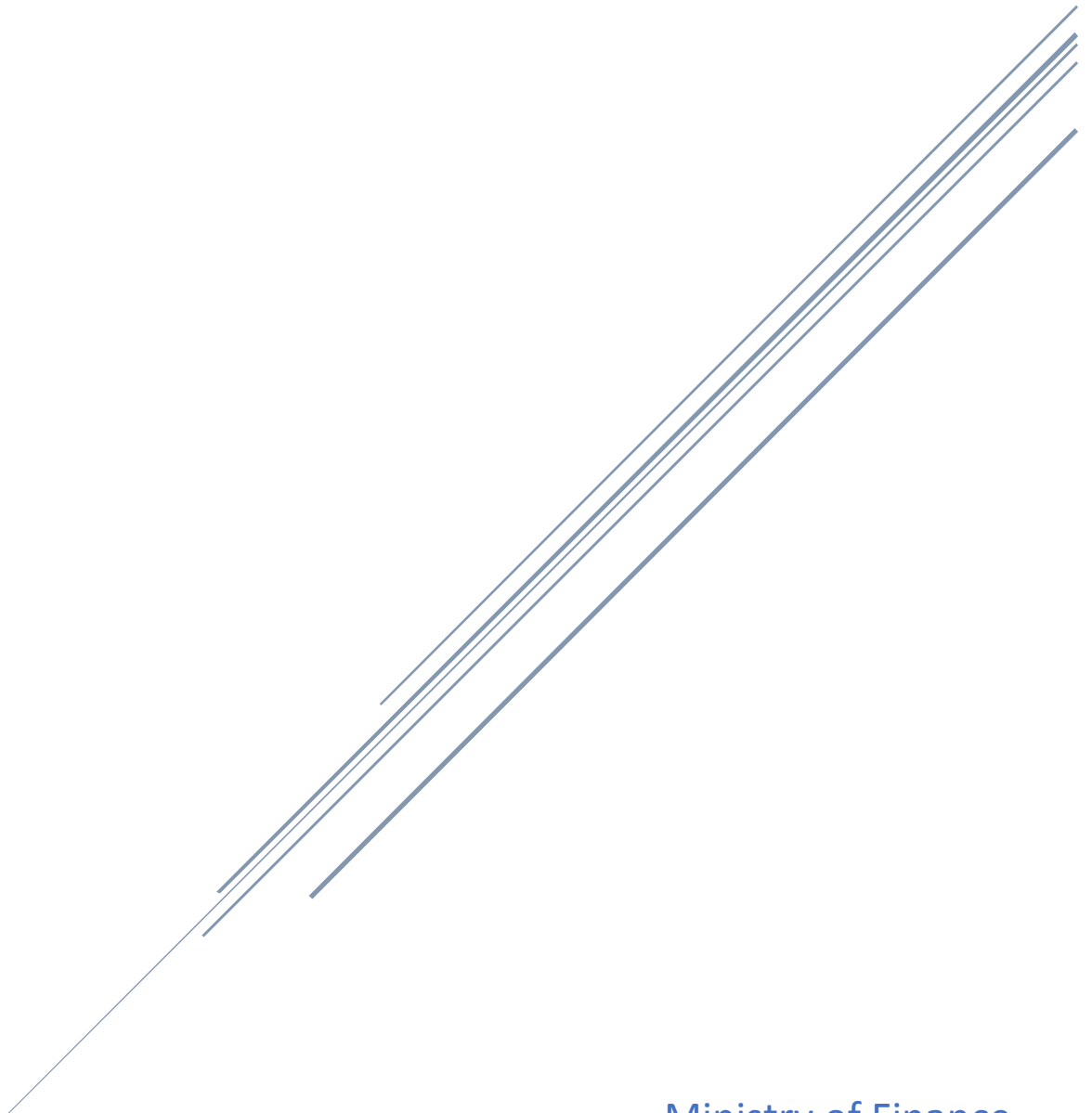


LABOR MANAGEMENT PROCEDURE (LMP)

Maldives Capacity Building Technical Assistance Loan Project
(P171185)



Ministry of Finance
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EXECUTIVE SUMMARY

This Labor Management Procedure (LMP) has been prepared for the ‘Maldives Capacity Building Technical Assistance Loan Project’ to ensure compliance with Environmental and Social Standard 2 on Labor and Working Conditions (ESS2) of the World Bank’s Environmental and Social Framework (ESF).

Maldives Capacity Building Technical Assistance Loan Project will involve mainly direct workers and contracted workers such as consultants and subject matter experts. The estimated number of direct workers include 3 staff in the project implementation unit (PIU) and 20-30 government staff from different operating agencies of the project. The contracted workers of this project are mainly consultants and contract staff for technical assistance activities under the project. The number of contracted workers is currently estimated at 10-25 individuals.

The project mainly involves technical consultancy assignments. No major risk to labor is envisaged. However, management of labor and working conditions, especially, in terms working environment and time of working, are anticipated to be issues that will need to be considered.

The main legislation which is most relevant to this LMP is the National Employment Act (Act no. 2/2008) which outlines the terms and conditions of work. These terms and condition include wages and deductions, working hours, Time for prayer, Overtime work, Annual leave, Duties of employer, Obligation of employees in terms of occupational health and safety.

The project director who would head the Project Implementation Unit (PIU) will be the responsible staff for the implementation of the procedures outlined in this LMP. The Grievance Redress Mechanism for project workers outlined in the stakeholder engagement plan of this project will be utilized to address any labor related grievances.

1. OVERVIEW OF LABOR USE IN THE PROJECT

1.1 Types of Workers

Environmental and Social Standard 2 (Labor and Working Conditions) categorizes workers into direct workers, contracted workers, community workers, and primary supply workers. However, only two categories of workers are expected for this project:

Direct workers: The project will be implemented by the Project Implementation Unit (PIU) of 3 staff members under the Ministry of Finance (MoF) which will be established for the management of the project on a daily basis and play a linkage role between MoF and WB.

Direct workers will comprise project staff hired by MoF and civil servants from different operating agencies such as Maldives Monetary Authority, Ministry of Economic Development, The President's Office, Ministry of Health, Ministry of Health, National Social Protection Agency (NSPA), Aasandha Company Ltd, Ministry of Gender, Family and Social Service, National Bureau of Statistics (NBS) and Civil Service Commission. An estimated 20-30 staff in departments and institutions within the Operating Agencies will also contribute to executing the project.

Contracted Workers: Contracted workers would be hired as consultants and contract staff for technical assistance activities under the project. The number of contracted workers is currently estimated at 10-25.

1.2 Timing of Labor Requirements

The direct workers (PIU staff) will be required full time and for the entire 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 it is clear that they will be engaged depending on implementation of various sub-components on specific time slots.

2. ASSESSMENT OF KEY POTENTIAL LABOR RISKS

2.1 Project Activities

The following are the main project activities;

- Supporting the Strategic Action Plan: in-depth analysis of modernization of public sector salaries and recruitment policies;
- Developing a National Health Financing Strategy;
- Drug (pricing) purchasing by Aasandha Company and State Trading Organization (STO),
- Road map/implementation options for hospital management systems,
- Designing a reconfigured service delivery model with a greater focus on primary care in the atolls.
- Developing a National Social Protection Strategy (NSPA) to formalize Aasandha, unemployment insurance, disability and local service delivery, to rationalize costs (especially for subsidies in the long run); and update the targeting methodology for the NSPA programs.
- Strengthen the national statistical system of the Maldives:
 - assessment of existing data and a review of the statistical Act;
 - strengthening of data management (collate, organize, and dissemination of data).

- Business Environment Simplification: Formulation of a comprehensive legal regime for bankruptcy and insolvency including insolvency law, regulations and institutional capacity building
- Payment System Reforms: Assessment on Integration of Central Depository System with the payments system in order to develop the secondary market for government securities;
- Developing the Legal and Institutional Framework of Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) of the Maldives: Capacity building for Financial Intelligence Unit (FIU), MMA and other relevant institutions based on a road map being developed.

Given the small-scale of project interventions, nature of the project activities which involve mainly technical assistance and capacity building activities, and no construction works, there are no major labor risks associated with the project.

Key risks related to working hours and occupation and health safety are applicable to the project and involve the following:

- Working environment; and
- Extended working hours without overtime fees

Further, due to nature of the project activities, risks associated with gender-based violence, is not envisaged for the project workers.

3. BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS

The following are the key aspects of National Employment Act (Act no. 2/2008) with regards to terms and conditions of work.

3.1 Wages and deductions

Employees may be fined for absenteeism from work during official working hours, such fine to be deducted from his/her wages and to be commensurate to the time absent from work. No other fines shall be imposed by the employer on account of absenteeism.

3.2 Working Hours

No employee shall be required to work more than 48 (forty-eight) hours a week. This principle does not include overtime carried out in accordance with the Employment Act of the Maldives.

No employee shall be required to work more than 6 (six) consecutive days a week (on a day that is normally a day off or has been agreed as a day off), without being provided with twenty-four consecutive hours of leave.

No employer shall require or authorize an employee to carry out the following:

- Work consecutively for more than five hours without allowing at least a 30 (thirty) minute break for meal times; or
- Require an employee to work during meal times.
- Despite the provisions of sub section (a), the meal times of employees exempted pursuant to Section 34(a) of this Act, shall be determined in agreement with the employer.

3.3 Time for prayer

Every employee shall be allowed 15 (fifteen) minutes to pray during each prayer period in such a manner that it does not disrupt work.

In the event that a 15 (fifteen) minute break for prayer as specified in sub-section (a) is not allowed, a fifteen-minute break shall be allowed every four consecutive hours of work.

3.4 Overtime Work

Employees shall not be required to work overtime except unless this has been agreed in the employment agreement. Any work carried out over time shall be subject to the requirements of sub-section (b) and Section 38 of this Act

An employee working overtime shall be paid 1 ¼ times his hourly working wage as over time, and if working overtime on a Friday or a public holiday shall be paid 1 ½ times his hourly working wage as over time.

3.5 Working on Public holiday

An employee required to work normal hours on a public holiday shall be paid at least an amount equivalent to half of the minimum wages earned on a normal day of work in addition to over time.

3.6 Annual leave

Unless otherwise provided herein, upon completion of one year of employment, an employee is entitled to 30 (thirty) days of paid annual leave.

An employer shall not require an employee to carry out any work whilst the employee is on paid leave pursuant to Section 39 of this Act. Nor shall the employer authorize work in this manner.

Annual leave specified in Section 39 of this Act shall be provided in the following manner:

- The employer shall decide the date of commencement of leave after consultation with the relevant employee;
- Such commencement date shall fall no later than within twelve months from the expiry of the year in which the leave was acquired;
- Annual leave shall not be given such that it includes sick leave granted pursuant to Section 42;
- Maternity leave granted pursuant to Section 43; or
- Notice period prior to termination of employment.

3.7 Duties of employer

The employer shall implement measures for the health and safety of employees at the work place without charging any fee from employees. Such measures shall include:

- Implementation of a safe work place and procedures, procurement of secure tools and machinery for carrying out work, and ensuring the continued safety of the same; and
- Provide safe materials to work with;
- Provide or arrange for the appropriate medical care for employees injured while carrying out employment; and
- Arrange the facilitation of first aid to employees in emergencies or accidents.

3.8 Obligation of employees

The following are duties imperative upon every employee:

- Maintenance of safe work practices at work to avoid danger to the safety and wellbeing of the employee and co-workers which may be caused by inattentiveness to safety and security measures;
- Assist the employer and co-workers in maintenance of measures designed to ensure safety and health; and
- Inform the employer or his designated supervisor of any accidents or damage sustained occurring at work or related to work.

4. Responsible Staff

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

The human resources person assigned by MoF and PIU's Project Director will be responsible for the following within their area of responsibility:

- 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 Maldives national 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 OHS aspects required under the Employment Act (Act no. 2/2008);
- Monitoring and implement training on LMP and OHS for project workers;
- Ensuring that the grievance redress mechanism for project workers is established and implemented and that workers are informed of its purpose and how to use it;
- Have a system for regular monitoring and reporting on labor and occupational safety and health performance; and
- Monitoring implementation of the Worker Code of Conduct.

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

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

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

5. Grievance Redress Mechanism (GRM)

The Maldives Capacity Building Technical Assistance Loan Project, as per ESS 10, has a GRM in place available for project stakeholders and other interested parties to submit questions, comments, suggestions and/or complaints and provide any form of feedback on all project-funded activities. While GRM for workers under ESS2 is separate from the Project level GRM under ESS10, given the nature, type and scale of the project, the GRM will be streamlined to address grievances relating for the workers as well as for the whole project. In this regard, the GRM for project workers has been elaborated in the Stakeholder Engagement Plan.