LABOR MANAGEMENT PROCEDURES (LMP)

For:

Public Financial Management Improvement Project Phase 2

Project ID no: (P177742)

Prepared by: Palestinian Liberation Organization

Ministry of Finance

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List of Acronyms

ESF: Environmental and Social Framework

GBV: Gender Based Violence

GFSM: Government Finance Statistics Manual

GRM: Grievance Redress Mechanism

HCPPP: High Council for Public Procurement Policies

LGUs: Local Government Units

LMP: Labor Management Procedure

MoF: Ministry of Finance

MoH: Palestinian Ministry of Health

MoSD: Ministry of Social Development

PACC: Palestinian Anti-Corruption Commission

PCBS: Palestinian Central Bureau of Statistics

PFMI: Public Financial Management Improvement

PLL: Palestinian Labor Law

PMU: Project Management Unit

PPE: Personal Protective Equipment

SAACB: State Audit and Administrative Control Bureau

SH: Sexual Harassment

SEA: Sexual Exploitation and Abuse

SO: Social Officer

WHO: World Health Organization

1. Introduction

The Labor Management Procedure (LMP) is developed by Ministry of Finance (MoF) for the Public Financial Management Improvement Project Phase 2 to ensure the project sustainability in compliance with Environmental and Social Standard 2 on Labor and Working Conditions (ESS2) of the World Bank's Environmental and Social Framework (ESF) and the national legislation and regulations of the Government of Palestine. The labor management procedures will set out the way in which project workers will be managed, in accordance with the requirements of national law and ESS2. This LMP will be finalized, consulted on, reviewed, and cleared by the Bank and disclosed within one month of the project effectiveness.

The Public Financial Management Improvement Project (PFMI- Phase 2) aims to provide a basis for further reforms in PFM and cross-cutting areas. The project will support strengthening of the PFM areas such as domestic revenue mobilization, institutional capacity for budget allocation and execution, and management and access to financial resources among Local Government Units (LGUs). The project will also help improve procurement monitoring and reporting within the government to ensure value for money and fiduciary integrity and support the professionalization of the procurement workforce to maximize the benefits of the reforms. Finally, the project will directly address the present accountability gap by helping build the capacity of the Palestinian Anti- Corruption Commission (PACC) to prevent corruption.

The Project will not finance any civil work and hence there are no environmental and social (E&S) risks associated with physical infrastructure development. Health and safety risk related to exposure to COVID-19 is anticipated to be associated with face-to-face training. The purpose of the LMP is to facilitate the planning and implementation of the project by identifying the main labor requirements, the associated risks, and the procedures and resources necessary to address the project-related labor issues. The LMP sets out general guidance relevant to different forms of labor but also issues and concerns that relate to COVID-19 considerations.

The Project will be implemented and led by the MOF and HCPPP (**Component 4**) but will involve other ministries on specific components. In addition, three other implementing entities will manage and implement activities: the SAACB (audit) and PACC for Component 2 and PCBS for Component 5.

MoF is committed on a continuous basis throughout the Project implementation to evaluate risks and impact and to develop procedures to prevent further impacts. The focus of the LMP is on workers engaged by MoF i.e. direct workers (PMU staff) and contracted workers (e.g. for consultancy services).

This LMP aims to cover an assessment of potential labor related risks; an overview of labor regulations, policies, and procedures;
and plan to prevent GBV/SEA and SH proportionate to the level of risk; contract terms and conditions; working age regulations; the Ministry of Health (MoH) guideline and the World Health Organization (WHO) guidelines in response to COVID-19, and other requirements of ESS2. The LMP also incorporates a section on OHS (Section 5). In line with the requirements of ESS2 a workers' GRM, separate from the GRM established under ESS10, will be designed as part of the LMP and operationalized.

The rated environmental and social risk of the Project is **rated low** which indicates an insignificant likelihood of adverse impacts associated with project implementation, including risks related to labor. The LMP addresses the labor related risks and provides proportionate mitigation measures to minimize those risks.

The Ministry of Finance will appoint a part time staff as the project Social Officer (SO) who will be responsible for the implementation of the project's E&S requirements/instruments including the LMP.

1.1 Project Components:

The project has four components:

Component 1: Component 1. Improving Budget Expenditure Management and Control: This component will address core weaknesses with the current expenditure management and control mechanisms through strengthening and further development of operating procedures, the legal and regulatory framework, methodologies, and capacity building.
Component 2: Improving Financial Accountability of the PFM System: This component will address the core weaknesses with the current financial accountability of the PFM system through the following activities:
Component 3: Enhancing Revenue Mobilization and Administration: This component will support the newly established Revenue Commission under the Ministry of Finance in strengthening revenue administration functions and implementing a recently developed Revenue Strategy aimed at improving revenue mobilization. The component will include assistance to the design and strategic operation of joint organization for tax and customs administration, including property tax administration, and the development of operational functions and business processes, including the establishment of risk management and data analytics units and the enhancement of other functions as needed. It will assist in further development of the legal and regulatory framework to support a modern tax system. The component will involve activities to develop taxpayer services, including e-services in the Portal, comprehensive information on the website and other services, to facilitate voluntary compliance by taxpayers. It will also include capacity building and training for staff of the newly created Revenue Commission and support to the operationalization of the upgraded revenue IT system - Revenue Management System (RMS), automated links between the RMS, customs IT system (ASYCUDA) and a property tax IT system, and IT equipment and tools to enable more efficient revenue collection.
Component 4: Improving Public Procurement Management: This component will aim to improve procurement management through scaling up activities implemented by HCPPP and supported by the current PFMI Project (phase 1) as well as supporting new interventions in priority areas.
Component 5: Closing Critical Data Gaps and Modernizing Statistics Production:

This component builds on the MENA Statistics Compact and the Palestine National Statistical Development Strategy. It aims at increasing and improving the use of administrative data for the production of statistics, particularly through increased collaboration with the MOF. In alignment with the MOF's Public Financial Management Strategy (2021-2023), this component will also help the MOF with its move to Government Finance Statistics Manual (GFSM) 2014.

Component 6: Project Implementation Support and Management: This component finances costs related

to project management and capacity building at the MOF throughout the life of the Project.

A Project Management Unit (PMU) will manage project implementation and monitor progress as under the current project. It will additionally finance a PFM expert. It was also agreed that strategic PFM meetings involving all relevant MOF units would be held as needed to ensure coordination and smooth project implementation.

2. Overview of Labor Use in the Project

As per ESS2; the project will include two categories of workers; direct workers and contracted workers as follows:-

- **Direct Workers**

The project's direct workers will be the PMU staff including a project manager, a procurement specialist, a financial specialist and a part -time Social Officer (SO). Therefore, the number of project direct workers is currently **four**. The project's direct workers, either male or female, will be skilled workers engaged according to the needs of the project implementation.

- **Contracted Workers**

The project contracted workers will include independent consultants who will conduct capacity building trainings or needs assessment studies for ministries or national entities as well as skilled staff/consultants who will be contracted to support the ministries/ national entities under components 1- 5.

The contracted workers will be hired under individual contracts, on full- time or part-time basis, with specific definition of the assigned tasks and responsibilities. At least 50% of the contracted workers will be women. It is estimated that the MOF will solicit the services of 25 contracted workers including consultants and trainers under components 1,2,3 and 5 throughout the project period.

It is also estimated that the HCPPP will require, during 2022 and 2023, the services of 15 contracted workers under Component 4 as follows: (i) specialists to develop the training material (ii) Training of Trainers specialists, Skills ToT and content development ToT and (iii) trainers for the delivery of training sessions to beneficiaries.

The number of contracted workers has been estimated at the time of the preparation of this LMP and may change during implementation as new needs are identified.

Due to the nature of activities that will be performed under this project, only direct and contracted workers will be involved in the implementation.

The project will not involve **community workers** or **primary supply workers**. However, if during implementation, the project's activities require the involvement of primary supply workers; the following aspects of labor management procedures will be applied to them: forced labor, child labor, and serious safety and/ or security issues pertaining to their work environment.

Finally, in addition to the project workers, some civil servants from implementing agencies may also work in connection (full-time or part-time) with the project without being formally transferred to the

project. ESS2 provisions will not apply to this category of workers, and they will remain subject to the terms and conditions of their employment with the implementing agencies. ***Nevertheless, the provisions of ESS2 related to protection in the work force (e.g. minimum age and forced labor) and OHS will apply to such employees***

Number of Project Workers: It is estimated that the number of all types of workers/employees to be involved by the Project is forty-four (44). This number will be further revised during implementation.

Characteristics of Project Workers: The employees/workers, either male or female, will be engaged according to the work needs. Both the direct workers and contracted workers will be skilled workers with requisite professional and technical experience.

Timing of Labor Requirements

The labor timing and duration for each category of workers are as follows:

- **Direct Workers:** The PMU staff including project manager and financial specialist, hired during Phase 1, will continue carrying the same roles during the implementation of Phase 2. The MOF will also recruit a full- time procurement specialist and a part- time SO in July 2022.
  The work duration will be the period required for the implementation of the activities as stated in the agreement with the Bank. The direct workers will generally be required full time and throughout the year for the project duration or as needed.

- **Contracted workers for capacity building training** will be recruited after project effectiveness, however, the exact timing of their employment will depend on the recruitment process of MOF (Components 1,2,3 &5) and HCPPP (Component 4). The work duration of contracted workers will vary depending on the need and will be indicated in their individual contracts.

3. Assessment of Key Potential Labor Risks

The environmental and social risk of the Project are rated **low** which indicates a low likelihood of adverse impacts associated with project implementation, including risks related to labor. The LMP addresses the Project Workers' related risks and provides measures to mitigate those risks.

The focus of the LMP is on PMU staff assigned to the project i.e. direct workers who will be engaged with the project implementation as well as contracted consultants under **Component 1 improving budget expenditure management and control, Component 2** improving financial accoutability, **Component** 3 enhancing revenue mobilization and administration, **Component 4** improving public procurement management and **Component 5**.
The Project is aimed to enhance the PFM capacity in the country while the project components consist of soft activities related to the capacity and institutional building, therefore the potential adverse risks and impacts on humans and the environment are **not** likely to be significant

- ***Key Labor Risks*:**

Key labor risks for workers pertain to working conditions, terms and conditions of employment, health and safety (e.g. during face to face training and capacity building activities), potential exposure to SEA/SH. These risks can be described as follows:

- Exposure of direct and contracted workers to a certain level of health and safety risk associated with COVID-19 infection, especially if proper hygiene, safety precautions and social distancing measures are not adhered to.
- Gender-based Violence (GBV)/Sexual Exploitation and Abuse (SEA)/Sexual Harassment (SH): Potential risks of GBV/SEA/SH during face-to-face activities and trainings under Components 1- 5. Based on the preliminary assessment at appraisal stage, the risk of SEA/SH is rated as **low**.
- Labor and working conditions: The project will involve workers working at the PMU responsible for project implementation and contracted workers engaged with MOF and HCPPP. Labor risks such as payment of overtime, unpaid salary in part or in full, minimum working age and child labor risks, and rights of association are not in accordance with the requirements of national law and ESS2 are possible.
- Risks related to the terms and conditions for workers not being in accordance with the requirements of national law and this ESS (covering terms and conditions of employment; non-discrimination and equal opportunities; discrimination in relation to recruitment; prohibition of forced labor & child labor; indiscriminate benefits; grievances and workers' rights).
- The project doesn't involve civil works, where the project activities are expected to have minor environmental impacts related to supply of IT equipment's including occupational health and safety risks on workers including risk of exposure to COVID-19, and generation of minor amounts of waste related to the minor installation activities. Measures to mitigate the OHS and waste management will be included in the technical specification of the supply bidding documents. Risks associated with minor installation of equipment including servers and IT equipment (desktops, laptops, printers etc) and these are expected to be **low**. Injuries could happen from lifting heavy equipment and during transportation and lifting of such equipment. Other risk include exposure to electrical hazards from the use of tools.

The project's labor related risks will be mitigated by the application of the national labor laws (e.g. on wages, working hours, insurance etc.). With regards to Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) Risk, the PMU shall adopt and implement measures to assess and manage GBV/SEA/SH risks such as applying the Codes of Conduct (CoC) for project workers and contracted workers; raising awareness and conducting trainings about these issues in the workplace, and, ensuring access to grievance mechanisms in case there is a need to file a complaint, without fear of reprisal and while maintaining anonymity.

The LMP also includes details regarding a mechanism for addressing project workers' grievances (separate from the GM for project affected persons). This system will be available to both direct workers and contracted workers, including line ministries and partner institutions. The workers' GM will also address potential complaints related to SEA/SH and will have requisite features such as, ability to accept and

respond to anonymous complaints and measures to ensure anonymity of complainants, referral mechanisms, and availability of trained personnel to accept and handle such complaints. Measures to prevent SEA/SH will also be included in the workers' CoC which will be circulated among and signed by all project workers. Grievances will be handled at the project's level by the Social Officer (SO). The GRM will be accessible to all project's stakeholders, including PAPs, citizens, civil society, media, and other interested parties. Stakeholders can use the GM to submit complaints related to the overall management and implementation of the project. The PMU shall assign a GRM telephone number, email address and website before the carrying out of the relevant project activities. The SO will communicate GM details to project affected parties during stakeholder engagement activities and will disclose GM information through appropriate methods. The SO will keep a log of the complaints at hand. Reports on grievances and complaints will be consolidated into semi-annual project progress reports prepared by the PMU for the World Bank.

The implementing agency (HCPPP for Component 4) will also include provisions for prevention of potential cases of SEA/SH and availability of workers' GM.

In addition to the MoH guidelines, the World Health Organization (WHO) guidelines in response to COVID-19, such as the procedures for protection of workers in relation to infection control precautions and provision of immediate and ongoing training on the procedures to all categories of workers, will be used.

With respect to child labor, it is assessed that the risk of child or forced labor is negligible and managed through national legislation. In addition, given that the workers are mainly from the surrounding communities risks related to labor influx, community health and safety such as GBV/SH/SEA risks and risks of spreading dangerous diseases are minimal.

4. Key Labor Legislation in Palestine

An overview of the key aspects of Palestinian Labor Law (No. 07 of 2000), FIDIC 1999 which is applicable in Palestine and bylaw No. (10) for the year 2021 on Recruitment of Experts and Employment of Casual or Seasonal Temporary Workers, that address the requirements of the terms and conditions of work in ESS2, is provided below:

The Individual Work Contract

The individual work contract is an explicit or implicit written agreement, which had been concluded between an employer and a worker for a limited or unlimited period of time or for the accomplishment of a certain work, in accordance with which the worker shall undertake to perform a work for the benefit of the employer and under his/her management and supervision, and in which the employer shall undertake to pay the wage agreed upon to the worker. The maximum duration of the limited period work contract concluded with the same employer shall not exceed two successive years, including the instances of renewing such contract.

The contracts with the contracted workers for capacity building activities including training for trainers will be of limited-period work contracts for six months. The contracts with contracted workers do not fall under the six months timeframe condition.

Minimum Wage

Based on Article (87) of the Palestinian Labor Law (PLL) the "Council of Ministers shall establish a committee to be called the "Committee on Wages". The "Committee on Wages" was formed by the Council of Ministers Resolution No. (46) Of 2004. The "Committee on Wages" determines the minimum wage limit which has to be issued through a decision by the Council of Ministers. The formed "Committee on Wages "has determined the minimum wages and these wages were issued by the Council of Ministers Resolution No. (11) of 2012 regarding the adoption of the minimum wage in all areas of the Palestinian National Authority. In 2021, the committee revised the minimum wage and a new minimum wage has been enacted by the Council of Minister Resolution No. (4) of 2021 (1,880 NIS per month). This minimum wage is applicable for the direct workers.

A labor agreement will determine the form and amount of remuneration and this should not be less than the legally approved minimum wage mentioned above.

Payment Regularity

According to Article (82) of the PLL:

1. The wage shall be paid to the worker using the circulated legal currency, provided that the payment is conducted according to the following:
   a) On the working days and in the workplace.
   b) At the end of each month in relation to workers paid based on a monthly wage.
   c) At the end of each week in relation to workers, working on unit production or hourly or daily or weekly basis.
2. The worker's wage payment may not be delayed for a period exceeding five days from the wage regular payment date.

Deductions from Payment of Wages

According to Article (83) of the PLL:

1. With the exception of the following, no amounts may be deducted from the worker's wage:
   a) In pursuance of a final judicial judgement.
   b) For any loan due for the employer, provided that each deduction does not exceed (10%) of the related worker's basic wage.
   c) The fines imposed upon the worker in pursuance to the provisions of this Law or the regulations issued according to it.

2. The total of deductions made under subparagraphs (b and c) in Paragraph (1) above may not exceed (15%) of the worker's basic wage.

The provisions of Article (83) of the PLL complies with the ESS2 (Paragraph 11) requirement that states "*Deductions from payment of wages will only be made as allowed by national law or the labor management procedures, and project workers will be informed of the conditions under which such deductions will be made".*

Insurance and compensation

According to *Articles (116) through (130) of the PLL*:

"The employer ((MOF and HCPPP)) must insure all their workers against work injuries at licensed insurance providers in Palestine". The insurance made by the employer (MoF and HCPPP in this case) for the contracted workers will pay compensation to the contracted workers for work-related damage that caused any deterioration to the employee's health and will cover the subsequent, necessary treatment and give compensations as illustrated in Articles (116) through (130). If the work injury resulted in the death or in a permanent total disability, the heirs in the first instance and the injured worker in the second one shall be entitled to a cash compensation that is equal to the wage of (3500) working days or (80%) of his/her basic wage for the remaining period until he/she reaches the age of sixty years, whichever is greater.

Working hours, Rest Periods and Weekly Holiday

According to *Articles (68) through (73) of the PLL*:

The actual working hours shall be Forty-five hours per one week. The daily working hours shall include one or more resting period/s, the total of such period/s shall not exceed one hour, taking into consideration that the worker shall not work for more than five consecutive hours. One day or two days a week is the weekly rest period (holiday). The two parties (employer and project workers) may agree to extra working hours (**overtime work**) provided that the total number of such hours does not exceed twelve hours a week. The worker shall be paid the wage of *one and a half hour for each extra working hour* he/she works. For the purpose of this project, the MOF and the PMU workers have agreed that working hours shall not exceed thirty- five hours per one week and that tasks may be performed remotely.

Leave

According to Articles (74) through (80) of the PLL:

An employee will have the right to enjoy paid leave for at least 14 days, sick leave of 14 days, sick leave of additional 14 days with half of salary/ wage, this is also in accordance with bylaw No. (10) of 2021. Leave does not include maternity leave which is 70 days. The worker shall have the right to a paid leave on religious and official holidays, which is not considered or counted as annual leaves. Employees have the right to enjoy paid national and religious holidays. Workers working according to limited period work contracts, including those working according to occasional work contracts or seasonal work contracts, such as the contracted workers under C4S, shall enjoy the same rights and be under the same obligations, which the workers working according to unlimited work contracts are subject to in the same work

conditions, taking into consideration the special provisions related to the work for a limited, occasional and seasonal period.

Women

According to Articles (74) through (80) of the PLL:

Palestinian Labor Law includes provision for prohibition of discrimination between men and women. Employment of women is prohibited in the following jobs or under the following conditions: dangerous or hard works, extra working hours during pregnancy and during the first six months after delivery, and during night hours except for the works defined by the Council of Ministers.

The working woman who had spent a period of one hundred and eighty days at work prior to each delivery, she shall have the right to a paid maternity leave for a period of ten weeks, including at least six weeks after the delivery. The working woman may not be dismissed from her work because of the maternity leave unless it is proven that she worked in another work during such leave. The breastfeeding mother shall be entitled to a period or periods for breast feeding during work hours, the total of which shall not be less than one hour per day for a period of one year from the date of delivery. The breastfeeding hour, mentioned above, shall be counted as part of the daily working hours. According to the work interest, the working woman may obtain an unpaid leave to foster her child or accompany her husband.

Labor Dispute

According to *Articles (60) through (67) of the PLL*:
Palestinian Labor Law includes provision for workers exemption from legal fees arising from work-related disputes and allows unionizing. A bipartite committee will settle any disputes that may arise from the implementation of agreement. The court has jurisdiction over labor related disputes.

The Palestinian Labor Law applies to direct workers and contracted workers, who are employed on full-time basis. Terms and conditions of direct/contracted workers hired on part-time basis are determined in their individual employment contracts.

Termination of contract

According to Article (46) of the PLL: 1. Any of the two parties to the indefinite period work contract may terminate such contract by sending with a receipt of delivery to the other party a month prior to the termination of the work. 2. The worker who receives a notice of termination of the work contract from the employer, shall have the right to be absent from work during the second half of the notice's duration. His/her absence shall be deemed to constitute actual work at the installation. 3. It shall be considered as an arbitrary termination of the contract if it is terminated without the presence of due causes for its termination. According to Article (39) of the PLL: The following instances in particular shall not be considered to be from among the real causes which justify the termination of work by the employer: 1. Affiliation with a union or participating in a union's activities after working hours, or during working hours in case the employer gives his/her consent. 2. The worker's request that he/she represents the workers

or his/her current or past representation of such workers. 3. The worker's bringing a lawsuit against the employer or his/her participation in proceedings against the employer claiming his/her violation of the Law, in addition to the worker's filling a complaint before the competent administrative bodies.

As an essential mitigation measure to address the labor dispute issues and to provide the workers with a non-judicial procedure, the project will establish a Workers' Grievance Mechanism (GM).

Key Gaps between ESS2 and National Labor Law

The key gaps between ESS2 and the Palestinian national Labor law include: [1]

The West Bank and Gaza, as designated occupied territories, are unable to be a member of the ILO, and as such they have not ratified any ILO Conventions. Not all labor laws are fully aligned with ESS2. Important areas for consideration relate to:

- **Forced labor:** Forced, involuntary, bonded labor etc. are not addressed by the Labor Law No. 7 of 2000. There is no specific provision in national legislation punishing the exaction of forced labor.
- **Discrimination:** Gender discrimination in the different aspects of the employment relationship, including in recruitment, promotion and terms and conditions of employment, is not expressly prohibited. Discrimination on a number of personal characteristics is not expressly prohibited under the Labor Code, including race, political belief, language, sexual orientation or gender identity. Sexual harassment is not expressly prohibited by law.
- **Contracted and primary supply labor:** National law does not contain specific requirements on the use of contracted labor or on the use of primary supply labor.

As an essential mitigation measure to address the gaps in the Palestinian National Labor law regarding labor dispute issues and to provide the workers with a non-judicial procedure, the project has established a Workers' Grievance Mechanism that is described under chapter 8 of this LMP.

5. Occupational Health and Safety (OHS)

Obligations of the Employers (MOF and HCPPP):

The Palestinian Labor Law No. 07 of 2000, the Council of Ministers Act No. 11 of 2012, and the health conditions and standards related to occupational health and safety at different workplaces apply to direct workers. The same laws will be also applicable to the contracted workers. The following points among others set out in ESS2 and World Bank Group's Environmental Health and Safety Guidelines (EHSGs) will be ensured:

- Maintain a safe working environment.
- Protection measures for workers (direct and contracted) from exposure to COVID-19 depending on the type of work performed and exposure risk. MOF & HCPPP will provide resources necessary to carry out the work with safety, including personal protective equipment (PPE) and encouraging safe work practices

1 World Bank ESS2 Country Briefing- West Bank & Gaza, ERGON, August 2020.

- MOF shall provide appropriate medical care and insurance for their direct workers during the course of their employment. MOF and HCPPP will also cover the contracted workers with injuries insurance during the course of employment. Any injuries caused during the course of employment will be covered and compensated according to the Palestinian labor law;

Obligations of the Employees: Employees are required to:

- Maintain safe practices at work to avoid danger to the safety and wellbeing of the workers, which may be caused by inattentiveness to safety and security measures.
- Assist the employer in maintenance of measures designed to ensure health and safety in the workplace;
- Regardless of specific exposure to COVID-19 risks, it is always a good practice the following:
    - Frequently wash your hands with soap and water for at least 20 seconds. When soap and running water are unavailable, use an alcohol-based hand rub with at least 60% alcohol.
    - Avoid touching your eyes, nose, or mouth with unwashed hands.
    - Practice good respiratory etiquette, including covering coughs and sneezes
    - Avoid close contact with people who are sick.
    - Stay home if sick.
    - Recognize personal risk factors. According to the WHO, certain people, including older adults and those with underlying conditions such as heart or lung disease or diabetes, are at higher risk for developing more serious complications from COVID-19.

The workers' grievance mechanism is discussed in detail in Section 8 below.

6. Policies and Procedures for Management of Labor Issues Under the Project

This section sets out the mitigation measures that will be adopted by the project to address the risks mentioned in section 3, including those relating to specific risks to workers posed by COVID-19. The employment of project workers (direct and contracted) 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, such as recruitment, compensation, working conditions and terms of employment, access to training, promotion, or termination of employment.

Terms and Conditions of Employment

These provisions will apply for direct workers

- All direct workers will be provided with an employment contract with clear terms and conditions of work and setting out their rights under the national labor law, including information regarding their terms and conditions of employment, hours of work, wages, overtime, compensation and benefits, holidays, leaves, etc. and will have the contents explained to them. Workers will sign the employment contract.
- All direct workers employed for the purpose of the project will be above 18 years.
- Maximum working hours for workers will not exceed forty-five hours a week, unless otherwise stated in their employment contract in accordance with the Palestinian Labor Law.
- Equal training opportunity will be available to all workers working in the project without discrimination, based on gender or otherwise

- All workers will be entitled to breaks from work of one-hour meal break each workday taking into consideration that the worker shall not work for more than five consecutive hours. One day or two days a week is the weekly rest period. They will also be provided with the entitled leaves under the Labor Law.
- All project workers will be covered with injury insurance
- Workers will be provided a pension contribution and deductions will be made from their salaries for their contribution in accordance with the Labor Law.
- All direct workers from MOF will be made aware of the GRM (as specified under this LMP) available at the MOF. They will also be able to lodge complaints to the special referral pathways for grievances on GBV, SEA, SH.
- Ban the use or support of child, forced or compulsory labor.
- Pay its workers on a regular basis as required by national law.

These provisions will apply for contracted workers

- All contracted workers will be provided with an employment contract with clear terms and conditions of work and setting out their rights under the national labor law, including information regarding their terms and conditions of employment, hours of work, wages, overtime, compensation and benefits, holidays, leaves, etc. and will have the contents explained to them. Workers will sign the employment contract.
- List of contracted workers to be employed will be submitted to MOF by HCPPP.
- As per the provisions of the employment, all workers employed by selected MOF, HCPPP or line ministries will be above 18 years of age. Contracted workers will provide document evidence (passport or ID) confirming their age to MOF and/ or HCPPP prior to involvement on project activities.
- Maximum working hours for workers will not exceed forty-five hours a week, in accordance with the Palestinian Labor Law, unless otherwise stated in their employment contract
- The system to address GBV and SEA/SH complaints will be communicated to contracted workers upon signing the working contract.
- The leave policy of the contracting entities (MOF & HCPPP) will be shared and confirmed as per contract
- All workers will be made aware of the workers' GRM (as specified under this LMP) available at MOF and line ministries, and will also be able to lodge complaints to the special referral pathways for grievances on GBV, SEA, SH.
- Ban the use or support of child, forced or compulsory labor.
- Pay its workers on a regular basis as required by national law.

COVID-19 Specific Occupational Health and Safety

These provisions will apply for all categories of project workers

- The workers' temperature will be checked, and sanitizers will be provided at the entrance of the workplaces, sick workers will be refused entry to the workplaces.
- Adherence to the MoH and WHO protocols guidelines related to COVID-19.
- Trainings for workers on hygiene and other preventative measures will be carried out, and a communication strategy for regular updates on COVID-19.

- Adjustments will be made to work practices to reduce the number of workers and increase social distancing following the government and WHO guidelines procedure if a worker becomes sick.
- Adequate supplies of PPE (masks); hand washing facility, soap and/or alcohol-based sanitizer, will be made available at the worksites.

While preparing the OHS guidelines involving labor, the following guidance materials will be used:

- WHO interim guidance on use of PPE for COVID-19: For rational use of PPE. https://www.who.int/publications/i/item/rational-use-of-personal-protective-equipment-for-coronavirus-disease-(covid-19)-and-considerations-during-severe-shortages.
- WHO guidance getting your workplace ready for COVID-19: https://www.who.int/docs/default-source/coronaviruse/getting-workplace-ready-for-covid-19.pdf.

Age of Employment

A child under the age of 15 will not be employed or engaged in connection with the Project (This is according to the Palestinian Labor Law No. 7 of 2000, article No. 93; and ESS2 requirements). Moreover, according to ESS2 (paragraphs 18 and 19) a child over the minimum age and under the age of 18 may be employed or engaged in connection with the project only under the following specific conditions:

a) The work does not fall within paragraph 19 of ESS2[2];
b) An appropriate risk assessment is conducted prior to the work commencing; and
c) The Implementing Agency (MoF in this project) conducts regular monitoring of health, working conditions, hours of work and the other requirements of ESS2.

The MOF, HCPPP and line ministries 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 or IDs. MOF shall keep the records/documents which will be checked on its website.

If underage workers are found working on the Project, measures will be taken to immediately terminate the employment or engagement of the child in a responsible manner. A regular review and checkup will be conducted by MOF to make sure no underage workers are still working on the Project.

7. Responsible Staff

MOF will be responsible for the overall implementation of the Public Financial Management Improvement Project Phase 2. As implementing agencies MOF and HCPPP will carry out the Project activities in accordance with the TFGA, incur expenditures and make payments to contractors and suppliers under their respective components i.e. MOF (**Components 1, 2, 3, 5 & 6**) while HCPPP (**Component 4**).

[2] Examples of hazardous work activities prohibited for children include work: (a) with exposure to physical, psychological or sexual abuse; (b) underground, underwater, working at heights or in confined spaces; (c) with dangerous machinery, equipment or tools, or involving handling or transport of heavy loads; (d) in unhealthy environments exposing children to hazardous substances, agents, or processes, or to temperatures, noise or vibration damaging to health; or (e) under difficult conditions such as work for long hours, during the night or in confinement on the premises of the employer.

Consequently, MOF & HCPPP will be responsible for all fiduciary aspects including financial management (FM), procurement, and safeguards Environmental and Social requirements.

Accordingly, the head of PMU unit (project manager) will be responsible for coordinating implementation and ensuring the overall technical coherence of the Project activities. Head of PMU will report to MOF and supervise the work of their staff and consultants attached to their respective Units. They will also monitor the performance of the line ministries directly involved in the implementation of project activities. The PMU project manager will be responsible for the overall implementation of this LMP as well as reporting back to the Association, the focal person for labor related issues will be the SO for the project.

The following table shows the responsible parties within the project to engage and manage project workers:

Activity	**Responsible Staff**
Engagement and management of the Project direct workers at MOF	Head of PMU
Engagement and management of the Project contracted workers under components 1, 2,3, & 5	Head of PMU in coordination with SO
Engagement and management of the Project contracted workers under Component 4	HCPPP in coordination with Head of PMU and SO
Addressing workers' (direct and contracted) grievances	MOF GRM staff in coordination with SO
Addressing workers' (direct and contracted) GBV, SH/ SA grievances	SO in coordination with Head of PMU
Training of workers on E&S requirements	SO at MOF

The SO at MOF will oversee the implementation of the social measures and OHS guidelines across the project and will be responsible for the following:

- Implement this LMP for project workers including direct and contracted workers (as described in section 2 Overview of Labor Use in the Project)
- Monitor that MOF and HCPPP are meeting obligations towards contracted workers in line with ESS2, the Palestinian Labor Law and MoH and WHO guidelines on COVID-19
- Ensure that project workers will not be hired informally
- Ensure that the grievance mechanism for the Project workers is established and monitor its implementation;
- Monitor implementation of the workers Code of Conduct (CoC);
- Report any incident or accident immediately to the Bank after occurrence.
- Monitor that COVID-19 OHS protection measures are met at workplaces in accordance with Government of Palestine and WHO guideline.

The MOF and HCPPP will be responsible for the following in relation to contracted workers:

- Ensure that workers will not be hired informally;
- Implement this LMP to contracted workers;
- Appoint qualified staff to be responsible for implementing environmental and social management requirements (SO), including this LMP;
- Maintain records of recruitment and employment process of contracted workers;

- Engage and manage the contracted workers;
- Communicate clearly job description and employment conditions to contracted workers.
- Provide quarterly reports on the performance of labor and working conditions which will be reviewed by the MOF.

8. GRIEVANCE MECHANISM (GM)

The project will have 2 grievance mechanisms, one for labor-related grievances and the other for overall project related grievances. Each GM will include special referral pathways for GBV, SEA and SH grievances. Grievances will be handled at the project's level by the Social Officer (SO).

Project's level GM:

The GM will be accessible to all project's stakeholders, including PAPs, citizens, civil society, media, and other interested parties. Stakeholders can use the GM to submit complaints related to the overall management and implementation of the project. The PMU shall assign a GRM telephone number, email address and website before the carrying out of the relevant Project activities. The SO will communicate GM details to project affected parties during stakeholder engagement activities and through appropriate methods. The SO will keep a log of the complaints at hand. Reports on grievances and complaints will be consolidated into semi-annual project progress reports prepared by the PMU for the World Bank.

Workers' GM:

The MoF shall provide clear grievance mechanisms employees, partners, suppliers and contracted workers including consultants and experts who will be employed or engaged in connection with the Project. The MoF will inform the workers about the available tools to lodge grievances such as telephone number and email. The SO will receive, and handle complaints related to worker's grievances and will be responsible for managing and sorting complaints related to workers and employees (contracted and long-term employees) and for recording and tracking resolution of grievances in the complaints log.

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;
- an assigned staff/office/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. 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. MoF will monitor the registration and resolution of grievances, and report these in the progress reports.

Gender Based Violence, Sexual Harassment and Sexual Exploitation and Abuse Grievances

The workers' GM system will include special pathways for the GBV complaints and grievances, including grievances on sexual harassment and sexual exploitation and abuse. Channels to accept and respond to GBV grievances, while ensuring high confidentiality, will be communicated to the project's affected parties during the consultation meetings and throughout project implementation. Training will also be provided by a GBV expert for the SO on detection of cases of gender- based violence and handling of inquiries, complaints and grievances related to GBV.

Once an SO is hired, his/ her email address and telephone number will be communicated to project's affected parties during consultations and through different stakeholder engagement methods. The SO be will responsible for managing this type of complaints with high priority, seriousness, data protection and privacy through channeling the complaint to the Head of PMU and to follow-up on it.

The following sexual harassment and sexual abuse grievance procedures, in line with MoH regulations and in line with the Ministry of Social Development (MoSD) referral mechanism and the National Referral System for GBV incidents will be followed:

I- Accept the grievance/ complaint through the GM available channels, including anonymous grievances.

II- Provide the complainant with the option of anonymity as described in section 4.1.2. And request their consent to be contacted by the EHSO.

III- Upon agreement from the victim, refer the victim to MoSD's Women Affairs Directorate;

IV- In the case the survivor decides to seek justice, the National Referral System for GBV incidents will be followed.

V- Follow up with the complainant, if they have provided their consent, to ensure just and proper care is provided to them. And obtain feedback from MoSD regarding the case for filing and closure.

9. Code of Conduct

The safety measures, complaints, and SEA/SH measures is detailed in the Code of Conduct (Annex1). The Code of Conduct (CoC) will be annexed in the employment contracts and bidding documents (if any) in local language (Arabic) including provisions related to SEA/SH and sanctions. An orientation for all workers will be required. Provisions of the CoC shall be explained to the PMU employees and signed by them,

10. **ANNXES**

ANNEX 1: Code of Conduct for project workers

Introduction:

The Code of Conduct will be prepared by the PMU of the MOF for workers to indicate that they have:

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

CODE OF CONDUCT

This Code of Conduct identifies the behavior that we require from all Personnel.

Our workplace is an environment where unsafe, offensive, abusive or violent behavior will not be tolerated and where all persons should feel comfortable raising issues or concerns without fear of retaliation.

REQUIRED CONDUCT

1. carry out his/her duties competently and diligently;
2. comply with this Code of Conduct and all applicable laws, regulations and other requirements, including requirements to protect the health, safety and well-being of Personnel and any other person;
3. maintain a safe working environment including by:
    a. ensuring that workplaces, machinery, equipment and processes under each person's control are safe and without risk to health;
    b. wearing required personal protective equipment;
    c. using appropriate measures relating to chemical, physical and biological substances and agents; and
4. report work situations that he/she believes are not safe or healthy and remove himself/herself from a work situation which he/she reasonably believes presents an imminent and serious danger to his/her life or health;
5. treat other people with respect, and not discriminate against specific groups such as women, people with disabilities, migrant workers or children;
6. not engage in Sexual Harassment, which means unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature;
7. not engage in Sexual Exploitation, which means any actual or attempted abuse of position of vulnerability, differential power or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another;

8. not engage in Sexual Abuse, which means the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions;
9. not engage in any form of sexual activity with individuals under the age of 18, except in case of pre-existing marriage;
10. complete relevant training courses that will be provided related to the environmental and social aspects of the Contract, including on health and safety matters, Sexual Exploitation and Abuse (SEA), and Sexual Harassment (SH);
11. report violations of this Code of Conduct; and
12. not retaliate against any person who reports violations of this Code of Conduct.

RAISING CONCERNS

If any person observes behavior that he/she believes may represent a violation of this Code of Conduct, or that otherwise concerns him/her, he/she should raise the issue promptly. This can be done in either of the following ways:

1. Contact [*enter name of Social Expert with relevant experience in handling gender-based violence, or if such person is not required under the Contract, another individual designated to handle these matters*] in writing at this address [ ] or by telephone at [ ] or in person at [ ]; or
2. Call [ ] to reach the Employer's hotline *(if any)* and leave a message.

The person's identity will be kept confidential, unless reporting of allegations is mandated by the country law. Anonymous complaints or allegations may also be submitted and will be given all due and appropriate consideration. We take seriously all reports of possible misconduct and will investigate and take appropriate action. We will provide warm referrals to service providers that may help support the person who experienced the alleged incident, as appropriate.
There will be no retaliation against any person who raises a concern in good faith about any behavior prohibited by this Code of Conduct. Such retaliation would be a violation of this Code of Conduct.

CONSEQUENCES OF VIOLATING THE CODE OF CONDUCT

Any violation of this Code of Conduct may result in serious consequences, up to and including termination and possible referral to legal authorities.