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|  | ***LABOR MANAGEMENT PROCEDURES (LMP) for Second Social Services Improvement Project (P180350) for Republic of North Macedonia*** |

**ABBREVIATIONS**

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| ECEC | Early Childhood Education and Care |
| EHS | Environmental Health and Safety |
| ESF | Environmental and Social Framework |
| ESMF | Environmental and Social Management Framework |
| ESS | Environmental and Social Stands |
| GIIP | Good International and Industry Practices |
| GMA | Guaranteed Minimum Assistance |
| GRM | Grievance Redress Mechanism |
| HSE | Health, safety and Environment |
| LMP | Labor Management procedures |
| MLSP | Ministry of Labor and Social Policy |
| OG | Official Gazette |
| OHS | Occupational Health and Safety |
| PDO | Project Development Objective |
| PMU | Project Management Unit |
| POM | Project Operations Manual |
| PPE | Personal Protective Equipment |
| RNM | Republic of North Macedonia |
| SEA | Strategic Environmental Assessment |
| SSIP | Social Services Improvement Project |
| SSSIP | Second Social Services Improvement Project |
| WBG | World Bank Group |

## INTRODUCTION

## 1.1 Background Information

Main aim of the **“Second Social Services Improvement Project”** (**SSSIP**) is to expand access to and improve the quality of social services, including preschool services, especially for vulnerable groups. The proposed Project “Second Social Services Improvement Project (P180350)” would cover two main areas of Improving access to quality social services and Early Childhood Education and Care (ECEC) services.

The achievement of the project outcomes will be measured through the following PDO-level indicators: n*umber of beneficiaries receiving social services from licensed providers - disaggregated by type of service, and gender; National preschool enrollment rates for 3- to 6-year-old children (disaggregated for children same age group from GMA households) by region; and, improved quality in the public preschool institutions.*

## 1.2 About the project

Regarding the social services, the proposed Project would support the MLSP to (i) expand of coverage of selected social service nationwide, including for in-home care and day care centers for and persons with disability and for the elderly; (ii) further improve the quality of these services provided by private (for profit and not-for profit) providers through enhanced regulations, inspections and monitoring by MLSP and CSWs, strengthening the networks of private providers, enhancing the capacity of municipalities; and (iii) improve access to social services by strengthening the social protection system by supporting the roll-out of the new Social Welfare Information System, use of integrated case management system, and further strengthening of the CSWs.

Regarding ECEC, the proposed Project would (i) support the expansion of the supply of preschool, mostly by repurposing excess classrooms within the primary school network; (ii) consolidate the improvements in the quality of preschool education made under SSIP by establishing centers of excellence, peer-to-peer learning, strengthening the professional development of preschool teachers and targeted learning initiatives, especially those that support school readiness in domains such as early literacy and numeracy; and (iii) promote inclusion of marginalized children by expanding linkages between different services and social workers and improving parenting practices.

This combined approach of investing in social services and ECEC services can enhance the inclusion of vulnerable populations, increase their human capital to support them reaching their potential, and improve their labor market outcomes.

## 1.3 Environmental and Social Aspects

Second Social Services Improvement Project addresses the environmental and social aspects through the World Bank’s Environmental and Social Stands (ESS) approach/ framework. One of the Standard- ESS 2- relates to Labor and Working Conditions and expects the Borrowers to develop labor management procedures (LMP). Purpose of LMP is to facilitate planning and implementation of the project. The LMP enables identify main labor requirements and risks associated with it, and help the Borrower to determine the resources necessary to address labor issues. The LMP is a living document, which is initiated early in project preparation, and is reviewed and updated throughout development and implementation of the project. Accordingly, this document details out the type of workers likely to be deployed by the project and the management thereof. Key aspects of the LMP should be incorporated into contractual obligations of contractors and subcontractors.

## OVERVIEW OF LABOR USE ON THE PROJECT

**Type of Workers**

The key implementing agency for the Project will be the Ministry of Labor and Social Policy (MLSP), but it would closely collaborate with MoES, MoH, Institute for Social Activities, Centers for Social Work, Bureau for Development of Education, municipalities.

The WB ESS 2 categorizes the workers into: direct workers, contracted workers, public servants. For the SSSIP project the following categories of workers are important: direct workers contracted workers; and public Servants. All resources/contracts to be exclusively managed by direct workers.

Thus, only three categories of workers are expected.

First, direct workers, those deployed as ‘technical consultants’ by the project. They will be governed by mutually agreed contracts. Second, contract workers will be employed as deemed appropriate by contractors, sub-contractors, and other intermediaries, details of which will be known as and when activities' implementation begins. Third, public servants assigned to work on project related activities, are employed persons within the facilities.

**Direct workers**

The Project Management Unit (PMU), which is currently implementing the SSIP would be responsible for procurement, disbursement, monitoring, and reporting on the use of loan proceeds.

The current PMU within the MLSP already had engaged environmental and social safeguards specialists who would be responsible for implementation of provisions of ESMF. Implementation arrangements would assure continuous strengthening of MLSP’s capacity, to promote long-term sustainability of the reforms.

**Contracted Workers**

Most of the Contracted workers are expected to be experts in their fields, supported by experienced professionals. The experience of all engaged contracted workers should be on a level of the complexity of the given tasks/assignment.

**Public servants**

Public servants assigned to work on project related activities, regardless of whether they work full time or part time, will continue to work under the terms and conditions of their existing contracts or appointments in the public sector. WB ESS2 provisions on occupational health and safety, and prohibition of child and forced labor shall apply to civil servants engaged in the project.

***Number of Project Workers***:

Direct Workers. Total number of workers that will implement the SSSIP project within the PMU will be 15 consultants.

Contract Workers. The precise number of project workers who will be engaged are not known as of now. This number will change during the project implementation, based on the specific needs of each phase.

Public servant. The precise number of project workers who will be assigned to work on this project are not known as of now. This will become known as and when implementation begins.

***Timing of Labor Requirements***:

The direct workers will generally be required full time and around the 5 years for the project duration. The contract workers will be engaged depending of the project needs and the period of the project that need the specific work to perform.

## ASSESSMENT OF KEY POTENTIAL LABOR RISKS

***Key Labor Risks:***

In the SSSIP project, risks for project workers are expected during the reconstruction/upgrade/adaptation of the facilities and operational phase of the facilities that are planned to be reconstructed/ upgraded/ adapted.

The Contractor should follow the standards and requirements stipulated in the national legislation on protection of workers prescribed in Law on Safety and Health at Work (“Official Gazette of the Republic of Macedonia “no. 92/2007, 136/2011, 23/2013, 25/2013, 137/2013, 164/2013, 158/2014, 10/15, 61/15, 129/15, 192/15, 30/16, and OGRNM 18/20) and other secondary legislation.

* According to national law, every construction company is required to carry out a risk assessment for each job before commencing activities;
* The Contractor is required to provide:
* appropriate protection / equipment and clothing depending on the needs of each workplace, especially for workers who will work on height (appropriate ergonomic clothing);
* fire protection through the purchase of firefighting equipement and training of workers for fire protection (all workers must be familiar with the fire hazards and fire protection measures and must be trained to handle fire extinguishers, hydrants and other devices used for extinguishing fires);
* health protection-first aid kits and medical service on sites;
* emergency and normal first aid procedure for any injury if such occur through construction work;

The Contractor should follow safety guidelines:

* for the storage, transport, and distribution of hazardous materials to minimize the potential for misuse, spills, and accidental human exposure;
* for handling with chemicals (e.g., paints, glue, oils);
* for handling the waste generated from un proper storage of the different types of waste;
* The companies that will maintain the facilities are obliged to have the appropriate standards and equipment necessary to carry out their duties.

All these minimum requirements should be followed by the Contractors, but also, they need to ask these issues to be followed by their sub-contractors.

## BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS

The main legislative Act at national level is **Labor Law** (OG of RM no. 62/05; 106/08; 161/08; 114/09; 130/09; 149/09; 50/10; 52/10; 124/10; 47/2011; 11/12; 39/12; 13/13; 25/2013; 170/2013; 187/13; 113/14; 20/15; 33/15; 72/15; 129/15, 27/16, 120/18 and OGRNM no.110/19, 267/20 and 288/21), manages relationship between parties involved in the process of employment. It protects and applies to any natural person that has concluded an employment contract with an employer. The principle of equal treatment implies a ban on direct and/or indirect discrimination. Any kind of forced or child labor are strictly forbidden. The Law regulates all forms of employment, relations between employees and employers, retirement, lay-offs, and union operations. Special protection is guaranteed to employees under 18, workers with disabilities, pregnant women, women, and single parents.

**Law on Social Protection** (OG of RNM no. 104/19; 146/19; 275/19; 89/20; 302/20; 311/20; 163/21; 294/21; 99/22; 236/22; 273/22; 65/23). Social welfare and protection in Macedonia comprise of services and benefits from the tax-financed social welfare system (social prevention – which according to the Law on Social Protection includes - educational and advisory work, development of self-assistance forms, volunteering work etc., institutional care, non-institutional care and monetary assistance) and contributory- based social insurance system (pensions and disability, health and unemployment insurance).

**Law on Pensions and Disability Insurance** (OG of RM no. 53/13, 170/13, 43/14, 44/14, 97/14, 113/14, 160/14, 188/14, 20/15, 61/15, 97/15, 129/15, 147/15, 154/15, 173/15, 217/15, 27/16, 120/16, 132/16, 35/18, 220/18, 245/18, and OGRNM 180/19, 275/19, 31/20, 267/20) defines the obligatory pension insurance of workers under working contract and the natural persons performing activity, the bases of the capital funded pension insurance, as well as the special conditions how certain categories of insured persons receive the right to pension and enjoy disability insurance. The rights deriving from the pension and disability insurance are the following: right to age-related pension, right to disability pension, right to re-allocation to other adequate, working post, right to adequate employment, right to re-qualification or higher qualification and right to adequate financial compensations, right to family pension, right to monthly compensation for physical damage, and right to minimal pension.

Other labor and workforce related laws are:

* + Law on Employment and Insurance Against Unemployment
  + Law on Labor Inspection
  + Law on Records in the Field of Labor
  + Law on Employment of Disabled Persons
  + Law on Private Employment Agencies
  + Law on Volunteering
  + Law on Peaceful Settlement of Labor Disputes
  + Law on Employment and Work of Foreigners
  + Law on Minimum Wage
  + Law on Protection from Harassment at the Workplace
  + Law on Equal Opportunities for Women and Men

In general, the national labor legislation is aligned with ESS2 and EU Labor Law.

## BRIEF OVERVIEW OF LABOR LEGISLATION: OCCUPATIONAL HEALTH AND SAFETY

**Law on Occupational Health and Safety** (Official Gazette No. 92/07, 98/10, 93/11, 136/11, 60/12, 23/13, 25/13, 137/13, 164/13, 158/14, 15/15, 129/15, 192/15, 30/16, and OGRNM 27/18, 231/18, 18/20). The OHS law defines the occupational health and safety measures, the employers’ obligations and the employees’ rights and duties in the field of occupational health and safety, as well as the preventive measures against occupational risks, elimination of accident-related risk factors, information, consultation, training of workers and their representatives and their engagement in planning and implementing occupational health and safety measures. Prevention of occupational injuries and diseases and work-related illnesses is the fundamental principle of the OHS law.

Relevant OHS Rulebooks are:

* **Rulebook on Preparation of the Health and Safety Statement** (Official Gazette No.07/08)defines mandatory health and safety statements for each workplace; engagement of an authorised H&S officer and official medical institution; adopting fire protection, first aid and evacuation measures; providing trainings on first aid, fire protection, rescue and evacuation; providing periodical medical examinations for staff.
* **Regulation on PPE**(Official Gazette No.116/07) defines mandatory provision of PPE for workers.
* **Regulation on Use of Work Equipment** (Official Gazette No.116/07) defines mandatory periodical testing of work equipment.
* **Regulation on OHS in Use of Work Equipment**(Official Gazette No.116/07)defines that adequate and safe work equipment must be available to workers; employers must take measures to minimise risks, including providing appropriate notices and written guidelines for workers, as well as providing training on risks.
* **Regulation on Minimum OHS Requirements in Temporary Mobile** **Sites** (Official Gazette No.105/08) defines the obligation of contractors to develop an OHS Plan.
* **Regulation on Minimum OHS Requirements at Workplaces** (Official Gazette No.154/08) defines the following obligations of employers: providing clear routes to emergency exits; carrying out technical maintenance of the workplace, equipment and devices; keeping the workplace, equipment and devices at an adequate level of hygiene; providing first aid rooms fitted with essential first aid installations and equipment; taking into consideration the needs of disabled workers.
* **Regulation on Form and Content of Report on Start of Work Activities** (Official Gazette No.136/07) defines that contractor are required to notify the State Labour Inspectorate about the construction site,
* **Regulation on Health and Safety of Workers Exposed to Noise Pollution** (Official Gazette No.21/08) defines mandatory measurement of noise levels at workplaces, prohibits work on locally recognised days of rest, outside of the normal working hours or in extreme weather conditions.
* **Regulation on OHS Signs**(Official Gazette No.127/07)defines mandatory health and safety signs for any hazardous work activities and providing suitable instructions to workers.

## RESPONSIBLE STAFF

The MLSP will be the main implementing agency for this Project. The MLSP PMU has a solid track-record of implementing World Bank-financed project, with the SSIP currently on track in terms of implementation progress and progress towards the PDO. Despite this experience, the capacities of the Ministry in terms of financial management, procurement, ESF, and monitoring and evaluation remain limited and thus the existing PMU will continue to be responsible for day-to-day project implementation, overall project coordination, monitoring activities, ESF and fiduciary functions, and reporting. The PMU will be housed within and will report to the MLSP.

The MLSP will be accountable for component 1 in close collaboration with the Institute for Social Activities, which is responsible for licensing, Centers for Social Work, and municipalities. For selected social services, such as for the elderly and people with disabilities, the MLSP will coordinate with the Ministry of Health, given its mandate to assess needs (through family doctors and/or medical commissions) and provide relevant medical services.

The MLSP will play a crucial role in coordinating activities aimed at repurposing unutilized school classrooms/unused municipal premises into ECEC playrooms under component 2. The MLSP will work alongside the Bureau for Development of Education to facilitate activities focused on updating child development standards and promoting professional development and career advancement opportunities for teachers.

The SSSIP (PMU) shall be responsible for the following:

* + - * Implement this labor management procedure.
      * Monitor contractors’ implementation of labor and occupational safety and health procedures given in the signed contracts.
      * Ensure 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.

The Contractors shall be responsible for the following:

* + - * Work in accordance to the national regulation regarding Labor, Safety and Health at Work.
      * Follow the labor management procedures and occupational health and safety requirements as stated in the contracts signed with MLSP.
      * Contractors will keep records in accordance with specifications of the job description.
      * Supervise the subcontractors’ implementation of labor management procedures and occupational health and safety requirements.
      * Maintain records of recruitment and employment of contracted workers as provided in their contracts.
      * Provide induction (including social induction) and regular training to employees in labor protection requirements, including training on their rights on safe labor under legislation in North Macedonia on the risks of their jobs, and on measures to reduce risks to acceptable levels.
      * Ensure that all contractor and sub-contractor workers understand and sign the Code of Conduct prior to the commencement of works.
      * Establish and implement a procedure for documenting specific incidents such as project-related occupational injuries, illnesses, and lost time accidents. Maintain such records, and require all third parties and primary suppliers to maintain them. Such records will form an input into the regular review of OHS performance and working conditions.
* In instances of medium, severe, fatal and mass accidents, inform the law enforcement bodies, the labor inspection, the president of the trade union, and the employees OHS representative.

## POLICIES AND PROCEDURES

The Contractors will prepare labor management procedures in line with this labor management procedure and national labor law. The principles and procedures presented below represent the minimum requirements but is not an exhaustive list of requirements.

Engagement of project workers within the SSSIP (workers that will be engaged within SSSIP based on signing a consultancy type of contract) will be based on the principles of non-discrimination and equal opportunity. There will be no discrimination with respect to any aspects of the engagement relationship, including recruitment, compensation, working conditions and terms of employment, access to training, promotion or termination of engagement. The following measures, will be followed by the SSSIP (PMU), to ensure fair treatment of all project workers:

* Recruitment procedures will be transparent, public and non-discriminatory, and open with respect to ethnicity, religion, sexuality, disability or gender.
* Clear job descriptions will be provided in advance of recruitment and will explain the skills required for each post.
* All workers will have written contracts describing terms and conditions of work and will have the contents explained to them. Workers will sign the consultancy contract.
* The contracted workers will not be required to pay any hiring fees.
* All workers will be 18 years old or above.
* 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 contractor.

MLSP will include into the bidding documents for expansion of the supply of preschool (renovation/upgrade activities), specific OHS standard requirements that all contractors and sub-contractors will meet under this project. The standards will be consistent with local regulations, WBG EHS guidelines and GIIP (Good International and Industry Practices).

Contractors will provide a safe workplace; therefore, a risk assessment will be completed before the commencement of any construction activities, and safety measures will be implemented in accordance with applicable safety standards. OHS Plan will be developed by the Contractor if risk assessment determines need for performing works that include construction activities, use of chemicals and OHS plan must be developed in compliance with WBG EHS guidelines. The supervision consultant will review and approve contractors’ safety plans and procedures, if such need occurs.

All contractors will develop and implement Code of Conduct and it should be submitted to the supervision consultant for review and approval. The Code of Conduct will reflect the company’s core values and overall working culture. The content of the Code of Conduct is included in the World Bank Standard Bidding Documents and will include provisions relating to SEA/SH prevention.

The contractors will be required to provide the periodic information on the performance in terms of labor, occupational health and safety issues. The information will be included in the construction contractor’s monthly report and will be reviewed by the supervision consultant’s team.

## AGE OF EMPLOYMENT

North Macedonia law prohibits anyone under 18 from performing “unhealthy or heavy” and there are special requirements for leave, work hours, and other conditions of employment.

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.

## TERMS AND CONDITIONS

The engagement terms and conditions applying to SSSIP (PMU) employees are set out in this document. These internal labor rules will apply to all SSSIP consultants who are assigned to work on the project (direct workers), contracted workers as well as to the Public Servants involved on this project. Terms and conditions of part-time direct workers are determined by their individual contracts.

The work hours for SSSIP workers will be 40 hours per week, eight hours per workday. Terms and conditions of part-time direct workers will be determined by their individual contracts. 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 and specified in the standard contracts to be used by the MLSP under the project, which will be provided in Project Operations Manual and follow this LMP.

## GRIEVANCE MECHANISM

The project will establish a GRM for the Project Workers (direct workers and public servants) consistent with the WB ESS2 before the Project Effectiveness and describe them in the Project Operations Manual (POM).

All identified stakeholders within the SSSIP can submit a complaint/suggestion regarding the project implementation. The complainant will be informed about the proposed corrective action and follow-up of corrective action within 25 calendar days upon the acknowledgement of grievance. In situation when the PMU is not able to address the particular issue verified through the grievance mechanism or if action is not required, it will provide a detailed explanation/justification on why the issue was not addressed. The response will also contain an explanation on how the person/ organization that raised the complaint can proceed with the grievance in case the outcome is not satisfactory. Grievance mechanism will be publicly available on the MLSP web site (special link for the SSSIP) in order to be easily accessible for the stakeholders and to be able to submit a complaint for the project activities and documents that will be developed within the SSSIP.

## CONTRACTOR MANAGEMENT

Reconstruction/adaptation and other contracts will include provisions related to labor and occupational health and safety as provided in the World Bank Standard Procurement Documents and North Macedonia law.

The SSSIP PMU within MLSP will 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.