

P176786 – Punjab Resilient and Inclusive Agriculture Transformation (PRIAT)

Labor Management Procedures

DRAFT

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1. Overview of Labor Use on the Project

The World Bank’s ESS2 on Labor and Working Conditions defines “project workers” as including:

1. Direct workers – people employed or engaged directly by the Borrower to work on project activities
2. Contracted workers – people employed or engaged through third parties (contractors, subcontractors, brokers, agents, or intermediaries) to perform work related to the core functions of the project
3. Primary supply workers – people employed or engaged by the Borrower’s primary suppliers (suppliers who directly provide goods and materials essential to the core functions of the project)
4. Community workers – people voluntarily employed or engaged in providing community labor in a number of different circumstances.

1.1. Number of Project Workers

The project will involve direct, contracted, and primary supply workers. The numbers of direct workers will be largely fixed, and will consist of staff from OFWM and P&DB that make up the PMU, divisional directorates (OFWM), and district and tehsil level offices. This will also include any consultants and technical staff engaged by the implementing agency. A total of 3,651 direct workers will be engaged. Contracted workers will include the labor hired by WUAs for the watercourse and HEIS activities—a total of 960,000 contracted workers will be engaged through the project. Primary supply workers will be the employees of the suppliers of construction and other materials necessary for project implementation. A total of approximately 27,600 supply project workers will be involved.

1.2. Characteristics of Project Workers

The project will engage both male and female workers. PMU staff will be hired from within Punjab. Technical experts and consultants may be hired from across Pakistan, or internationally as required. Contracted workers engaged by the WUAs will be hired from areas local to the respective subprojects.

1.3. Timing of Labor Requirements

Direct project workers will be required throughout the life of the project. The number of contracted and primary supply workers will vary throughout the life of the project, depending on the number of subprojects concurrently undertaken. The table below presents the estimated labor force numbers for each type of worker.

<i>Labor Type</i>	<i>Number</i>	<i>Labor requirements</i>
Direct workers including PMU staff, P&DB staff, divisional directorates, district and tehsil level offices of OFWM	3,651	Throughout life of the project
Contracted workers including those engaged in watercourse improvement and HEIS/solar installation, O&M service providers	1,215,000	Variable labor force size and timing requirements for each subproject depending on nature of activities
Primary supply workers	14,800	

2. Assessment of Potential Labor Risks

2.1. Project Activities

The PRIAT project will be implemented across Punjab, and consists of four components, three of which carry potential labor risks.

1. **Component 1: Community-driven Improvement of Water Conveyance and Application** – this component focuses on improving the equity of water access within the command area by improving conveyance efficiency, and improving agricultural productivity by promoting the adoption of climate smart water management practices at the community and farm levels. It will involve small-scale, low-impact construction works for the improvement, lining, and construction of watercourses in the project area.
2. **Component 2: Promotion of Climate Smart High Value Production, Regenerative Agriculture, Crop Diversification, Agriculture Value Addition, and Inclusive Access to Markets** – this component aims to support growth oriented farmers to diversify, intensify, and add value to their production in a market-driven and climate smart approach, including regenerative agriculture. It also aims to establish and/or upgrade their market linkages with off-takers in a sustainable and profitable way. It will support small and medium farmers to adopt high-efficiency irrigation systems (HEIS), solar systems for operating HEIS, and CSA practices. The primary labor related activities under this component will be the installation of HEIS and solar systems, provision of plants and seeds, and development of water storage and rainwater harvesting ponds. These activities will involve small-scale, low-impact construction works.
3. **Component 3: Project Management, Monitoring, and Learning** – This component will support supervision and monitoring, and project management and implementation through the procurement of third party validation and supervision services, monitoring and evaluation consultants, and other support as needed.

2.2. Key Labor Risks

Potential labor risks of the PRIAT project¹ include:

- Occupational health and safety risks, particularly during the construction phase. Planned activities such as earthworks, installation of PCPS, construction of infrastructure, HEIS and solar system installation, construction of labor camps (if required), movement and operation of machinery, may result in injury or loss of life if proper OHS measures are not implemented. This risk is categorized as moderate.
- Labor influx may result in conflicts between local communities and project workers, which may be related to religious, cultural, or ethnic difference, or based on competition for local resources. As the majority of labor engaged for the project will be locally hired (as it is organized by the participating WUAs/farmers), this risk is categorized as low.
- The risk of child labor and forced labor remains relevant, particularly for contracted workers engaged by the WUAs/farmers participating in the project, and for primary supply workers of the suppliers of construction materials (e.g. PCPS) and seeds/seedlings.

¹ Detailed risks, as well as proposed mitigation measures may be found in the project Environmental and Social Management Framework, available from: https://ofwm-agripunjab.punjab.gov.pk/system/files/priat_ESMF.pdf

- Gender related risks are also relevant due to the deployment of external personnel, including agricultural extension workers, contractors, suppliers, civil works labor, etc. Risks related to exclusion of women, girls and gender minorities as well as gender-based violence (GBV), sexual harassment (SH) and sexual abuse and exploitation may arise or be exacerbated by several factors, and their confluence across different parts of Punjab where the project is implemented. There are clear threats to and high risks related to human safety and security in the event of escalation of personal or communal conflict, crime, or violence related to water distribution and management, which will disproportionately affect small farmers, and women/girl agriculture workers and farmers. Gender minorities, female-headed household, women with disabilities, elderly or widowed women and those suffering from debilitating diseases and other socially marginalized groups would be more adversely affected or unduly deprived.

3. Overview of Labor Legislation: Terms and Conditions

This section identifies the key federal and provincial labor legislation with regards to terms and conditions of work, and how national legislation applies to different categories of workers identified in Section 1. The following legislations focus on items described in ESS2, paragraph 11. These items include wages, permitted deductions, and benefits.

<i>Law/Policy</i>	<i>Scope</i>
Factories Act 1934	This act concerns the regulation of labor in factories, shops and establishments, and addresses issues such as working hours, wages, rest and holidays.
Punjab Minimum Wages Act, 2019	This act provides for the regulation of minimum rates of wages for unskilled and skilled workers employed in industrial and commercial establishments.
Punjab Labor Policy 2018	The policy aims to make shift from minimum wage to the emerging concept of living wage. It promises to conduct due diligence to determine an acceptable living wage to be implemented across the province in the relevant sectors.
Payment of Wages Act 1936	This act deals with the payment of wages to persons employed in factories, industry, and commercial establishments. It defines the responsibility for payment of wages, wage periods, time of payments, deductions which may be made from wages, fines, and claims.
Civil Services Act 1973 and Punjab Civil Services Act 1974	These acts govern the terms of employment, pay and other benefits for civil servants, who may be direct workers engaged on PRIAT.

4. Overview of Labor Legislation: OHS

This section describes the key aspects of federal and provincial labor legislation with regards to occupational health and safety, and how the legislation applies to the different categories of workers identified in Section 1. The laws and policies listed in the table below focus on items described in ESS2, paragraphs 24 to 30.

<i>Law/Policy</i>	<i>Scope</i>
Punjab Labor Policy 2018	This policy addresses OHS through legislation, preventive measures, capacity development, and awareness raising. It also aims to ensure decent working conditions in compliance with basic international labor standards.
Punjab Occupational Safety and Health Act 2019	Article 3 of the act specifies the measures that must be taken by employers to ensure the health and safety of all employees. Employers are bound to identify existing and new hazards at the workplace from time to time, and if necessary, to arrange for health and safety trainings for the employees. It is also the employer's responsibility to provide protective equipment and

clothing to staff where needed, and to maintain a record of accidents and injuries at the workplace.

5. Responsible Staff

5.1. PMU Responsibilities

The PMU has overall responsibility for project management, including overseeing all aspects of the implementation of the LMP, particularly in enforcing the compliance of contractors and WUAs. The PMU will address all aspects of the LMP as part of procurement for works, as well as during the induction of contractors and WUAs. Contractors and WUAs are subsequently responsible for management in accordance with the LMP, supervised by the PMU.

The E&S team at the PMU will implement and monitor the provisions of this LMP as follows:

- Ensuring compliance with the LMP and OHS provisions for workers
- Ensuring that obligations towards all types of project workers, as described in this LMP, the ESMF, and other applicable safeguard instruments
- Monitoring the training of project workers
- Monitoring for potential risks not identified during project preparation
- Developing and implementing grievance mechanisms for project workers, and ensuring that grievances are handled quickly and appropriately.
- Ensuring that project workers are informed of the grievance mechanisms
- Maintaining records of recruitment and employment of hired works, with age verification
- Providing induction and regular training to project workers on OHS issues
- Reporting to the World Bank on labor and OHS performance, and of any incidents or accidents involving project workers.

5.2. Responsibilities of Contractors/WUAs

Contractors and WUAs will be responsible for implementation of the LMP within their respective subproject activities. Legal agreements with contractors and WUAs will ensure that this requirement is formalized in their engagement with the project.

Contractors and WUAs must assign an OHS representative for each discrete subproject. The OHS representative will be trained by the PMU, and ensure the day-to-day compliance of the project's OHS requirements. The representative will: record incidents, follow up actions, conduct training sessions and emergency drills, etc.

Contractors and WUAs will also keep records of reported and observed issues related to labor and working conditions. A summary of these records will be provided to the PMU on a monthly basis.

Workers contracted by the contractors and WUAs are entitled to use the dedicated workers' GRM, as described in this LMP. Contractors and WUAs will ensure that all contracted workers are informed and trained on the GRM, and provided with refresher trainings periodically.

6. Policies and Procedures

The employment of project workers will be based on the principles of non-discrimination and equal opportunities. 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 WUAs and monitored by the PMU to ensure fair treatment of all employees:

- Recruitment procedures will be transparent, public, and non-discriminatory, and open with respect to ethnicity, religion, sexual orientation, 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.
- Unskilled labor will be preferentially recruited from the surrounding communities, settlements and adjacent villages.
- 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.
- Depending on the origin of the employer and employee, employment terms and conditions will be communicated in two languages, in the national language and the 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.
- All workers will be 18 years old or above for civil works. This will be a requirement in contracts with WUAs and contractors.

7. Age of Employment

Pakistan has ratified ILO's Convention on Minimum Age for Admission to Employment No. 138, and the Worst Forms of Child Labor Convention No. 182. Employment of children at the federal level is governed by the Employment of Children's Act 1991, which sets the minimum age for admission to employment at 14 years. However, the Punjab Employment of Children Act, 2016 specifies a higher minimum age requirement, with persons aged less than 15 years being prohibited from employment. Both the federal and provincial laws set an age limit of 18 years for hazardous work, which are defined in the text of the respective Acts.

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, CNIC,

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.

Age verification shall be undertaken prior to the engagement of labor, and should be documented.

8. Terms and Conditions

8.1. Terms of Employment / Employment Letter

At the time of engagement, all the project workers will be provided with a letter of employment clearly mentioning terms of engagement and conditions during the course of employment. The letter should be addressed to the person who is being employed and should contain his designation, place of duty, remuneration, nature and type of employment, terms specific to the assignment, compensation and benefits. In case of direct workers, the terms of employment of regular employees are regulated under the Punjab Civil Servants (Efficiency and Discipline) Rules, whereas contracted employees are appointed under specific terms and conditions supportive by Government regulations and specific rules (standing orders). The project employees will be regulated under those specific terms and conditions.

According to Standing Order 2-A of Industrial and Commercial Employments (Standing Orders) Ordinance, 1968, every workman at the time of his appointment, transfer or promotion shall be provided with an order in writing, showing the terms and conditions of his service.

Contract workers will be regulated under the Punjab Industrial and Commercial Employment (Standing Orders), Act, 2012. The applicability of these three laws will depend on number of workers and nature of engagement. For instance, the terms and conditions of service for establishments employing 9 or less than 9 workers will be regulated by the Punjab Shops and Establishments Ordinance, 1969. Factories law will apply to the industrial establishments where manufacturing process takes place and which engage 10 or more workers on any day of the proceeding twelve months. Punjab Industrial and Commercial Employment (Standing Orders) Act applies to the establishments where 20 or more workers are employed. Regularization of workers, disciplinary proceedings, inquiries, termination, notice pay, gratuity and group insurance will be covered under Punjab Industrial and Commercial Employment (Standing Order) Act.

8.2. Non-discrimination and Equal Opportunities

Pakistan has ratified ILO's "Equal Remuneration Convention, 1951 (No. 100) and Discrimination (Employment and Occupation) Convention, 1958 (No. 111). The Constitution of Pakistan also prohibits discrimination on the basis of sex and guarantees equal rights and opportunities for all citizens. Federal and provincial laws on payment of wages and minimum wages clearly negate any discrimination in wages on the basis of sex and ensure that men and women get equal remuneration against equal value of work. Other laws including laws on terms and conditions, laws on industrial relations etc. all contain similar provisions.

Discrimination in treatment during recruitment, promotion, remuneration, workload, work arrangement, benefits, preferences in training etc. on the basis of sex and any other reason including origin, religion, caste, creed, ethnicity, political inclination and color is discouraged under the laws on terms of employment and working conditions.

There will be no discrimination of any kind under the LEAFS. All workers including women and will be covered and worker’s rights as protected. In case of less, delayed and non-payment of wages and other financial benefits including payment of over-time, if project Grievance Mechanism does not resolve workers issue, the workers may approach the relevant authority under the Payment of Wages Act. They can also lodge cases in case of individual grievance in the concerned Labor Court established under Punjab Industrial Relations Act 2010.

8.3. Working Hours

The Factories Act and Punjab Shops and Establishment Ordinance are applicable for regulating working hours of Project workers. The normal hours of work of Project workers shall not exceed 8 hours a day for 5 days or 40-hour work week, exclusive of time for meals. Where exigencies of the service require such personnel to work for 6 days or 48 hours, the project workers shall be entitled to a compensatory time-off to off-set the overtime rendered. No worker shall be allowed to render services beyond the 48-hour overtime.

8.4. Rest and Holidays

Holidays, rest, sick leaves, annual paid leaves, festival holidays for the workers in industrial and commercial establishments are regulated under the Factories Act and Punjab Shops and Establishment Ordinance.

<i>Leave Type</i>	<i>Position under labor laws</i>	<i>No. of leaves under PRIAT</i>
Weekly Holiday	There is one weekly holiday under Punjab Shops and Establishments Ord. and Factories Act. In case a worker has to do work on weekly holiday, he will be given compensatory holiday.	One weekly holiday and a compensatory holiday if workers have to work on weekly holiday due to emergency.
Festival Holidays	10 days in a calendar year with full wages under Punjab Shops and Est. Ordinance. Under the Factories Act, festival holidays are admissible under the notification from Government.	10 days with full wages in a calendar year corresponding to the respective provincial Government’s Notifications.
Casual leave	10 days with full pay in a calendar year under Punjab Shops and Est. Ordinance and Factories Act.	10 days with full wages in a calendar year
Sick leave	8 days with full wages in a calendar year and can be accumulated to 16 days under Punjab Shops and Establishments Ordinance and 16 days with half average wage in a calendar year under Factories Act.	16 days with average half pay in a calendar year
Annual leave	14 days in the Punjab Shops and Establishments Ord. and annual leaves can be accumulated up to 30 and 14 days under Factories Act. Payment to the worker in lieu of leave not availed.	14 days with full wages and can be accumulated up to 30 days. Leaves can be cashed if not availed.

8.5. Wages

Under the Payment of Wages Act, no wage period should exceed one month and wages are to be paid within seven days after the end of wage period (except for establishments employing more than 1000 workers, which can pay within 10 days). The Punjab Labor Department, through the recommendation of the Minimum Wages Board has fixed a minimum monthly wage of PKR 32,000 per month as of March 2023.

Payment of wages will be made through cheque or online transfer to worker’s account for direct workers. Deductions from the wages will be made only in accordance with the provisions of the Punjab Payment of Wages laws, and may include (a) fines; (b) deductions for absence from duty; (c) deductions for damages to or loss of goods expressly entrusted to the employed person for custody, or for loss of money for which he/ she is required to account, where such damage or

loss is directly attributable to his neglect or default; (d) deductions for house-accommodation supplied by the employer. Such deductions will not be more than 25 percent of the monthly wages. Daily wage workers (labor contracted by the WUAs) will be paid daily in cash with proper receipt and record will be maintained for such payments. Equal remuneration will be paid to men and women against equal value of work.

9. Grievance Mechanism for Project Workers

A dedicated Grievance Redress Mechanism (GRM) for project workers will be established, separate from the project GRM. The project workers' GRM will handle grievances related to their employment on the project, including on issues related to conflict with supervisors or other project workers, workplace issues, wage related issues including late and non-payment of wages, unauthorized deductions from wages, etc.

Project workers will be informed about this dedicated GRM at the start of their engagement, with periodic refreshers throughout their engagement.

The Project will appoint a labor GRM focal person in each project district. The focal person will be responsible to receive workers' complaints and facilitate the resolution of the grievance. A PMU level workers GRC will also be appointed to provide oversight and guidance to the GRM focal points.

The Project will ensure that the lodging of grievances is receptive to the literacy and language needs of all project workers. Project workers will be ensured easy access to the GRM at all project locations, and will be able to lodge complaints anonymously if desired. Avenues for lodging of grievances will include toll free numbers, complaint boxes, SMS services, in-person, and other methods.

The project worker's GRM will operate according to the following key principles:

- It will be made equitably available to all direct and contracted project workers
- Prompt, understandable, and transparent resolution of grievances
- Independent and objective operation
- Project workers will not incur any charges to use the GRM
- Anonymous grievances will be allowed and facilitated accordingly. Such grievances will be treated equally as non-anonymous grievances
- There shall be no discrimination against workers who lodge grievances, and all grievances will be treated confidentially
- It will not impede access to other judicial or administrative avenues for resolving grievances that exist under national and provincial laws, or existing mechanisms of contractors.

9.1. Grievance Redress Process

Grievances from project workers will be lodged using any of the modes described above. Submitted grievances shall be recorded by the grievance redress focal person. All grievances will have unique identifier codes (UID).

Once a grievance is lodged, the UID is provided to the complainant, as well as a timeline for resolution. This should take place on the same day the grievance is received.

The GRM focal person will review the grievance, and identify the party responsible for its resolution. The responsible party and the GRM focal person will conduct an inquiry into the grievance to identify its root cause, and subsequent resolution measures. In case the GRM focal person is unable to identify a resolution, the case will be elevated to the labor GRC at the PMU, who will then be responsible for making a final resolution.

Upon identification of appropriate resolution measures, the details of the resolution will be recorded by the GRM focal person, and the decision will be communicated to the complainant within 3 days.

On a monthly basis, the district GRM focal persons will produce a summary status report and share with the PMU. An annual sex-disaggregated qualitative review of a sample of complaints processed (ensuring variation such as along type of complaint, resolution status etc.) will also be undertaken to analyze the efficacy of the system. Regular monitoring of the grievance mechanism and its outcomes, particularly of trends and patterns, will be critical to ensuring to identify systemic problems and adapt practices accordingly.

10. Contractor Management

The LMP requires contractors to monitor, keep record and report on terms and conditions related to labor management. The contractor must provide workers with evidence of all recruitments, payments made, including social security benefits, pension contributions or other entitlements regardless of the worker being engaged on a fixed term contract, full-time, part-time or temporarily. They are expected to be fair in execution of their contract with the project ensuring that all provisions of LMP are implemented. There should not be any unfair labor practices on their part. They are required to maintain and produce the record whenever required by the Project management in this regard including the following:

- a. **Labor conditions:** records of workers engaged under the Project, including contracts, registry of induction of workers, hours worked, leave record, maternity benefits, remuneration and deductions (including overtime), negotiation with workers organization and compliance of collective bargaining agreements, (if any);
- b. **Safety:** recordable incidents and corresponding inquiries and follow-ups, first aid cases, high potential near misses, and remedial and preventive activities required and rehabilitation measures;
- c. **Workers:** number of workers, indication of origin (expatriate, local, non-local nationals), gender, age with evidence that no child labor and forced labor are involved, and skill level (unskilled, skilled, supervisory, professional, management).
- d. **Training/ induction:** dates, number of trainees, and topics.
- e. **Worker grievances:** details including occurrence date, grievance, and date submitted, actions taken with dates, resolution (if any) and date, and follow-up yet to be taken—grievances listed should include those received since the preceding report and those that were unresolved at the time of that report.
- f. **Reporting:** contractors will be responsible to submit reports on the implementation of LMP in respect of their companies and workers engaged under PRIAT on monthly basis to the PMU.
- g. **Evaluation:** The project will put in place a system of monitoring and evaluation to monitor and evaluate the working of contractors and sub-contractors quarterly basis and to issue reports of such evaluations.

The overall responsibility of ensuring implementation of LMP through contractors and sub-contractors is entrusted with the project management which will put in place a robust mechanism of coordination, monitoring, oversight and evaluation. The oversight of contractors is set out in section 5 of this LMP.

11. Primary Supply Workers

Primary supply workers for the project are the employees of suppliers for equipment central to the project's implementation. For PRIAT, these include workers from suppliers of HEIS and solar equipment, seeds and seedlings, and construction equipment for the watercourse improvement activities (e.g. PCPS, cement, etc). All provisions in this LMP shall also apply to primary supply workers.

Primary suppliers are responsible for ensuring that there will no child labor, forced labor, or bonded labor in their establishments. The workers of primary suppliers should be protected under the Employees' Social Security Institution, and Employees Old Age Institution. They shall also be covered under all relevant national and provincial compensation laws.

Primary suppliers must also ensure the occupational health and safety of their workers, and must report to the PMU any accidents, fatalities, or serious injuries incurred during the implementation of the project.

All primary suppliers will provide monthly updates to the PMU on the status of implementation of the LMP within their respective establishments.

Bidding documents issued by the PMU shall include all the requirements described in the LMP to ensure that primary suppliers are aware of and implement the necessary compliance measures.