.

Grievances are received both in writing (printed) or through e-mails. Each grievance is recorded in the grievance logbook, citing the name of applicant, date of submission and giving it special reference number. After registering the complaint within 30 minutes at same day, or at earliest if received by the end of the working day, this should be reviewed by the UZAIFSA director or deputies, and if it is received from regional offices, then manager responsible for the management of the region. Within 5 working days after submission of the complaint, detailed letter (or e-mail) should be sent to the sender with the status of the complaint signed by the head of the company or deputies. UZAIFSA workers may also meet with the Head of the UZAIFSA or Deputies in special allocated time with their complains or

proposals. According to the Chapter 6, Article 49 of the UZAIFSA Internal Decree #39/AO, anonymous grievances are not considered. By the date no grievances were received and registered in the UZAIFSA grievance logbook for their direct workers.

The GRM for UZAIFSA employees will be updated prior to Project Effectiveness in accordance to become more closely aligned with World Bank ESS2.

The UZAIFSA will require contractors to develop and implement a grievance mechanism for their workforce including sub-contractors, prior to the start of design stage. The construction contractors will prepare their labor management procedure before the start of civil works, which will also include detailed description of the workers grievance mechanism.

The workers grievance mechanism will include:

- a procedure to receive grievances such as comment/complaint form, suggestion boxes, email, a telephone hotline;
- stipulated timeframes to respond to grievances;
- a register to record and track the timely resolution of grievances;
- a responsible department to receive, record and track resolution of grievances.

The workers grievance mechanism will be described in staff induction trainings, which will be provided to all project workers. The mechanism will be based on the following principles:

- The process will be transparent and allow workers to express their concerns and file grievances.
- There will be no discrimination against those who express grievances and any grievances will be treated confidentially.
- Anonymous grievances will be treated equally as other grievances, whose origin is known.
- Management will treat grievances seriously and take timely and appropriate action in response. Information about the existence of the grievance mechanism will be readily available to all project workers (direct and contracted) through notice boards, the presence of “suggestion/complaint boxes”, and other means as needed.

Monitoring and Evaluation Specialists of UZAIFSA will be responsible for the monitoring of the contractors’ recording and resolution of grievances, and report these in their periodical progress reports.

All Contractors and Sub-contractors will commit to adhere to the principles of this Labor Management Procedure. Specific provisions in this regard will be made in the respective bidding documents, and terms and conditions of contract. Contractors will establish and maintain grievance and redress mechanisms for their workers, and an internal accountability system to allow for processing of grievances arising from their employees. UZAIFSA will monitor that such grievance mechanism is established and include information on the functioning of contractor grievance mechanisms as part of project monitoring reports, along with all other aspects of LMP monitoring.

12. CONTRACTOR MANAGEMENT

Construction and other contracts will include provisions related to labor and occupational health and safety as provided in the World Bank Standard Procurement Documents and Uzbekistan law.

UZAIFSA 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 contractors. 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.

13. PRIMARY SUPPLY WORKERS

Primary Suppliers are likely to include suppliers of construction materials, equipment (e.g., cold storage and related machinery, calibration and packaging materials and machinery, laboratory equipment, etc.), as well as other inputs, for example, seeds, fertilizers that may be used on continuous basis by the laboratories, the service and logistics centers which will be built under the project.

As described above, the horticulture, as well as the production of seeds and other agricultural inputs (machinery, fertilizers, etc.) have not been associated with forced or child labor. Still, some screening and monitoring measures will be applied in the Project to ensure that no such impacts occur.

Where there is a risk of child labor or forced labor in the primary supply chain, the UZAIFSA will identify those risks. If forced labor cases are identified, the UZAIFSA will shift the project's primary supply chain to suppliers that can demonstrate that they are complying with this LMP. The UZAIFSA will include special term in their contract with suppliers about non-use of child and forced labor. These provisions will also be included in the Subsidiary Agreements signed between Central Bank, UZAIFSA and PFIs. Risks associated with forced/child labor in enterprises run by credit beneficiaries will be addressed via provisions included in the Environmental and Social Management Systems (ESMS) to be prepared and monitored by Participating Financing Institutions, consistent with the Project's Environmental and Social Management Framework (ESMF) and in the. Credit beneficiaries and commercial banks will be required to commit in all signed contracts that no forced and child labor will be used in their activities and to report on labor and working conditions in their regular monitoring reports.