



Mongolia: Smart Government II Project

LABOUR MANAGEMENT PROCEDURE

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This Labour Management Procedure provides an overview of the applicable Mongolian legislative and WB Environmental and Social Standard 2 (ESS2) provisions and how the risks and issues related to labor in MN: Smart Government II Project (P176631) will be managed during the implementation of the project.

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1. OVERVIEW OF LABOUR USE ON THE PROJECT

This Project is a follow-on to the original Smart Government project (P130891, 'original project') and aims to improve the quality and efficiency of online public services to citizens and businesses, and to increase digital skills and digital-enabled jobs in Mongolia. The Ministry of Digital Development and Communications (MDDC) will be responsible for implementation of the Project, with multiple beneficiary agencies. The MDDC will establish a Project Steering Committee (PSC) that consists of representatives of the beneficiary agencies, Cabinet Secretariat of Government, Ministry of Economy and Development, Ministry of Finance, Ministry of Environment and Tourism. The PSC that will provide overall strategic direction and policy guidance for the Project, oversee Project monitoring functions, and support inter-agency coordination.

The project consists of five components. Component 1 will strengthen the policies and regulations for digital government, economy, and connectivity as the enabling environment for Mongolia's digital transformation. Component 2 will aim to increase the number and quality of online public services in the e-Mongolia Portal. Component 3 will provide digital skills training for public officials and citizens, create digital-enabled jobs for youth and support SMEs adopt digital solutions to improve their productivity, competitiveness, and operational resiliency. Component 4 involves an expansion of the previous Project Implementation Unit (PIU). Component 5 is a zero-value component that has been added as a risk mitigation measure and for flexibility to respond to crises as they arise.

1.1 Number and characteristics of project workers

The estimated number of workers engaged in the project over the whole cycle of the project is estimated to be approximately 200 persons (refer to Table 1 below for a breakdown). The project activities involve 3 types of project workers, these include:

- A. **Direct workers¹**- people employed or engaged directly by the Project, such as:
 - a. Project Implementation Unit (PIU) staff who are employed by the Project and who are directly engaged in project implementation,
 - b. PSC staff under the leadership of the MDDC who will provide overall strategic direction and policy guidance of the Project,
 - c. Public administration and civil service staff employed at beneficiary agencies, such as,
 - i. *The Cabinet Secretariat (CS)*
 - ii. *Ministry of Economy and Development (MED)*
 - iii. *Ministry of Finance, State Procurement Agency*
 - iv. *General Authority of State Registration*
 - v. *Independent Authorities of Anticorruption Commission (IAAC)*
 - vi. *Ministry of Environment and Tourism*
 - vii. Public administration and civil service staff from technical agencies contribute technically to the Project

¹ People employed or engaged directly by the Borrower (including the project proponent and the project implementation agencies) to work specifically in relation to the project

viii. *National Academy of Governance*

ix. *Small and Medium Enterprises Agency*

- d. NGO/s staff contracted for capacity building and project specific deliverables.
 - e. Consulting and non-consulting firms contracted for capacity building, civil works and project specific deliverables.
 - f. Individual consultants hired by the Project
- B. **Contracted workers²** – workers contracted through third parties, such as,
- a. Consulting and non-consulting firms contracted for capacity building and project specific deliverables;
 - b. A firm or NGO contracted for capacity building and project specific products;
- C. **Community workers/citizen** – potential workers from the citizen who might volunteer to provide inputs or assist in the project's activities. The numbers are expected to be limited given the experiences of the original project.

CONSIDERATIONS RELATING TO COVID-19 AND OTHER INFECTIOUS DISEASES:

Where government civil servants are engaged in the project, whether full-time or part-time, a description of the activities they will carry out should be provided. ESS2 recognizes that they remain subject to the terms and conditions of their existing public sector employment agreement or arrangement. Nevertheless, their health and safety needs to be considered, and the measures adopted by the project for addressing occupational health and safety issues, including those specifically related to COVID-19, will apply to them.

The Table 1 below, briefly captures the type, description and estimated number of project workers. The description of project workers is provided by each component of the project as well.

² People employed or engaged through third parties to perform work related to core functions of the project, regardless of location. "Core functions" of a project constitute those production and/or service processes essential for a specific project activity without which the project cannot continue.

Table 1. Description, estimated number and time requirements of project workers

Description	Estimated number and location	Timing of labour requirements	Engagement by project component			
			Component 1	Component 2	Component 3	Component 4
Direct workers						
Civil service staff	1 Project Director 1 Project Senior Specialist	Will be engaged throughout the project cycle	Will be engaged in all components of the project.			
PIU Staff (8)	8 full time staff located in Ulaanbaatar					
Civil service staff employed directly by the beneficiary agencies	Estimated at approximately 60 persons. They will operate in their offices located in Ulaanbaatar and provinces and districts, respectively.	Will be engaged at times required as per the project Workplan.	Staff of: • MDDC • CS	Staff of: • MDDC • MoF/SPA • MED • IAAC • MET • NDC • E-Mongolia • GASR	Staff of: • MDDC • CS • SME Agency • National Academy for Governance	This Project Management Support component consists of PIU's staff only
Individual consultants	Estimated number: 14 Local consultants will operate in Ulaanbaatar (may have short field trips) and will operate in their home location and in Mongolia	Will be engaged at times as per the project Workplan.	Consultants hired to provide technical assistance on the policies and regulations for digital transformation and digital connectivity (1)	Individual Consultant for Electronic Procurement Systems (4) Electronic Permit System (4)	Digital Economy Individual Consultant (1) Silver IT Individual Consultant (4)	This Project Management Support component consists of PIU's staff only
Contracted workers						

Workers engaged by consulting and non-consulting firms and suppliers of goods (could be private firms or NGOs)	Estimated number: 80 (Located in Ulaanbaatar)	Engaged Between Q3, 2022 to Q1, 2027. Will be engaged at times as per the project Workplan.	Employees of: <ul style="list-style-type: none"> • Consulting services firm for the change and stakeholder management activity (8) • Goods firm to supply and implement the Citizen Online Engagement Platform (10) 	Employees of: <ul style="list-style-type: none"> • Goods firm to supply and implement the digital public services (14) • Goods firms to supply and install the national cloud computing platform and common service enablers (18) • Works firm to carry out minor civil works for the two data centers (16) • Non-consulting service firm to set up the Cybersecurity Emergency Response Team (6) • Consulting services firm to conduct feasibility study of use of commercial cloud services (3) • Goods firms above for administration and delivery services (15) 	Employees of: <ul style="list-style-type: none"> • Consulting services firm to carry out the digital skills training for government and citizens (24) • Consulting services firm to implement the Hire and Train program for job creation (8) • Consulting services firm to implement the training program for online freelancing job creation (8) • Consulting services firm for internal audit of the project (4) • Printing companies employed by above consulting services firms for printing project materials (10) 	This Project Management Support component consists of PIU's staff only
Community workers						
Possibility of citizens volunteering their inputs and or efforts to support the project activities	Estimated number: 74 (Located in Ulaanbaatar)	Engaged Between Q3, 2023 to Q1, 2027. Will be engaged at times as per the project Workplan.	<ul style="list-style-type: none"> • Volunteers to review the policy and regulatory frameworks (4) 	<ul style="list-style-type: none"> • Volunteers to promote the digital public services to other citizens (50) 	Volunteering to share their experiences and expertise on digital-enabled jobs (20)	This Project Management Support component consists of PIU's staff only

2. ASSESSMENT OF KEY POTENTIAL LABOUR RISKS

2.1 Direct workers

PIU staff. The project will hire fixed term contract staff for the PIU. The PIU staff will consist of both male and female workers. The PIU will consist of:

- 1) Project coordinator;
- 2) Project management specialists;
- 3) Technical specialist;
- 4) Senior procurement specialist;
- 5) Procurement specialist;
- 6) Financial management specialist;
- 7) Monitoring, evaluation, and safeguards specialist;
- 8) Communication specialist

The PIU will include Project Director and Project senior specialist who will be appointed by the MDDC. All the other PIU staff will be employed under a fixed term contract which is subject to annual extension based on satisfactory performance. Their contract terms and conditions will be governed by the regulation approved by the Ministry of Finance of Mongolia.³ The PIU staff will participate in the social security scheme of Mongolia, and their working conditions are generally aligned with the Labour Law. The labour risks for PIU staff are considered to be low.

Government staff/Civil servants

The project activities in all four components will engage government staff or civil servants of the following institutions:

Beneficiary Agencies

- *Cabinet Secretariat*
- *Ministry of Economy and Development*
- *Ministry of Finance, State Procurement Agency*
- *General Authority of State Registration*
- *Independent Authorities of Anticorruption Commission*
- *Ministry of Environment and Tourism*

The civil service staff are employed subject to the Civil Service Law and their employment terms and conditions (including working hours, rest periods, wage, annual holiday and leave, termination of employment) are governed by the Labour Law and relevant applicable regulations of Mongolia. And the terms of conditions of the contracts and their practical application, including termination and dismissal are subject to enforcement by relevant authorities and courts of Mongolia.

The labour risks for this sub-group of project workers are considered to be low. All direct workers will have exercised their right to signing an employment contract of either permanent or fixed term. Civil service staff have the right to claim re-instatement or remedies in case of violation of their rights provided by law. Some labour risks could exist for direct workers, such as, insufficient adherence to

³ Regulation (2021) concerning Utilization of Government's Foreign Loans and Implementation, Coordination, Financing, Monitoring and Evaluation of Projects and Measures financed by Such Loans.

daily work hours or full annual leave; workplace harassment etc. However, these risks are not seen as project specific risks, but rather as reflection of the recurrent labour market issues. The project activities will not require government agencies and institutions to additionally hire staff for the purpose of project activities.

2.2 Individual consultants (national and international)

The project will engage individual consultants, both national and international (if required). The individual consultants will be hired mostly through a competitive selection process, and the decision will be made solely on the qualifications of candidates against inherent job requirements, without discrimination on any grounds that are prohibited by the Labour Law. The minimum age of consultants will be 18 years old. The labour risks for this sub-group of project workers are considered to be low.

The project will enter into a consultancy agreement with each individual consultant, and the template of such contract is provided in the project Procurement Manual. The main terms and conditions of the consultancy agreement include the following:

- Consultants will be paid without undue delay, upon submission of deliverables to the satisfaction of the project, and exercise their right to claim their payments;
- Only personal income tax as per the Taxation Law of Mongolia, will be deducted from the payment;
- in case of international consultant return air fare and subsistence allowance as well as visa costs will be reimbursed;
- Consultant will be responsible for purchasing insurance or participating in social security system;
- The consultant is entitled to use a project office if needed;
- The consultant has the right to raise concerns related to issues arising out of the consultancy agreement via the project's grievance redress mechanism;
- The consultant is required not to delegate any tasks and deliverables agreed by the contract to a third party;

2.3 Contracted workers

2.3.1 Civil works

In case of small-scale construction these workers will be employed by a contractor/s selected for carrying out the small-scale civil works. Contractors will be chosen through a competitive selection. The labour management requirements for a contractor will be reviewed during the bidding process, which will include:

- Bidder's practices as regards to offering contract of employment to its workers;
- Bidder's commitment to provide contract of employment with each worker, including mutually signed statement of employment terms for a seasonal worker;
- Bidder's ability of applying OSH requirements at the workplace, including the provision of personal protective equipment;
- Commitment to inform and orient its workers on the Workplace Code of Conduct (CoC) and to getting the CoC signed each site manager and worker deployed to the worksite.
- Commitment to inform its workers on their rights to the GRM.

The Workplace CoC shall include (but not limited to) the following measures of responsible conduct of workers to:

- comply with OHS requirements set by national standards, including wearing protective helmets and equipment;
- avoid potentially risky behavior at work that could lead to workplace accidents and injuries;
- refrain from sexual harassment of co-workers and women and children in the community;
- conduct oneself with respectful, non-discriminatory and free from harassment behavior at the workplace towards co-workers of any rank, male or female or others with whom work-related encounters take place, including members of the community.
- avoid alcohol consumption during work hours;
- avoid quarrels or fights at the workplace.

2.3.2 Employees of consulting and non-consulting firms, and goods suppliers

The workers of consulting, non-consulting firms and goods suppliers will mainly engage in tasks related to collecting and analyzing data, interviewing respondents through face-to face interaction and phone follow ups, facilitating meetings and consultations, organizing and facilitating training, activities, maintaining and managing relationships with the public and beneficiaries, developing and testing information system, developing and printing public communication materials. While potential occupational safety and health risks for workers of these contractors are considered low, special health and safety guidance should be followed during the services under project activities. For example, workers should be provided personal protective equipment such as helmets, vests, safety shoes, and facemask/hand sanitizers when engaging with community members and reducing possible risk associated with travel including traffic safety.

2.4 Primary supply workers

The employees of the selected supplier firms which are selected for supplying essential equipment and other goods. The labour risks associated with working conditions of these workers are considered to be low. The supply may be local in nature or come from other parts of the country or from outside the country. Where potential child labour, forced labour, and serious safety risks are identified or are prevalent or known to exist in a specific sector, industry, or region in connection with the supply of such goods and materials, a mapping exercise should be conducted to identify possible suppliers and the extent to which they may present such risks.

2.5 Community workers

Community worker's labor in a project should be a voluntary basis. Broadly, community workers work to provide their technical perspectives on the legal and regulatory framework, and as advocates to promote use of the digital public services built by the project. The labor risks associated with working conditions of these workers are considered to be low as their work does not require significant amount of time and their limited depth of involvement in these activities.

2.6 Other risks

Child labor, gender-based violence and labor migration were considered as other key risks. The probability of these risks is low and the effect is high. Complaints and suggestions will be received through the Grievance Redress mechanism, and relevant measures will be implemented.

3. BRIEF OVERVIEW OF LABOUR LEGISLATION: TERMS AND CONDITIONS

3.1. Overview of labour legislation

Mongolian Labour Law (2021) effective since Jan 1, 2022, Law on Trade Unions (1991), Law on Promotion of Gender Equality (2011), Law on Occupational Safety and Hygiene (amended in 2023) and related regulations adopted by the Government and tripartite bodies provide the legal framework for protecting the legitimate rights and interests of workers of Mongolia.

The overview of the rights and working conditions prescribed by the Labour Law are provided below. Should the Labour law is revised, this LMP shall be updated in timely manner.

Table 2. Fundamental rights at work

Minimum age to employment	The minimum age for non-hazardous work is 15 years. The minimum age for hazardous work is 18 years.
Protection from forced labour	No one shall be illegally forced to work.
Protection from discrimination and the right to equal treatment and equal opportunity	<ul style="list-style-type: none"> • Discrimination, limitation, or privilege based on nationality, race, sex, social origin or status, wealth, religion, or point of view is prohibited. • Employer is prohibited asking questions, when hiring a citizen, that are not related to a peculiarity of the work or duty to be performed, or related to private life, personal opinion, marital status, political party membership, religious beliefs, or pregnancy.
Freedom of association and the right to collective bargaining (provided by the Law on Trade Unions)	<ul style="list-style-type: none"> • Citizens have the right to freely join a trade union without prior permission, solely on a voluntary basis, without any discrimination whatsoever to exercise their right to work and defend their legitimate interests concerned. • Trade union has the fundamental right to hold negotiation with management and employer, conclude collective and other agreements, monitor implementation, represent and the interests of their members at labour dispute settlement institutions, and etc among others.

4. BRIEF OVERVIEW OF LABOUR LEGISLATION: OCCUPATIONAL HEALTH AND SAFETY

The Law on Occupational Safety and Hygiene (amended 2015) determines the state policy and principles on occupational safety and hygiene and provides the requirements as regards to the OHS management and monitoring system.

Requirements for machineries for lifting, delivering and transportation

- a. Machineries for lifting, delivering and transportation should meet technical requirements.
- b. Machineries for lifting, delivering and transportation should be certified and permitted for use by professional organization.
- c. Maintenance, repair service and adjustment to machineries for lifting, delivering and transportation should be made within the time specified in technical documentations or test, adjustment and certification for such machineries should be made within the time approved by competent organization.

Requirements with respect to toxic and dangerous chemical substances, explosive devices, radioactive and biologically active substances

- d. An employer shall take activities to protect lives and health of employees and preventative measures from toxic and dangerous chemical substances, explosives, explosive devices, radioactive, and biologically active substances and their impacts.
- e. An employer shall take records on toxic and dangerous chemical substances, explosives, explosive devices, radioactive, and biologically active substances which are in use of industrial operation, and shall inform, in accordance with procedures approved by competent organization, the labour monitoring organization and other relevant professional organizations.
- f. A person who deals with toxic and dangerous chemical substances, explosives, explosive devices, radioactive, and biologically active substances shall have knowledge and training on impact of such substances on human health and preventative measures against them.
- g. Other requirements for use and deal of toxic and dangerous chemical substances, explosives, explosive devices, radioactive, and biologically active substances by business entities, organizations, citizens shall be regulated by relevant laws.
- h. An accident, acute poisoning related to use of toxic and dangerous chemical substances, explosives, explosive devices, radioactive, and biologically active substances shall be treated as an industrial accident and be investigated and recorded.

Provision of special garments and protective equipment to employees

- i. An employer shall have responsibility to provide employees with special garments and protective equipment which fit their working conditions and work performance nature at free of charge.
- j. An employer shall bear expenses related to testing, purchasing, storing, cleaning, repairing and disinfecting of special garments and protective equipment.
- k. An employer shall approve and keep the list of names, types, period of use of special garments and protective equipment.
- l. An employer shall obtain conclusion from professional organizations on the quality of its special garments and protective equipment. Special garments and protective equipment manufacture in accordance with international standards and have quality warrantees are not subjected to this provision.

Training on occupational safety, hygiene and professional training

- m. Employed citizens, employees shall attend short term training on labour safety and hygiene in compliance with procedures approved by the state central administrative organization in charge of labour issues and acquire knowledge and training.
- n. Training for citizens and employees who are being shifted to another workplace;

- o. Training for citizens and employees who work at workplace which is under toxic and dangerous industrial impact or similar condition to it.
- p. An employer shall conduct training on labour safety and hygiene at least twice a year for all employees and shall take examinations from them.
- q. Employed citizens, employees shall have the following common rights:
 - i. To work at workplace which meet the labour safety and hygiene requirements;
 - ii. To have medical insurance for disease caused by industrial accident and occupational nature;
 - iii. To receive information on workplace conditions, risks that can impose danger to health, industrial dangerous and poisonous factors;
 - iv. To suspend work in case of work safety regulations is violated or certain conditions which could cause danger to human life and health is emerged in the course of work performance, and inform such matters to employer;
 - v. To attend discussion on labour safety and hygiene by personally or through one's representative.
- r. Employed citizens, employees shall have the following common responsibilities:
 - i. To abide labour safety and hygiene requirements, standard, regulations and technologies;
 - ii. To attend training on labour safety and hygiene, to take examinations if provisions of law requires and to instructed safe operations;
 - iii. To take prompt measures specified in safety regulations and procedures in case of certain conditions which could have negative impact on human life and health is emerged in the course of work performance.
 - iv. To protect one's health, to go under medical check-up;
 - v. To use special garments and protective equipment in accordance with their designated purposes;
 - vi. To acquire technique and methodology and professional skills in order to perform one's duties without risks and accidents, and to acquire skills by which able to prevent accidents, injuries and acute poisoning and deliver first aid in case of danger and accident.
 - vii. Not to bring danger and risk to oneself and others;
 - viii. To perform work in compliance with labour safety and hygiene requirements set up by employers in consistence with laws and legislations.

CONSIDERATIONS RELATING TO COVID-19 AND OTHER INFECTIOUS DISEASES:

The Disaster Protection Law (in place since 2017) authorizes the National Emergency Management Agency and State Emergency Committee (SEC) to direct emergency policies and measures via the Government of Mongolia and regional emergency committees. The legal enforcement of SEC-led precautionary measures enabled a unified and focused administration of COVID-19 disaster management. All activities will be based on a decision of the SEC during this COVID-19 emergency period of time.

5. RESPONSIBLE STAFF

PIU and beneficiary agencies will be responsible for:

- engagement and management of project direct workers;
- managing shopping and bidding processes, undertaking contractual arrangements, monitoring and managing contractors;
- establishing a project level/project specific GRM and disseminating the information through various means about the right of each concerned party or a project worker to access the GRM and appeals;
- training on GRM for project stakeholders;
- addressing worker grievances;
- monitoring the compliance of requirements and guidelines for COVID-19 prevention and control or local transmission of the pandemic occur.

6. POLICIES AND PROCEDURES

The contractors and providers of consulting and non-consulting services will be, as direct employers of workers engaged in activities that are financed by the project, responsible for:

- not hiring workers aged below legally established minimum age, and hiring based on documented evidence of age;
- signing contract of employment, including casual employment, with each worker,
- providing safe and healthy workplaces for their workers;
- informing the workers on project GRM mechanisms;
- providing orientation to employees and labourers on the occupational safety and health practices;
- addressing worker concerns and legitimate demands related to terms and conditions of employment and those as agreed by employment or work contracts;
- (in case of contractors of civil works) providing orientation to employees and labourers on the Workplace Code of Conduct and ensuring that each worker deployed to the renovation site has signed the CoC.

The PIU will ensure that above responsibilities of contractors and service providers will be reflected into the agreements with such entities. The PIU has the right to demand from contractors and service providers to comply with contractual obligations, including in relation to a grievance lodged by a worker.

CONSIDERATIONS RELATING TO COVID-19 AND OTHER INFECTIOUS DISEASES:

Projects need to assess the risks potentially be posed by COVID-19, and identify what measures may be implemented. Specific procedures should be adopted to address hygiene and social distancing, as well as what should be done if workers become sick.

For projects involving construction/civil works, contractors should develop specific procedures or plans so that adequate precautions are in place to prevent or minimize an outbreak of COVID-19, and it is clear what should be done if a worker gets sick.

7. AGE OF EMPLOYMENT

The risk of engaging minors in project activities is none or negligible. The minimum working age in Mongolia is 15 for non-hazardous jobs under the Labour Law (2021, see Article 142.1), however a range of requirements exist, such as medical examinations and prohibition on lifting of heavy loads and night work until the minor reaches the age of 18. Given the nature of employment on the project, only persons aged 18 and above will be engaged.

If a child under the age of 18 is discovered working on the project, measures will be taken to terminate the employment or engagement of the child in a responsible manner, taking into account the best interest of the child. The PIU (Project Coordinator and the Monitoring, Evaluation and Safeguards specialist) will work together with the contractor/s and the child/their family to ensure termination is completed in a safe and responsible manner.

8. TERMS AND CONDITIONS

Wage

Wage	<ul style="list-style-type: none"> • Wage should be paid to a worker in person at least two times a month in monetary terms • Wage shall not be deducted illegally and with the amount exceeding the limits prescribed by law; • The employers shall pay wages according to law to the workers during statutory holidays. • Workers are entitled to additional pay for working during public holidays, overtime, weekends and at night. /In accordance with the relevant laws of Mongolia/
Minimum wage	As of January 2024, the minimum wage in Mongolia is MNT 660,000 (\$195) per month. The wage paid by the employers to an unskilled worker shall not be lower than the minimum wage.
Equal pay for work of equal value	Remuneration of the same amount shall be established for male and female employees performing the same work.
Protection of hourly paid worker	The total amount of hourly remuneration paid to the worker per month shall not be lower than the remuneration of an employee hired full-time for the same type of job

Working time, rest and holidays

Working hours	<ul style="list-style-type: none">• no more than 8 working hours per day and no more than 40 working hours per week;• the length of the uninterrupted rest period between two consecutive working days shall not be less than 12 hours.
Rest	Where an employee is not able to rest on Saturday and Sunday due to the specific nature of the work and production, he/she shall be granted two consecutive rest days on other days of the week.
Nationally observed holiday	The employer shall make arrangements for the employees to take vacation according to law during the Naadam Festival (11 th , 12 th , 13 th , 14 th , 15 th of July), Children's Day (1 st of June) and other holidays prescribed by laws and regulations;
Annual leave	<ul style="list-style-type: none">• An employee is entitled to paid annual leave• The basic duration of annual leave shall be at least 15 work days (20 days for employees aged below 18 years and employer with disability) and the annual leave period shall be increased depending on the employee's worked years.

Non-discrimination and equal treatment

1. Workers shall be employed without discrimination based on ethnicity, race, gender, or religious beliefs;
2. Collective bargains and agreements shall incorporate provisions on the creation of conditions and opportunities for a man and a woman to combine their professional and family responsibilities, to bear and care for a child, to take care of his/her health, to enjoy labour safety, equal pay and bonus for equal work and to enjoy equal working conditions.
3. Gender discrimination in employment and labour relations shall be prohibited. Unless otherwise provided by an international treaty ratified by Mongolia and other relevant laws, it is also prohibited to treat preferentially, to restrict or to dismiss an employee based on his/her sex, pregnancy, child care-taking roles, or family status.
4. An employer shall have the following responsibilities to prevent gender discrimination in employment policies and labour relations and to ensure gender equality at a workplace:
 - 4.1 Refrain from explicitly specifying or implying a preference for any one sex in a job vacancy notice/advertisement, except in conditions under the Law of Mongolia on enforcement of the law on promotion of gender equality (Article 6.5 and Article 7 of this law);
 - 4.2 Recruiting a person of the under-represented sex in order to ensure gender balance in a given organization or its unit;
 - 4.3 Carry out monitoring and evaluation of legal provisions on equal pay for equal work and equal working conditions and take actions to eliminate identified breaches;
 - 4.4 Undertake the promotion, professional training and re-training, skills development and pay increases for male and female employees based on the human recourse roster;

- 4.5 Ensure that in a case of a once a time lay-off of more than one third of the workforce as a result of a structural change, the gender ratio of the dismissed group be directly proportional to that in the entire workforce irrespective of the length of service;
5. An employer is prohibited from dismissing a pregnant woman, mother who has a child under three years of age, except for cases of dissolution of the organisation and cases provided for in Subsections 40.1.4 and 40.1.5 of Mongolian Labour law.
6. In order to prevent and keep the workplace free of sexual harassment and to maintain zero tolerance of such harassment, an employer shall take the following measures:
 - 6.1 Incorporate in organization's internal procedures specific norms for prevention of sexual harassment in a workplace and the redress of such complaints;
 - 6.2 Design and conduct a program on training and retraining geared toward creating a working environment free from sexual harassment, and report on its impact in a transparent manner.
7. When hiring a citizen, in the course of the labour relationship, due to the peculiarities and requirements of the work or duty, an employer has limited an employee's rights and freedom, and then he/she shall be obligated to prove the basis for doing so.

Employment contract and contract termination

Labour contract

1. The Labour Law provides that an employer shall establish a labour contract, and the following basic conditions shall be agreed on in the labour contract:
 - a. *name or title of the position or employment;*
 - b. *terms of the contract;*
 - c. *amount of basic salary or salary of the position;*
 - d. *working conditions.*
2. The employer is obliged to furnish the employee with a copy of the labour contract.
3. Unless a written labour contract is signed, an employer is not permitted to require a person to carry out work and duties.
4. A labour contract for regular job place shall be open-ended.
5. If the terms of an employment contract is expired, and the parties do not propose to terminate it and an employee continues to perform his work, such a labour contract shall be considered as to have been extended for the initial term specified in the labour contract.
6. An employer shall establish a labour contract with an employee in written form and submit one copy of such a labour contract to the employee. It is prohibited to conclude any contract other than a contract of employment in a permanent workplace.
7. If an employment contract has not been established in a written form, an employer shall not require an employee to perform work or duties.

Individual contract

8. For the purpose of hiring the labour of others, an owner or a person authorised by the owner, shall establish an individual contract with such a citizen, when exercising a certain part of his ownership rights; further, an employer, for the purpose of hiring a citizen with a highly-developed and rare talent or high skills, shall establish an individual contract with such a citizen.

9. A schedule of the jobs or positions for a citizen, with whom an individual contract shall be approved by the member of the Government in charge of labour issues.
10. An individual contract shall be in written form. The term of an individual contract shall not be more than 5 years.
11. In an individual contract the parties shall accurately specify the term, final result of work to be performed by an employee, obligations of an employee to an employer, regulations for evaluation of a contract, the extent of asset to be placed under an employee's authority, regulations on ownership, utilisation and disposition of such capital, remuneration, perquisites and benefits to be assigned to an employee, an amount or percent from the operating results or profits to be assigned to an employee, and liabilities to be imposed on an employee.
12. If, during the evaluation of an individual contract, it is considered that an employee has performed his work or duties properly, an individual contract may be prolonged.

Termination

A labour contract shall be terminated on the following grounds:

- a. if the parties have mutually agreed to do so;
- b. if a citizen who is employer or an employee has died;
- c. if an employment contract has expired and it has been decided not to extend the contract;
- d. if an authorized organization specified in law has so demanded;
- e. If an employee has been called up in the active army;
- f. if a court decision that imposes a conviction of an employee, preventing him from performing his work duties as a result of his crime, has come into force;
- g. if an employment contract has been terminated by the initiative of an employer or an employee.

Dismissal

- h. When terminating a labour contract with an employee, the employer shall establish a time for the transfer of duties to the new employee and include that time in the decision on dismissal of the employee.
- i. An employee shall be considered dismissed on the last day when he/she transfers his/her duties.
- j. The employer shall be obligated to provide the employee dismissed with the decision on the dismissal, social insurance book and, if it is provided by law, with dismissal allowances on the date of dismissal.
- k. The employer shall be obligated to issue a letter of reference about the occupation, profession, specialisation, position and remuneration at the request of the employee.

Vulnerable workers

Protection of vulnerable workers is provided by the Labour Law. No child below the age of 18 years will be employed by the project. The minimum age for employment in Mongolia is 16 under the Labour Law (1999, see Article 109) for non-hazardous work, however a range of requirements exist, such as

medical examinations and prohibition on lifting of heavy loads and night work until the minor reaches the age of 18. The Labour Law also includes a variety of protections for persons with disabilities.

Mongolia has Law on Promotion of Gender Equality (2011) and has recently undertaken efforts to more strongly enforce this law which covers non-discrimination, gender mainstreaming, equal rights and mandating the government for promotion of gender equity.

9. GRIEVANCE MECHANISM

Worker grievances will be addressed using the same GRM system set up by the original project. All project workers and the public will have access to the GRM. The grievance mechanism does not impede access to other judicial or administrative remedies that might be available under the national law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements. The channels for labour grievances are described below:

Table 3. Channels for lodging labour grievance to be used by to project workers

		Project Implementation Unit
Contact:		Communication Specialist
Address:		No.301, 302, City capital office 3rd floor, Sambuu street, Baga toiruu, Khoroo 6, Sukhbaatar district, Ulaanbaatar, Mongolia, Ulaanbaatar, Mongolia
Website		http://www.smart.gov.mn/
Phone		976-51-261068
Email		info@smart.gov.mn
Social Media		https://www.facebook.com/smartgov2mongolia

Note*: Personnel/worker's related compliance could be directly sent to the PIU.

The PIU will continue to manage the project specific website which has the tab designed to register feedback/grievance from project beneficiaries. To facilitate the receipt, recording and reporting of complaints at the aimag/district and personnel worker's level, where it is assumed that the bulk of complaints should/or could be lodged, the PIU website's GRM tab will be designed/adjusted in way that complaints lodged at the specific geographic location. Labour grievances can be expressed at any time during the project lifetime. There will not be any charge for filling a grievance.

A grievance can be lodged in writing, verbally and through electronic means, as per the applicable national legislation. Grievances lodged in writing will include grievance submitted via the online means. As per the applicable national legislation, a grievance lodged in writing shall be identifiable with the full name, residential/postal address. Complaints lodged via government hotlines and via telephones of the above four channels will be considered as verbal complaints. Grievances lodged via government hotlines do not identify the name and address of the complainant, therefore, information about such grievances shall be recorded so.

Table 4. Existing labour grievance redress functions provided by national legislation

Topic	Regulation	Grievance Redress
Gender Discrimination	Law of Mongolia on Promotion of Gender Equality (2011),	The Civil Service Council oversee complaint resolution on gender discrimination within the civil service (article 21) Article 23, Any act of violation of provisions except Article 14 of this law shall form a basis to lodge a complaint with the National Human Rights Commission of Mongolia.
Wrongful dismissal, compensation, contracts, punishment,	Mongolian Law on Labour (1999), Article 128	Labour relations disputes covered by the court.
All other labour disputes	Mongolian Law on Labour (1999), Article 126	The Labour Dispute Settlement Commission, covers all other aspects of the Law not addressed in a court under the Mongolian Law on Labour 1999 (Article 126)

Annex 1. Manager's Code of Conduct

Instructions: This Code of Conduct should be included in bidding documents for the civil works/shipment work contractor(s) and in their contracts once hired.

3.7.1 Manager's Code of Conduct

The contractor is committed to ensuring that the project is implemented in such a way which minimizes any negative impacts on the local environment, communities, and its workers. This will be done by respecting the environmental, social, health and safety (ESHS) standards, and ensuring appropriate occupational health and safety (OHS) standards are met. The contractor is also committed to creating and maintaining an environment where children under the age of 18 will be protected, and where sexual abuse and sexual harassment have no place. Improper actions towards children, Violence Against Children (VAC), sexual abuse/harassment, and/or acts of Gender Based Violence (GBV) will not be tolerated by any employee, sub-contractors, supplier, associate, or representative of the company.

Staff at all levels have a responsibility to uphold the contractor's commitment. Contractors need to support and promote the implementation of the Code of Conduct. To that end, staff must adhere to this Code of Conduct and also to sign the Individual Code of Conduct.

Implementation

- a. To ensure maximum effectiveness of the Code of Conduct:
 - (i) Prominently displaying the Code of Conduct in clear view at workers' camps, offices, and in public areas of the workspace. Examples of areas include waiting, rest and lobby areas of sites, canteen areas and health clinics.
 - (ii) Ensuring all posted and distributed copies of the Code of Conduct are translated into the appropriate language of use in the work site areas as well as for any international staff in their native language.
- b. Verbally and in writing explain the Code of Conduct to all staff, including in an initial training session.
- c. Ensure that:
 - (i) All staff sign the 'Individual Code of Conduct', including acknowledgment that they have read and agree with the Code of Conduct.
 - (ii) Staff lists and signed copies of the Individual Code of Conduct are provided to the OHS Manager and the MOH Focal Point.
 - (iii) Participate in training and ensure that staff also participate as outlined below.
 - (iv) Put in place a mechanism for staff to:
 - report concerns on ESHS or OHS compliance; and,
 - confidentially report GBV incidents through the Grievance Redress Mechanism (GRM)
 - (v) Staff are encouraged to report suspected or actual ESHS, OHS, GBV, VAC issues, emphasizing the staff's responsibility in compliance with applicable laws and to the best of your abilities, prevent perpetrators of sexual exploitation and abuse from being hired, rehired or

deployed. Use background and criminal reference checks for all employees nor ordinarily resident in the country where the works are taking place.

- d. Ensure that when engaging in partnership, sub-contractor, supplier or similar agreements, these agreements:
 - (i) Incorporate the ESHS, OHS, GBV, VAC Codes of Conduct as an attachment.
 - (ii) Include the appropriate language requiring such contracting entities and individuals, and their employees and volunteers, to comply with the Individual Codes of Conduct.
 - (iii) Expressly state that the failure of those entities or individuals, as appropriate, to ensure compliance with the ESHS and OHS standards, take preventive measures against GBV and VAC, to investigate allegations thereof, or to take corrective actions when GBV or VAC has occurred, shall not only constitute grounds for sanctions and penalties in accordance with the Individual Codes of Conduct but also termination of agreements to work on or supply the project.
- e. Provide support and resources to create and disseminate staff training and awareness-raising strategy on GBV, VAC and other issues highlighted in the ESMF.
- f. Ensure that any GBV or VAC complaint warranting Police action is reported to the Police, MOH and the World Bank immediately.
- g. Report and act in accordance with the agreed response protocol any suspected or actual acts of GBV or VAC.
- h. Ensure that any major ESHS or OHS incidents are reported to MOH and the supervision engineer immediately, non-major issues in accordance with the agreed reporting protocol.
- i. Ensure that children under the age of 18 are not present at the construction site, engaged in any hazardous activities or otherwise employed.

Training

- j. The managers are responsible to:
 - (i) Ensure that staff have a suitable understanding of the ESMF, in particular OHS aspects and COVID-19 prevention, as well as GBV and VAC and are trained as appropriate.

Response

- k. Managers will be required to take appropriate actions to address any ESHS or OHS incidents.
- i. Regarding GBV:
 - (i) Maintain the confidentiality of all employees who report or (allegedly) perpetrate incidences of GBV (unless a breach of confidentiality is required to protect persons or property from serious harm or where required by law).
 - (ii) If a manager develops concerns or suspicions regarding any form of GBV by one of his/her direct reports, or by an employee working for another contractor on the same work site, s/he is required to report the case using the GRM.
 - (iii) Once a sanction has been determined by the GRM, the relevant manager(s) is/are expected to be personally responsible for ensuring that the measure is effectively enforced, within a

maximum timeframe of 14 days from the date on which the decision to sanction was made by the GRM.

- (iv) If a Manager has a conflict of interest due to personal or familial relationships with the survivor and/or perpetrator, he/she must notify the Company and the GRM. The Company will be required to appoint another manager without a conflict of interest to respond to complaints.
 - (v) Ensure that any GBV issue warranting Police action is reported to the Police, MOH and the World Bank immediately.
- m. Managers failing address ESHS or OHS incidents or failing to report or comply with the GBV provisions may be subject to disciplinary measures, to be determined and enacted by the Company. Those measures may include:
- (i) Informal warning;
 - (ii) Formal warning;
 - (iii) Additional Training;
 - (iv) Loss of up to one week's salary;
 - (v) Suspension of employment (without payment of salary), for a minimum period of 1 month up to a maximum of 6 months;
 - (vi) Termination of employment.
- n. Ultimately, failure to effectively respond to ESHS, OHS, VAC and GBV cases on the work site by the company's managers may provide grounds for legal actions by authorities.

I do hereby acknowledge that I have read the Code of Conduct, do agree to comply with the standards contained therein and understand my roles and responsibilities to prevent and respond to ESHS, OHS, VAC and GBV requirements. I understand that any action inconsistent with this Code of Conduct or failure to act mandated by this Code of Conduct may result in disciplinary action.

Signature: _____
Printed Name: _____
Title: _____
Date: _____

Annex 2. Individual Code of Conduct

Instructions: This Code of Conduct should be included in bidding documents for the civil/shipment works contractor(s) and in their contracts once hired.

I, _____, acknowledge that adhering to environmental, social, health and safety (ESHS) standards, following the project's occupational health and safety (OHS) requirements, and preventing Violence Against Children (VAC) and Gender Based Violence (GBV) is important.

The Contractor considers that failure to follow ESHS and OHS standards, or to partake in activities constituting VAC or GBV—be it on the work site, the work site surroundings, at workers' camps, or the surrounding communities—constitute acts of gross misconduct and are therefore grounds for sanctions, penalties or potential termination of employment. Prosecution by the Police of those who commit GBV or VAC may be pursued if appropriate.

I agree that while working on the project I will:

- a) Consent to a background check in any place I have worked for more than six months.
- b) Attend and actively partake in training courses related to ESHS, OHS, COVID-19 prevention, VAC and GBV as requested by my employer.
- c) Will wear my personal protective equipment (PPE) at all times when at the work site or engaged in project related activities, in particular if related to exposure to COVID-19.
- d) Will follow all prevention measures relating to COVID-19, including
 - i. washing hands with water and soap before and after eating, when entering my work area, after sneezing/coughin, etc;
 - ii. sneeze or cough on elbow and/or wash hands after sneezing/coughing;
 - iii. if feeling unwell or have symptoms of a cold, flu or any respiratory illness, inform manager immediately, stay at home and do not come to work.
- e) Take all practical steps to implement the environmental and social management framework (ESMF).
- f) Implement OHS measures.
- g) Adhere to a zero-alcohol policy during work activities, and refrain from the use of narcotics or other substances which can impair faculties at all times.
- h) Treat women, children (persons under the age of 18), and men with respect regardless of ethnicity, color, language, religion, political or other opinion, national, ethnic or social origin, property, disability, birth or other status.
- i) Not use language or behavior towards women, children or men that is inappropriate, harassing, abusive, sexually provocative, demeaning or culturally inappropriate.
- j) Not sexually exploit or abuse project beneficiaries and members of the surrounding communities.
- k) Not engage in sexual harassment of work personnel and staff—for instance, making unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature is prohibited: i.e. looking somebody up and down; kissing, howling or

smacking sounds; hanging around somebody; whistling and catcalls; in some instances, giving personal gifts.

- l) Not use prostitution in any form at any time.
- m) Not participate in sexual contact or activity with children under the age of 18—including grooming or contact through digital media. Mistaken belief regarding the age of a child is not a defense. Consent from the child is also not a defense or excuse.
- n) Consider reporting through the GRM or to my manager any suspected or actual GBV by a fellow worker, whether employed by my company or not, or any breaches of this Code of Conduct.

With respect to children under the age of 18:

- o) Bring to the attention of my manager the presence of any children on the construction site or engaged in hazardous activities.
- p) Wherever possible, ensure that another adult is present when working in the proximity of children.
- q) Not invite unaccompanied children unrelated to my family into my home, unless they are at immediate risk of injury or in physical danger.
- r) Not use any computers, mobile phones, video and digital cameras or any other medium to exploit or harass children or to access child pornography
 - i. Refrain from physical punishment or discipline of children.
 - ii. No hiring of children for any project activity (no persons under the age of 18).

Sanctions

I understand that if I breach this Individual Code of Conduct, my employer will take disciplinary action which could include:

- s) Informal warning;
- t) Formal warning;
- u) Additional Training;
 - i. Loss of up to one week's salary;
 - ii. Suspension of employment (without payment of salary), for a minimum period of 1 month up to a maximum of 6 months;
 - iii. Termination of employment;
 - iv. Report to the Police if warranted.

I understand that it is my responsibility to ensure that the environmental, social, health and safety standards are met. That I will adhere to the occupational health and safety management plan. That I will avoid actions or behaviors that could be construed as VAC or GBV. Any such actions will be a breach this Individual Code of Conduct.

I do hereby acknowledge that I have read the foregoing Individual Code of Conduct, do agree to comply with the standards contained therein and understand my roles and responsibilities to prevent and respond to ESHS, OHS, VAC and GBV issues. I understand that any action inconsistent

with this Individual Code of Conduct or failure to act mandated by this Individual Code of Conduct may result in disciplinary action and may affect my ongoing employment.

Signature: _____

Printed Name: _____

Title: _____

Date: _____