

Draft



Integrated Rurban Development and Climate Resilience Program (P505241)

LABOR MANAGEMENT PROCEDURES

Ministry of Agriculture, Livestock, Land and Irrigation

March 2025

Abbreviations

AAIB	Agriculture and Agrarian Insurance Board
BRAWA	Budgetary Relief Allowance of Workers Act
DAD	Department of Agrarian Development
DoA	Department of Agriculture
EHSGs	Environmental, Health, and Safety Guidelines
EPF	Employees Provident Fund
ESHS	Environmental, Social, Health, and Safety
ESMP	Environmental and Social Management Plan
ESS2	Environmental and Social Standard 2
ETF	Employees Trust Fund
EWYP&C	Employment of Women, Young Persons, and Children
GBV	Gender-Based Violence
GCF	Green Climate Fund
GoSL	Government of Sri Lanka
GRM	Grievance Redress Mechanism
IDA	International Development Association
ILO	International Labor Organization
IRDCRP	Integrated Rurban Development and Climate Resilience Program
ISO	International Organization for Standardization
LMP	Labor Management Procedure
MBO	Maternity Benefits Ordinance
NIC	National Identity Card
OHS	Occupational Health and Safety
PMU	Project Management Unit
PP	Productive Partnerships
PSC	Project Steering Committee
SEA/SH	Sexual Exploitation and Abuse/Sexual Harassment

SOE	Shop and Office Employees
SOP	Series of Projects
TC	Technical Committee
TEWA	Termination of Employment of Workmen (Special Provisions) Act

Contents

Abbreviations.....	2
1. Introduction.....	5
1.1 Project Context and Background.....	5
1.2 Project Description.....	5
1.3 Labor Management Procedures.....	6
2. Overview of Labor Use Under IRDCRP.....	6
2.1 Anticipated Project Workers.....	6
2.2 Other Stakeholders in Connection with the Project.....	8
2.2.1 Government Officials.....	8
3. Assessment of Key Potential Labor Risks.....	9
3.1 Labor Risks:.....	9
4. Brief Overview of Sri Lanka’s Labor Legislation: Policies and Procedures.....	10
4.1 Applicable Sri Lankan Labor Legislation, Conventions, and Associated Provisions.....	10
4.2 ILO Conventions ratified by Sri Lanka.....	11
4.3 Sri Lankan Labor Standards.....	12
4.3.1 Key Challenges and Gaps related national legislation and alignment with ESS 2.....	25
5. RESPONSIBLE STAFF.....	26
6. POLICIES AND PROCEDURES.....	27
7. Age of Employment.....	29
8.7 Deductions from remuneration.....	32
8.8 Medical treatment of injured and sick workers.....	32
8.9 Collective Agreements.....	32
9. Grievance Mechanism.....	32
10. Contractor Management.....	32
10.1 Contractual Provisions and Non-Compliance Remedies.....	33
10.2 Performance Monitoring.....	33
11.2 Selection of Primary Suppliers.....	34
11.3 Remedial Process.....	34

1. Introduction

1.1 Project Context and Background

1. The World Bank is supporting Sri Lanka's long-term development through a Series of Projects (SOP) spanning nine years, with two planned projects aimed at strengthening the agriculture, livestock, and fisheries sectors. The first project builds on past and ongoing initiatives to rapidly address urgent development challenges as Sri Lanka recovers from its economic crisis. It focuses on scaling best practices to enhance competitiveness, improve market linkages, and promote climate resilience while ensuring a sustainable and export-driven agri-food system. By fostering institutional coordination among key government bodies, the program seeks to create an enabling environment for private sector engagement and long-term sustainability.

1.2 Project Description

2. The Project Development Objective is to increase productivity, market access, and climate resilience of agri-food producers in selected areas. The project has five components financed through a US\$100 million IDA credit, US\$3 million in contributions from the GoSL, and US\$17 million mobilized from private capital, including from small and medium producers and producer organizations. The GoSL contribution would be used for the payments of government staff salaries, allowances and also the taxes and charges under Component 3. The project contributes significantly to climate adaptation and mitigation, with a strong emphasis on adaptation, through a range of interventions in climate-smart agriculture, water management, ecosystem protection, sustainable technology adoption, and enhanced market access. The specific mechanisms for achieving these climate contributions are outlined within the project's components. The Project is exploring the possibility of using additional financing from the Green Climate Fund (GCF) Cooling Facility already allocated to Sri Lanka, to expand the scope and impact of the Project.

Component 1: Climate-Smart Production, Value Addition & Market Access

3. Supports small and medium producers in adopting climate-smart practices, improving market access, and strengthening value chains.

- Subcomponent 1.1: Capacity Building & Partnerships – Supports Productive Partnerships (PPs) through training, business planning, and sustainable agricultural practices.

- Subcomponent 1.2: Market Integration & Value Addition – Provides blended financing for PP business plans, enhancing productive assets, cold chain investments, and export potential.

- Subcomponent 1.3: Private Sector & Agri-Services – Promotes youth and women-led agribusinesses, offering technical training, business development, and financing.

Component 2: Integrated Natural Resource Management for Climate Resilience

4. Enhances water resource management and builds climate resilience in agriculture.

- Subcomponent 2.1: Cascade Management & Water Efficiency – Restores village tank cascades to improve water availability, reduce human-wildlife conflict, and support conservation farming.

- Subcomponent 2.2: Irrigation & Water Resources – Upgrades major and medium irrigation schemes to enhance water efficiency and climate resilience.

Component 3: Rural Infrastructure & Connectivity

5. Improves rural infrastructure to support agricultural supply chains and climate resilience.

- Subcomponent 3.1: Climate-Resilient Rural Roads – Upgrades rural roads to enhance market access, flood resilience, and connectivity.

- Subcomponent 3.2: Post-Harvest & Storage Facilities – Invests in storage, processing, and distribution to minimize post-harvest losses and strengthen value chains.

Component 4: Policy, Institutional Strengthening & Digital Solutions

6. Enhances policy, institutional capacity, and digital tools to drive agricultural innovation.

Subcomponent 4.1: Policy & Institutional Strengthening – Supports climate-resilient agriculture policies, institutional reforms, and capacity-building for public and private stakeholders.

Subcomponent 4.2: Digital Agriculture & Innovation – Develops digital platforms for precision farming, market intelligence, and real-time climate advisory services.

Component 5: Project Management, M&E, and Knowledge Sharing

7. Ensures effective project coordination, monitoring, and knowledge dissemination.

- Subcomponent 5.1: Project Implementation & Monitoring– Strengthens project governance, financial management, and impact assessments.

- Subcomponent 5.2: Knowledge Sharing & Learning – Facilitates research, lessons learned, and best practice dissemination for climate-smart agriculture.

1.3 Labor Management Procedures

8. Under the World Bank’s Environmental and Social Standard 2 (ESS2: Labor and Working Conditions), the Borrower is required to develop labor management procedures (LMP). The purpose of the LMP is to identify the main labor requirements and risks associated with the project and help the Borrower to determine the resources necessary to address project-related labor issues. The LMP will enable different project-related parties, for example, staff of the project management unit, contractors and sub-contractors and project workers, to have a clear understanding of what is required on a specific labor issue. The LMP is a living document, which is initiated early in a project. preparation, and is reviewed and updated throughout development and implementation.

2. Overview of Labor Use Under IRDCRP

9. Exact labor use in the project will be determined during the implementation stage (including the number, characteristics, and timing of labor requirements), below is an overview of anticipated project workers in the IRDCRP Project based on the preliminary design for the project.

2.1 Anticipated Project Workers¹

TYPE	No. of Workers	Location	Timing/ # months ²	Job Responsibilities
Direct Workers		On-site & remote supervision.	PMU: From project preparation to project completion. Engineering Consultants: From design stage until	The Project Management Unit (PMU): Staff with expertise in project management coordination, financial management, procurement, engineering, environmental/social management, monitoring and

¹ Estimates Based on available information

² During which part of project cycle and estimated number of months of employment.

TYPE	No. of Workers	Location	Timing/ # months ²	Job Responsibilities
			project completion.	<p>evaluation, among other supporting staff.</p> <p>Engineering and Supervision Consultant: An engineering and construction supervision consultant (national/international firm) will be engaged by the PMU to provide day-to-day construction oversight for the civil works.</p>
Community Workers	Not applicable.	Not applicable.	Not applicable.	The project will not engage community workers as defined under ESS2. The community members to be engaged by the contractor will be categorized and managed as “contract workers”.
Local workers		On-site	Decided by the PMU.	The project is designed to maximize the employment generation at the local level by engaging local members as unskilled workers. To ensure equal opportunities in employment, the contractor will be contractually required to coordinate with the PMU to prioritize the host communities and vulnerable groups in the engagement of such workers, including members of female headed households, persons with disabilities, unemployed youth, etc. Under the various project components, the work assigned for unskilled female workers may include community engagement, traffic management, sand spreading, hand compacting, external landscaping works, and daily site cleaning and rubbish removal. The use of brokers or intermediaries to source unskilled workers is also likely.
National Migrant Workers				
International				

TYPE	No. of Workers	Location	Timing/ # months ²	Job Responsibilities
Migrants				
Male				
Female				
Between 14 to 18 years old				
Workers recruited through brokers, intermediaries, or agents				
Contractors			The timing of labor requirement will vary, dependent on construction stages, which will be determined by individual contractors at the contract award stage.	It is not yet clear at this stage if the Project will award a single contract for the full construction package for IRDCRP or a few contracts, as this will largely be determined by the allocation of funds for each subcomponent of the Project and final scope of the civil works. Depending on the specific requirements of the project, sub-contractors will be employed by the main Contractor.

10. Monitoring during project implementation will update to reflect actual numbers or labor use for each activity, characteristics of labor, locations, and job responsibilities.

2.2 Other Stakeholders in Connection with the Project

2.2.1 Government Officials³

11. In addition to the project workers, various government officials and agencies will be involved in the IRDCRP. The Project Steering Committee (PSC) will ensure effective coordination at a higher level and provide strategic advice, involving relevant ministries and departments such as the Ministry of Highways, Ministry of Transport, and Ministry of Agriculture. The Project Management Unit (PMU) will coordinate the implementation of activities and sub-components across departments. The Technical Committee (TC) will support the PMU in identifying potential value chain partners and facilitating outreach. The Independent Evaluation Committee will review and recommend business plans for financing, ensuring alignment with project objectives. The Department of Agrarian Development (DAD) will coordinate and monitor activities under subcomponent 2.1 related to agrarian development, while the Irrigation Division will oversee activities under subcomponent 2.2 concerning irrigation infrastructure. The Department of Agriculture (DoA) will manage activities under subcomponent 2.3 focused on agricultural extension services. The Agriculture and Agrarian Insurance Board (AAIB) will support digitization, operational efficiencies, and expanded insurance coverage for beneficiaries. Additionally, Chief Secretaries, Provincial Authorities, and Field Officers will coordinate and monitor activities at the local level, ensuring effective implementation in alignment with national objectives.

³ Government officials are at times also referred to as 'civil servants.

12. Further, a majority of the government officials involved in IRDCRP are not expected to be exposed to OHS risks under the project as they will not engage in project-related civil works. Only those who will be released for technical work on the project may be exposed to OHS risks as they may get directly involved in the supervision of the IRDCRP.

3. Assessment of Key Potential Labor Risks

3.1 Labor Risks:

13. Drawing up on the experiences of other similar projects supported under [WB/ USAID/ ADB/ etc.], the following general labor risks tend to be found in any activity involving labor.:

Table 1 General Labor Risks

Risk Category	Risk Description
Health and Safety Risks	<ul style="list-style-type: none"> • The conduct of hazardous work, such as working at heights or in confined spaces, use of heavy machinery, or use of hazardous materials • Likely incidents of child labor or forced labor, with reference to the sector or locality • Likely presence of migrants or seasonal workers • Risks of labor influx or gender-based violence. • Possible accidents or emergencies, with reference to the sector or locality • General understanding and implementation of occupational health and safety requirements
Child Labor	<ul style="list-style-type: none"> • Child labor has not been fully eliminated; as of 2016, 1% of children were engaged in child labor. • Nearly 90% of these child laborers were involved in hazardous forms of work. • The majority of working children, child laborers, and those in hazardous work are boys. <p>Common occupations for these children include:</p> <ul style="list-style-type: none"> • Plant and machine operators. • Assemblers • Labor-intensive tasks in construction and other elementary occupations.
Forced Labor	<p>Reports persist of children subjected to bonded and forced labor in:</p> <ul style="list-style-type: none"> • Domestic service • Agriculture (dry zone farming, tea estates) • Fireworks and fish-drying industries.
Labor Influx	<ul style="list-style-type: none"> • Impact on local employment to understand how the arrival of external labor affect job opportunities for the local workforce • Understanding how the influx of labor will impact the wage levels and working conditions of both local and migrant workers. • Look into evidence of exploitation of unfair labor practice in relation to the project. • Effect of labor influx on local cultural norms and social dynamics. • Gender-specific challenges for migrant workers, particularly women.

Risk Category	Risk Description
	<ul style="list-style-type: none"> • Strain on housing availability and local infrastructure due to increased labor force
Labor Disputes over Terms and Conditions of Employment	<ul style="list-style-type: none"> • Failure to provide wages, overtime pay according to the rules of the country. • Terms and Conditions of Employment not laid out correctly. • There is a risk of retaliation against workers by employers (contractors/sub-contractors) for: <ul style="list-style-type: none"> ○ Requesting legitimate working conditions ○ Raising concerns about unsafe or unhealthy work environments ○ Voicing grievances
Discrimination and Exclusion of Vulnerable/Disadvantaged Groups	<ul style="list-style-type: none"> • Challenges faced by vulnerable or disadvantaged groups in accessing job opportunities and/or discriminatory hiring practices. • Pay gaps and limited benefits for marginalized groups compared to others (If any) • Restricted access to essential services such as healthcare, education, and housing for disadvantaged groups. • Limited access to mental health services and disability support for vulnerable populations.

The Bank task team and the Borrower carry out SEA/SH risk assessment. The Bank task team will guide the Borrower on the applicable of mitigation measures to prevent and minimize SEA/SH risk in the Project.

4. Brief Overview of Sri Lanka’s Labor Legislation: Policies and Procedures

14. **Key aspects** of national labor legislation with regards to terms and conditions of work, and how national legislation applies to different categories of workers identified in Section 2. This section provides an overview of legislation relevant to labor and to the items set out in ESS2, paragraph 11 (i.e. wages, deductions, and benefits).

4.1 Applicable Sri Lankan Labor Legislation, Conventions, and Associated Provisions

15. Although Sri Lanka lacks a single unified labor law/code, several statutes govern employment and industrial relations of the country. The following table sets out a summary of applicable laws and their provisions for workers.

Table 2: Summary of Applicable Laws and their provisions

Applicable Laws	Provisions
<ul style="list-style-type: none"> • Shop and Office Employees’ Act No 19 of 1954, • Wages Boards Ordinance No.27 of 1941 • Factories Ordinance No.45 of 1942, • Employment of Women, Young Persons, and Children Act No. 47 of 1956 • Maternity Benefits Ordinance No.32 of 1939 	Basic terms and conditions of employment, including those pertaining to working hours, leave and holidays and work arrangements
<ul style="list-style-type: none"> • National Minimum Age No.03 of 2016 and the National Minimum Wage of Workers (Amendment) Act No.16, 2021. 	The Act 2016 set a minimum wage for workers and the Amendment to the Act (No.16,

Applicable Laws	Provisions
<ul style="list-style-type: none"> • Decisions of Wages Boards established in terms of the Wages Boards Ordinance 	2021) increased the minimum age to LKR 12,500 per month for salaried workers and LKR 500 per day for daily workers.
<ul style="list-style-type: none"> • Industrial Disputes Act No.43 of 1950, • Trade Unions Ordinance No.14 of 1935, • Constitution of the Democratic Socialist Republic of Sri Lanka 	Statutory provisions relating to Labor/ Industrial Relations Right to form or join a Trade Union of one's choice flow
<ul style="list-style-type: none"> • Termination of Employment of Workmen (Special Provisions) Act No.45 of 1971 	Non-disciplinary terminations
<ul style="list-style-type: none"> • Factories Ordinance, Employment of Women Young Persons and Children Act • Shop & Office Employees Act, • Maternity Benefits Ordinance • National Institute of Occupational Safety and Health Act No.38 of 2009 	Health, safety, and general well-being of employees
<ul style="list-style-type: none"> • Workmen's Compensation Ordinance No.19 of 1934 	A detailed computation of compensation due in the event of a variety of work-related injuries and illnesses
<ul style="list-style-type: none"> • Employees Provident Fund Act No.15 of 1958 • Employees Trust Fund Act No. 46 of 1986 • Payment of Gratuity Act No.12 of 1983. 	Social protection
<ul style="list-style-type: none"> • Gazette Notification No. 1695/32 dated Friday, March 4, 2010 • Employment of Women, Young Persons, and Children's Act No. 47 of 1956 • Employment of Women, Young Persons and Children's Amendment Act No. 8 of 2003 • Employment of Women, Young Persons and Children's Amendment Act 24 of 2006 • The Factories Ordinance No. 45 of 1942 • The Shop and Office Employees Act No. 19 of 1954 • ILO Convention 138 on the Minimum Age for Employment • ILO Convention 182 on the Worst Forms of Child Labor read in conjunction with Recommendation 190 	Protection of women workers and children against GBV and exploitation

16. Together, these labor regulations cover aspects such as working age, work hours, contracting, rules, leave policies, maternity leave, minimum wage, labor taxes and dismissal rules, among others, as required under ESS 2. However, despite plethora of laws there are persistent gaps in the labor management framework in Sri Lanka, notably the absence of a comprehensive labor policy and fragmented nature of existing laws.

4.2 ILO Conventions ratified by Sri Lanka

17. Sri Lanka has ratified 43⁴ of the International Labor Organization (ILO) conventions including all eight core conventions on labor standards⁵. and 1 Protocol. Out of these 30 are in force as of the year 2024. □

18. The national mechanism has not correctly set out four areas covered by the 8 core Conventions, which are:

1) the freedom of association and the right to collective bargaining, 2) the elimination of all forms of forced or compulsory labor, 3) the effective abolition of child labor, and 4) the elimination of discrimination in respect of employment and occupation.

19. The most recent ratification of ILO convention by the Government of Sri Lanka was the January 2017 ratification of the Maritime Labor Convention of 2006 (MLC).

4. 3 Sri Lankan Labor Standards

20. Sri Lanka’s Labor Borrower Systems alignment with World Bank Environment and Social Standard (ESS 2) – Labor and Working Conditions was assessed in the World Bank’s Environment and Social Framework Overview Assessment to determine alignments and gaps.

Table 3 Assessment of Borrower Systems Alignment with World Bank’s ESS 2

Basic Standard	Standard Description	Alignment with ESS2	Project Specific Mitigation Measures
Terms and Conditions			
Working Age	<p>→ Minimum age for work in Sri Lanka is 14 years and is compliant with ILO guidelines for countries at lower stages of development.</p> <p>→ Exceptions to the prohibition on employment under 14 include:</p> <ul style="list-style-type: none"> • Work in technical schools approved or supervised by a public authority. • Supervised work by children with parents or guardians in light agricultural tasks before or after school hours. <p>→ Employment of Women, Young Persons, and</p>	<p>Partially Aligned to meet standards of ESS 2</p> <p>The International Covenant on Civil and Political Rights Act, 2007 does not include the specific provision of the Covenant itself relating to children’s rights to such measures of protection.</p> <p>Labor inspectors have no legal provision to enter houses to search or question occupants</p>	<p>Strengthening compliance with age restrictions to ensure that no children under the age of 14 years are engaged in any project related activities including informal labor in agriculture, livestock and fisheries.</p> <p>Train government agencies, extension officers and implementing partners to identify and report child labor risks.</p> <p>Establish a grievance mechanism to report any suspected child labor cases.</p>

⁴ [Ratifications of ILO conventions: Ratifications for Sri Lanka](#)

⁵ The eight core conventions include: The Forced Labour Convention, 1930 (No. 29), the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); the Right to Organise and Collective Bargaining Convention, 1949 (No. 98); the Equal Remuneration Convention, 1951 (No. 100); the Abolition of Forced Labour Convention, 1957 (No. 105); the Discrimination (Employment and Occupation) Convention, 1957 (No. 111); the Minimum Age Convention, 1973 (No. 138); the Worst Forms of Child Labour Convention, 1999 (No. 182)

Basic Standard	Standard Description	Alignment with ESS2	Project Specific Mitigation Measures
	<p>Children Act:</p> <ul style="list-style-type: none"> • 'Young Persons' are categorized into two age groups: 14-16 years and 16-18 years. • Employment is allowed with work hour limitations and safeguards. • Individuals under 18 cannot be engaged in hazardous employment as defined in the 1984 Amendment to the Act. 	<p>who employ children as domestics.</p>	
<p>Working Hours</p>	<p>Three laws govern working hours, rest intervals, and holidays:</p> <ol style="list-style-type: none"> 1. Wages Board Ordinance of 1941 2. Shop and Office Employees Act of 1954 3. Factories Ordinance of 1950 <p>Wages Board Ordinance of 1941:</p> <ul style="list-style-type: none"> • Normal working day: 9 hours (including 1-hour meal interval). • Maximum working hours per week: 48 hours. • Overtime remuneration varies by trade based on Wages Board decisions. • Weekly holidays are generally set for Sunday, but employers can choose if not specified. <p>Shop and Office Employees Act of 1954:</p> <ul style="list-style-type: none"> • Normal maximum working hours: 8 hours a day, 45 hours a week (excluding rest/meals). • Overtime pay: 1.5 times the hourly wage for hours beyond the maximum. 	<p>Partially Aligned to meet standards of ESS 2.</p> <p>Casual workers hired by/ through third parties e.g. employment agencies may not be accorded the same rights and privileges.</p>	<ul style="list-style-type: none"> - Ensuring compliance with legal working hours. - Requiring all third-party employment agencies to comply with Sri Lanka's labor laws and ESS2 Standards. - Ensure causal workers' rights and benefits are met. - Ensure that all project-related facilities including processing plants and agriculture hubs meet the Factories Ordinance of 1950 standards on ventilation, temperature control and cleanliness. - Providing training on occupational health and safety, including hazard prevention measures for all workers.

Basic Standard	Standard Description	Alignment with ESS2	Project Specific Mitigation Measures
	<ul style="list-style-type: none"> • Males over 18 can work up to 12 hours of overtime per week. • Females and males under 18 cannot work more than 9 hours per day (including breaks). <p>Factories Ordinance of 1950:</p> <ul style="list-style-type: none"> • A factory shall not be so overcrowded as to cause injury or risk to those working there. • Provisions for maintaining temperature and ventilation in the factory. • Every factory will be kept in a clean state. 		
Contracting Rules	<p>Employment does not require a written contract; a Worker is defined as anyone working under any type of contract (expressed, implied, oral, or written).</p> <p>Types of employment contracts:</p> <ul style="list-style-type: none"> • Permanent: Ongoing employment. • Temporary/Contract: Fixed-term contracts often specify an end date based on time or project completion. • Apprentices: Generally, not considered employees unless defined as such by a Wages Board decision or statute. • Casual Workers: Paid daily; lacking documentation may lead to claims of permanent employment. EPF and ETF contributions are required regardless of 	Fully Aligned to meet standards of ESS 2	<ul style="list-style-type: none"> - Require all workers—whether direct, contract, casual, to receive written terms of employment outlining wages, working hours, benefits, and termination conditions. - Mandate that all third-party employment agencies comply with Sri Lanka’s labor laws and ESS2 standards when recruiting workers. - Establishing a worker grievance mechanism.

Basic Standard	Standard Description	Alignment with ESS2	Project Specific Mitigation Measures
	<p>payment frequency.</p> <ul style="list-style-type: none"> • Seasonal Employment: Generally, for agricultural tasks or during festive seasons; less common in Sri Lanka. • Public Sector: Primarily employs permanent staff until retirement (age 55) but also hires contract workers paid daily. • Private Sector: Mostly engages employees on time-bound contracts. Temporary and contract workers are hired for specific tasks and are compensated per legal overtime provisions if required. Fixed-term contracts may include allowances for transport and similar expenses. 		
Probation Period	<p>Probation is not defined by statute in Sri Lanka but is commonly used in private sector employment. It serves as a trial period outlined in employment contracts.</p> <ul style="list-style-type: none"> • During probation, either party can terminate the employment without notice or reason. • The duration of probationary period is at the employer's discretion. • Probation Periods should not exceed 12 months due to the Termination of Employment of Workmen (Special Provisions) Act (TEWA) 	Fully Aligned to meet standards of ESS 2	<ul style="list-style-type: none"> - Require that probation terms are clearly stated in written employment contracts, including duration, evaluation criteria, and rights of the worker.
Remuneration of the Project Management Cadre	<p>Management Services Circular No: 01/2019: effective from 20 January 2019.</p> <ul style="list-style-type: none"> • Provides guidelines for cadre and remuneration 	Fully Aligned to meet standards of ESS 2	<ul style="list-style-type: none"> - Verify that remuneration packages are competitive and aligned with qualifications, experience, and market standards. - Ensure that all project management staff receive

Basic Standard	Standard Description	Alignment with ESS2	Project Specific Mitigation Measures
	<p>management of projects.</p> <ul style="list-style-type: none"> • Outlines remuneration packages, required qualifications, experience levels, and selection procedures for project management staff. 		<p>contracts clearly outlining salary structure, allowances, and benefits</p>
Leave and Holidays	<ul style="list-style-type: none"> • Shop and Office Employees (SOE) Act Employees earn one day of leave for every two completed months during their first year of employment. • After the first year, employees are entitled to 7 days of paid annual leave. • There is no separate "Sick Leave" category. 	<p>Partially Aligned to meet standards of ESS 2</p> <p>Casual workers hired by/ through third parties e.g. Employment agencies, may not be accorded the same rights and privileges.</p>	<ul style="list-style-type: none"> - Ensure that paid annual leave is provided fairly across all employment categories, including those hired through third parties. - Mandate that labor contracts define how leave is accrued and used.
Expectant Mothers and Maternity Leave	<ul style="list-style-type: none"> • Maternity leave entitlements for all female employees are covered under the Shop & Office Employees (SOE) Act and the Maternity Benefits Ordinance (MBO). • The MBO applies broadly to most women workers in various trades. • Under the SOE Act, female employees are entitled to 84 working days of paid maternity leave for any live birth, regardless of the number of children. The MBO grants 12 weeks of paid maternity leave on the same basis. • A portion of maternity leave can be taken as pre- 	<p>Partially Aligned to meet standards of ESS 2</p> <ul style="list-style-type: none"> • Casual workers hired by/ through third parties, e.g. employment agencies may not be accorded the same rights and privileges. • Provisions relating to maternity leave under The Maternity Benefits Ordinance exclude women whose work is of casual nature⁷. 	<ul style="list-style-type: none"> - Include a mandatory clause in contracts with employment agencies ensuring that female workers are granted maternity leave in line with the MBO and SOE Act. - Mandate that employers should provide alternative, less hazardous work arrangements for pregnant employees if their tasks involve physically demanding or high-risk activities.

Basic Standard	Standard Description	Alignment with ESS2	Project Specific Mitigation Measures
	<p>confinement leave.</p> <ul style="list-style-type: none"> • In cases of stillbirth or a viable fetus,⁶ the SOE Act provides 42 working days of paid leave, while the MBO offers 6 weeks. • Both the SOE Act and MBO require two nursing intervals per day be provided for mothers until the child is 12 months old, in addition to other available breaks, and these are considered time worked. • Women in the informal economy, including small-scale construction work, often do not receive maternity leave or other statutory benefits. • Maternity Protection: <ul style="list-style-type: none"> • Payment of 1.5 times the normal wage for women working night shifts (Employment of Women Young Persons and Children's Act). • Prohibition against terminating a female employee due to pregnancy or maternity leave. • Restrictions on engaging pregnant employees in harmful work. 		
Paternity Leave	<ul style="list-style-type: none"> • There is no legal entitlement for paternity leave in the private sector; however, public 		

⁷ A woman employed on wages in any trade, whether such wages are calculated by time or by work done or otherwise and whether the contract of employment or service was made before or after the commencement of this Ordinance, and whether such contract is expressed or implied, oral or in writing.

⁶ "viable foetus" means a foetus of at least twenty-eight weeks' gestation and, in the event of there being any doubt, one of the following conditions shall be satisfied for a foetus to be considered twenty-eight weeks old:- (a) the length of the foetus shall be at least twelve inches; or (b) the weight of the foetus shall be at least two pounds

Basic Standard	Standard Description	Alignment with ESS2	Project Specific Mitigation Measures
	sector male employees are entitled to 3 days of paternity leave upon the birth of a child.		
Minimum Wage	<ul style="list-style-type: none"> • Wages Board Ordinance of 1941 Mandates establishment of Wages Boards for various trades by the Minister of Labor. • Minimum wage rates are determined based on employment status (e.g., trainees/apprentices and piece-rate workers). Minimum wages set by the Wages Boards must not be lower than the national minimum wage established by the National Minimum Wages Act, No. 3 of 2016. • National Minimum Wages Act, No. 3 of 2016. Establishes a national minimum monthly wage of Rs 10,000 (approximately US\$67.56) and a minimum daily wage of Rs 400.00. • Includes penalties for employers who violate wage regulations <p>Budgetary Relief Allowance of Workers Act (BRAWA), No. 4 of 2016:</p> <ul style="list-style-type: none"> • Provides a wage supplement of Rs 2,500 (approximately US\$16.89) for all workers earning less than Rs 40,000 per month (approximately US\$270). 	Fully Aligned to meet standards of ESS 2	<p>-Require employment agencies and third-party contractors to certify wage compliance for all workers hired under the project.</p> <p>- Establish a grievance redress mechanism where workers can report wage violations confidentially.</p> <p>-Implement wage monitoring mechanisms to ensure that all workers, including casual and contract workers, receive at least the national minimum wage and applicable BRAWA supplements.</p>
Employee Provident	Employees Provident Fund (EPF) Act No. 15 of 1958	Fully Aligned to meet standards of	- Employers must register all eligible workers for EPF

Basic Standard	Standard Description	Alignment with ESS2	Project Specific Mitigation Measures
Fund and Trust Fund and Gratuity	<p>(The largest social security scheme in Sri Lanka.)</p> <ul style="list-style-type: none"> • Employees are required to contribute a minimum of 8% of their total salary, while employers must contribute a minimum of 12% monthly. • Employees' Trust Fund (ETF) established under Act No. 15 of 1980 Supplements the EPF, requiring employers to contribute 3% of payroll on behalf of employees who do not contribute to the ETF. • ETF coverage includes all private sector employees and public servants not entitled to a civil pension until they become eligible for one. • Severance pay in Sri Lanka: With 10 years of tenure: 97.5 weeks of salary With 25 – 34 years of tenure: up to 48 monthly salaries (or 208 salary weeks). 	ESS 2	<p>and ETF contributions, ensuring contract and temporary workers are not excluded.</p> <ul style="list-style-type: none"> - Require third-party contractors and agencies to submit proof of monthly EPF and ETF remittances before processing payments.
Notice for termination of contract and dismissal rules	<p>Payment of Gratuity Act No. 12 of 1983</p> <ul style="list-style-type: none"> • Requires employers to pay dismissed employees with at least five years of service a gratuity of half a month's salary for each completed year of service; those with less than five years receive fourteen days' wage for each completed year. • If an agent (contractor or subcontractor) fails to make statutory payments, the principal may be held liable. 	Fully Aligned to meet standards of ESS 2	<ul style="list-style-type: none"> - Ensure third-party contractors and subcontractors meet gratuity obligations, preventing liability for the principal employer. - Establish clear documentation for termination decisions to prevent disputes.

Basic Standard	Standard Description	Alignment with ESS2	Project Specific Mitigation Measures
	<ul style="list-style-type: none"> • Termination of Employment of Workers (Special Provisions) Act No 45 of 1971 (TEWA) Sets out a compensation formula which must be adhered to in the event termination takes place. 		
Occupational Health and Safety	Sri Lanka does not have a specific law governing workplace Occupational Safety and Health (OSH) requirements. Workers Compensation Ordinance 1934 (***) see section 6 (***)	Partially Aligned to meet standards of ESS 2 The Workers Compensation Ordinance 1934 lacks provisions for establishing an employee injury compensation insurance scheme and to provide redress for survivors of psychological or sexual abuse.	<ul style="list-style-type: none"> - Regular risk assessments in all workplaces and particularly in agriculture, livestock and fisheries operation. - Enforce the safe handling and storage of hazardous fertilizers, substances and pesticides. - Maintain first aid stations and ensure trained personnel are available. - Train employees in emergency response procedures, including fire safety, accident response and evacuation. - Conduct mandatory safety training for all workers, contractors and casual laborers.
Non-discrimination and Equal Opportunities	<p>Sri Lankan Constitution:</p> <ul style="list-style-type: none"> • Equal Protection Article 12(1) Ensures equality before the law for all individuals. <p>Non-Discrimination Article 12(2) Prohibits discrimination based on race, religion, language, caste, sex, political opinion, place of birth, and similar grounds.</p> <p>Affirmative Action Article 12(4):</p> <ul style="list-style-type: none"> • Allows for special 	Partially Aligned to meet standards of ESS 2 There are no specific provisions prohibiting discrimination in terms of access to employment, recruitment and training. - Inadequate legislative provisions to ensure: fair treatment, equal	<ul style="list-style-type: none"> - In recruitment, the principles of merit will apply, and thus eligible candidates will be those with the best demonstrable skills and qualifications. - The Project shall remain an equal opportunity employer, without any discrimination for gender, ethnicity, sect, religion or any other kind of affiliation permissible under law. - The Project's policy is to recruit staff with the highest

Basic Standard	Standard Description	Alignment with ESS2	Project Specific Mitigation Measures
	<p>provisions to be made for the advancement of women, children, and disabled persons.</p>	<p>protection, and non-discrimination, including the private sector; and prevent workplace sexual harassment and address complaints. Determine due compensation; and ensure equal pay for men and women for equal work.</p>	<p>possible level of competency through a fair and transparent merit-based recruitment process</p> <ul style="list-style-type: none"> - Project's recruitment and selection process policies are based on the following key principles: <ul style="list-style-type: none"> • Equitable: the recruitment and selection process must be equitable. • Objective: the recruitment and selection process must be objective. • Transparent: the process and basis for decisions must be clear and open to scrutiny. • Merit: recruitment and selection must be made based on merit and without discrimination • Privacy; confidentiality of the applicant's information must be maintained at all times.
<p>Child Labor</p>	<p>National Child Protection Act No. 50 of 1998</p> <ul style="list-style-type: none"> • Child defined as anyone under the age 18 years of age • Employment of Women Young Persons and Children's Act (EWYP & C): Child defined as under 14 years; Prohibits employment of children under this age, with exceptions for supervised work in technical schools and light agricultural tasks with parental supervision. Young Person defined as someone between 14 and 18 years, with regulations differing for those aged 	<p>Partially Aligned to meet standards of ESS 2</p> <p>The International Covenant on Civil and Political Rights Act, 2007 does not include the specific provisions of the covenant itself relating to children's rights to such measures of protection. Labor inspectors have no legal provision to enter houses to search or question the occupants who employ children as</p>	<ul style="list-style-type: none"> - The risk of child labor will be mitigated through Certification of laborers' age. This will be done by using the legally recognized documents such as national identification Card. - Children will not be employed directly or indirectly on the project. - Birth Certificates of potential employees will be checked.

Basic Standard	Standard Description	Alignment with ESS2	Project Specific Mitigation Measures
	<p>14-16 and 16-18.⁸</p> <ul style="list-style-type: none"> • Shop and Office Employees Act No. 19, 1954: Prohibits employment of anyone under 14 years in shops or offices and restricts workers aged 14-18 from working before 6:00 a.m. or after 6:00 p.m. in most jobs. • Employers violating child employment laws can face charges in Magistrate Court, with penalties including fines, imprisonment, or compensation payments to affected children. • The government has issued regulations listing 49 hazardous occupations, with specific amendments to the Employment of Women, Young Persons, and Children (EWYP&C) Act in 2006 addressing hazardous labor for children aged 14-18 • Fines for employing 	domestics.	

1. ⁸ **Children aged 14-16:**

- a. They are generally prohibited from being trained to take part in performances of a dangerous nature 1.
- b. Employment during the night is restricted. Specifically, they cannot work during the eight consecutive hours between 10 p.m. and 6 a.m. 2.

2. **Children aged 17-18:**

- a. They may be employed during the night in certain circumstances, such as in cases of serious emergency or for vocational training, but this requires specific permissions and conditions 3.
- b. The night work restriction for this age group includes at least seven consecutive hours falling between 10 p.m. and 6 a.m. 2.
- c. They are also prohibited from taking part in any public performance that endangers their life or limbs 4.

Basic Standard	Standard Description	Alignment with ESS2	Project Specific Mitigation Measures
	<p>children in contravention of the EWYP&C Act range from Rs 5,000 to Rs 10,000, with potential imprisonment of at least 12 months or both.</p>		
Forced Labor	<p>Legal Framework Against Forced Labor:</p> <ul style="list-style-type: none"> • Penal Code (Amendment) Act No. 16 of 2006: Prohibits forced labor and outlines actions considered as such, with penalties including imprisonment and fines. Enhanced protections apply if the victim is a child. • Employment of Women, Young Persons, and Children Act No. 47 of 1956: Includes provisions to prevent forced labor, limits on night work, registration for underage workers, and regulations for specific job sectors. • Industrial Disputes Act and Shop and Office Employment Act 1954: Provide regulations for working conditions, hours, holidays, and leaves. • International Commitment: On April 11, 2019, Sri Lanka ratified the 2014 Protocol to the Forced Labor Convention, 1930, becoming the second Asian country and thirty-first globally to do so. 	<p>Partially Aligned to meet standards of ESS 2</p> <p>The Abolition of Slavery Ordinance 1844 does not prohibit other forms of forced labor such as indentured, bonded or trafficked labor.</p>	<ul style="list-style-type: none"> - Implement worker grievance mechanisms to report any coercion, threats or exploitation. - Include anti-forced labor clauses in agreements with contractors, suppliers and labor agencies. - Ensuring mechanisms are in place for a swift investigation and resolution of complaints, with clear accountability for employees.
Workers' Organization	<p>Sri Lanka Constitution Grants every person the right to join a trade union.</p>	Fully Aligned to meet standards of ESS 2	<ul style="list-style-type: none"> - Include non-discrimination clauses in all contracts to prevent employer interference in union

Basic Standard	Standard Description	Alignment with ESS2	Project Specific Mitigation Measures
	<p>The Trade Union Ordinance:</p> <ul style="list-style-type: none"> • Allows any seven people, or more, to form a trade union. • 54.5% are in the public sector. • 27.5% are in public corporations. • 18% are in the private sector. 		<p>activities.</p> <ul style="list-style-type: none"> - Conducting of a stakeholder mapping to identify and engage with sector-specific unions and consulting with them. - Establishing an independent grievance mechanism to address workplace disputes, harassment and unfair labor practices.
<p>GBV and Sexual Harassment in the Workplace</p>	<p>Penal Code: Sexual harassment criminalized in 1995 by amending the Penal Code.</p> <p>Section 345: defines sexual harassment as:</p> <ul style="list-style-type: none"> • Assault or forceful sexual harassment. • Causing sexual annoyance through words or actions. • Includes unwelcome sexual advances by someone in authority at any workplace or location. Punishments for sexual harassment: Imprisonment with hard labor for up to five years and/or fines, and Courts may also order offenders to compensate victims. <p>Bribery Act of 1956:</p> <ul style="list-style-type: none"> • Holds public servants accountable for sexual harassment if they solicit or accept gratification during official duties. • Imposes penalties of up to seven years' imprisonment and fines not exceeding five thousand rupees for soliciting sexual gratification. 	<p>Partially Aligned to meet standards of ESS 2</p> <p>Workers Compensation Ordinance 1934: lacks provisions to provide redress for survivors of sexual harassment.</p>	<ul style="list-style-type: none"> - Contractual Clauses on mandatory and regular training for workers on required lawful conduct and legal consequences for failure to comply with laws on nondiscrimination and GBV will be inserted in Contract Documents. - Contractual Clauses with a commitment to cooperate with law enforcement agencies investigating cases of gender-based violence shall be inserted into the Contract documents of the contractor and Supervising Consultant. - The Contractor shall be required to consider alternative work schedules or shifts to accommodate the hiring of more female workers. - Contractual clauses against rape, defilement and other Gender based Violence as well as child and forced Labor shall be inserted into the contract of the Contractor and Supervising Consultant. - Workers on site will sign Code of Conduct with sanctions on rape defilement,

Basic Standard	Standard Description	Alignment with ESS2	Project Specific Mitigation Measures
			abuse and other gender-based violence.

4.3.1 Key Challenges and Gaps related national legislation and alignment with ESS 2

21. The following issues can be identified as a gap with ESS2 Labor and Working Conditions requirements:

Area	Challenge/Gap
Promote health and safety at work	Lack of specific Occupational Safety and Health (OSH) legislation. Workers Compensation Ordinance 1934 does not include provisions for employee injury insurance or redress for survivors of psychological or sexual harassment.
Promote fair treatment, non-discrimination, and equal opportunities	Inadequate legislative provisions to ensure fair treatment, equal protection, and non-discrimination in the workplace.
Prevent forced labor and child labor	The Abolition of Slavery Ordinance 1844 does not cover all forms of forced labor, such as indentured, bonded, or trafficked labor.
Occupational Health and Safety	Inadequate legislative provisions for effective enforcement of OSH, including employer obligations to provide OSH-related information, training, and compensation for injured employees.
Fair Treatment	Insufficient legislative measures to ensure fair treatment, equal protection, non-discrimination (including in the private sector), prevention of workplace sexual harassment, handling of complaints, provision of due compensation, and ensuring equal pay for men and women for equal work.
Informal Sector	Inadequate legal provisions to prohibit and monitor modern forms of forced and child labor, such as indentured, bonded, and trafficked labor, and the employment of children in domestic work.
Labor Management Plans & Inspections	Lack of legislative requirements for employers to conduct labor assessments and prepare labor management plans.
Grievance Mechanism	Cumbersome procedures for employees to lodge complaints in the Labor Tribunal.

5. RESPONSIBLE STAFF

22. This section identifies the functions and/or individuals within the project responsible for (as relevant):

Responsible Staff	Responsible Entity	Function
Engagement and management of project workers	Project Management Unit	The PMU prepare guidelines and all forms needed, capacity building to the stakeholders and monitoring; ensure provision of expert advice on labor management, ensure enforcement and monitoring role as stipulated by law, ensure periodical labor and working conditions environmental audits and facilitate in conducting training for staff that will carry out LMP at sub-project level.
Engagement and management of contractors/subcontractors	Project Management Unit/ Contracting agency	The Contractor shall employ qualified environmental, social, and occupational health and safety experts to manage ESHS issues and prepare and implement a Labor Management Procedure (LMP) and Environmental and Social Management Plan (ESMP), including OHS provisions, for contract workers, subject to PMU approval before field mobilization. They must supervise subcontractors' adherence to these plans, maintain employment records with age verification to prevent child labor, and provide induction and regular training on compliance. The Contractor will require primary suppliers to address risks related to child labor, forced labor, and serious safety concerns, implement a grievance redress mechanism for contract workers, and ensure timely resolution of grievances. Additionally, all workers must sign and adhere to a Code of Conduct, with strict measures in place to prevent and address risks of sexual exploitation, abuse, and harassment.
Occupational health and safety (OHS)	Contractor	The Occupational Health and Safety (OHS) Officer will be responsible for ensuring compliance with all occupational health and safety standards on the project site. Key duties include developing and implementing the Contractor's OHS Plan as part of the Environmental and Social Management Plan (ESMP), conducting risk assessments, and enforcing safety protocols to prevent workplace hazards. The OHS Officer will provide regular safety training and induction programs for all workers, monitor subcontractors' compliance with safety

Responsible Staff	Responsible Entity	Function
		regulations, and maintain records of incidents, near misses, and corrective actions. Additionally, they will oversee the use of personal protective equipment (PPE), ensure emergency response preparedness, and investigate workplace accidents to recommend preventive measures. The role requires close coordination with project management to uphold health and safety best practices and regulatory requirements.
Training of workers	Contractor/ Sub-contractor with oversight from the Project Management Unit	Conduct induction and regular training on occupational health and safety (OHS), environmental and social compliance, and workers' rights, including grievance mechanisms. Training must cover hazard prevention, emergency response, use of PPE, and code of conduct (including measures against Sexual Exploitation and Abuse/Sexual Harassment - SEA/SH).
Addressing worker grievances	Contractor with oversight from the Project Management Unit	Developing and implementing the Worker Grievance Redress Mechanism (GRM) as part of the Labor Management Procedures (LMP). They will ensure grievances are documented, investigated, and resolved promptly.

23. In some cases, this section will identify functions and/or individuals from contractors or subcontractors, particularly in projects where project workers are employed by third parties.

6. POLICIES AND PROCEDURES

24. This section sets out information on OHS, reporting and monitoring and other general project policies. Employers, contractors, and employees are expected to follow all Sri Lankan legislation as well as World Bank Environment and Social Standards as set out in the Environment and Social Framework.

25. This project will apply the following policies and procedures to address the key labor risks identified under Section 3.2. (General templates change according to Project procedures in place)

Table 3: Summary of Policies and Procedures to address Key Labor Risks

Labor Risk	Policies and Procedures to Address the Risk
Occupational Health and Safety	<p>The contractor is responsible for managing construction sites to protect workers and the community from Occupational Health and Safety (OHS) risks, following:</p> <ul style="list-style-type: none"> • Factories Ordinance, 1942 (Section 4.3.2) • ESS2 and World Bank Group's General Environmental, Health, and Safety Guidelines (EHSGs) Documents prepared for the project which may include Environment and Social Management Procedures, and Labor Management Procedures • World Bank standard Labor documents <p>OHS mitigation measures include:</p>

Labor Risk	Policies and Procedures to Address the Risk
	<ul style="list-style-type: none"> • Identification of Potential Hazards: Recognizing risks to workers. • Preventive and Protective Measures: Implementing strategies to mitigate risks. • Training of Workers: Providing OHS training and maintaining records of training sessions. • Documentation and Reporting: Keeping records of occupational accidents and incidents • Establishing protocols and training for emergencies. • Ensuring provisions for dealing with injuries and fatalities. Compile an Occupational Health and Safety Management Plan, prepared by contractor during preconstruction phase, and submitted to the supervision officer for approval
Child Labor	<p>The minimum age for project workers is set at 18 years for all types of work, including construction.</p> <p>Engagement of project workers aged 15 to 18 years is permitted only in rare instances which will be assessed and cleared by PMU.</p> <p>Contracts will include provisions to ensure compliance with minimum age requirements, along with penalties for non-compliance.</p> <p>The contractor must maintain a labor registry of all contract workers, including age verification, gender, nationality, and any other pertinent information.</p>
Labor Influx	<p>To minimize labor influx, the project will require contractors to preferentially recruit unskilled labor from local communities and nearby areas.</p> <p>All contract workers must sign a code of conduct before starting work, which includes provisions addressing the risk of Gender-Based Violence (GBV) and Sexual Exploitation, Abuse, and Sexual Harassment (SEA/SH)</p> <p>Relevant training will be provided to workers, including induction training.</p>
Labor disputes over terms and conditions of employment	<p>Fair terms and conditions will be applied for project workers.</p> <p>Grievance mechanisms will be established for both direct and contract workers.</p> <p>Project will promptly address workplace grievances.</p> <p>As per the Trade Union Ordinance, 1936: Workers' rights to labor unions and freedom of association will be respected.</p>
Discrimination and exclusion of vulnerable/ disadvantaged groups	<p>Employment of project workers will follow the principles of equal opportunity and fair treatment.</p> <p>No discrimination will be allowed in recruitment, hiring, employment terms, termination, or training access.</p> <p>Contractors are required to include vulnerable groups (e.g., women, Internally Displaced Persons (IDPs,) persons with disabilities) in their unskilled workforce.</p> <p>Compliance with relevant laws is mandatory, including:</p> <ul style="list-style-type: none"> • Factories Ordinance 1942 • Employment of Women, Young Persons, and Children Act 1956 • Shop and Office Employees' Act 1954 • Maternity Benefits Ordinance 1939 <p>Gender equality measures will include maternity leave, nursing breaks, and</p>

Labor Risk	Policies and Procedures to Address the Risk
	<p>appropriate facilities for women.</p> <p>Contractors must ensure workplace safety to prevent sexual exploitation, abuse or harassment of workers.</p>
Security Risks	<p>The project will implement appropriate and proportionate security measures to minimize risks to workers, considering the April 2019 security incident in Sri Lanka.</p> <p>Internal security risks related to the deployment of security personnel will be addressed. Security officers will receive training on the principles of proportionality in the use of force.</p> <p>Project will comply with the WB Good Practice Note on “Assessing and Managing the Risks and Impacts of the Use of Security Personnel”.</p>
Monitoring and Reporting	<p>The contractor will provide monthly reports to the PMU and engineering and supervision consultants on policy and procedure implementation.</p> <p>The PMU and engineering consultants will monitor labor and occupational health and safety performance of the contractor and subcontractors.</p> <p>Quarterly reports will be submitted to the World Bank on performance metrics.</p>
Fatality and Serious Incidents	<p>The PMU will promptly report to the World Bank upon awareness of any incident involving serious injury or fatality.</p> <p>The PMU will inform relevant government authorities as per national reporting requirements. A root cause analysis will be conducted by the PMU or the contractor to design and implement further corrective actions.</p> <p>Corrective actions will be implemented in response to any project-related incidents or accidents.</p>

7. Age of Employment

26. This section sets out details regarding:

- The minimum age for employment on the project is 18 years. ESS2 (para 19) sets out further conditions on the minimum age, stating that a child over the minimum age and under the age of 18 will not be employed or engaged in connection with the Bank-financed project in a manner that is likely to be hazardous or interfere with the child’s education or be harmful to the child’s health or physical, mental and any other relevant development. Considering these national and the ESF requirements, the minimum age for hazardous work under IRDCRP (including construction) is set at 18 (for example, work at quarries to obtain construction materials; work with dangerous machinery, equipment or tools; work involving handling or transport of heavy loads; or work at height).

27. The process that will be followed to verify the age of project workers is as follows:

- In order to prevent engagement of under-aged labor, all contracts with work contractors will have contractual provisions to comply with the minimum age requirements including penalties for non-compliance, and it will be well communicated to all potential stakeholders including the local community where the unskilled workforce will be sourced. The contractor is required to maintain labor registry of all contract workers with age information.

Verification of the age will be undertaken prior to the engagement of labor and be documented. Below is indicative age verification means that will be used under IRDCRP, including in cases where national identity card (NIC) is unavailable:

- Check the birthday on official documents such as birth certificate, NIC or other credible records, where available
- Obtain written confirmation from the medical practitioner
- Obtain written and signed declaration from the worker and his/her parents or guardian
- Inquire with the local community leader, community action group or with other credible community sources.

28. In case a project worker who does not satisfy the age limit is identified working on the project (i.e., over 18 years old for hazardous work; and over 15 years for non-hazardous work), the employer (contractor, subcontractor or primary supplier) will be required to terminate the engagement of such a project worker in a responsible manner. Indicative approach may include

- a) Offer project employment to a member of the family who satisfies the age limit in exchange of keeping the under-aged worker away from work.
- b) If a family member who satisfies the age limit is not available, require the employer (using the contractual penalty provisions) to continue the wage payment to the underage worker without engaging in work for an agreed period.
- c) If the worker is over 15 years old and under 18, consider transferring the worker to an alternative position that is not hazardous and does not interfere with his/her education.

8. Terms, Conditions, and Mitigation Measures

29. The terms and conditions for direct workers in PMU, PIU and the engineering and supervision consultants will be governed by the Standard World Bank Consultancy contracts.

30. The labor laws of Sri Lanka presented in Section 4 (Overview of Labor Legislation) above is the guiding legislation on employment terms and conditions for contract workers. As the Contractor/s would probably be a Private Sector entity, the labor laws of Sri Lanka – the Statute laws set out in foregoing Part 4 of this document, as well as principles of common law and judicial decisions, where relevant - will apply to the employment contracts entered into between the Contractor/s and its employees. Where not specifically stated, such provisions will be read into the contracts. Any terms which are contrary to or less beneficial than any statutory entitlement will not be valid. E.g. leave provisions which operate less favorable than those granted in terms of a written law (Statute). The Ministry of Labor, Ministry of Urban Development, Ministry of Agriculture, Livestock, Land and Irrigation, where the project will be located, have confirmed that they generally follow provisions of labor laws for all matters related to labor engagements and management.

31. Below are key components of the terms and conditions that should be applied to contract workers under IRDCRP:

8.1 Provision of written individual contract of employment

32. A written individual contract of employment will be provided to workers that specify the following: (a) name of workers; (b) address, occupation, age and sex of workers; (c) employer's name and address; (d) nature and duration of contract; (e) hours and place of work; (f) remuneration payable to the

worker; (g) procedure for suspension or termination of contract. Depending on the origin of the employer and the employee, employment terms and conditions will be communicated in a language that is understandable to both parties. In addition to written documentation, an oral explanation of conditions and terms of employment will be provided to workers who may have difficulty in understanding the documentation. The Worker should sign (or where he/she is not literate) place a thumb print on the duplicate of the employment contract, which should be retained by the Employer (Contractor). If the PMU requires an original, the document should be prepared in triplicate.

8.2 Notice for termination of contract

33. Either of the contracting parties may terminate a contract of employment by giving written notice as under: (a) not less than ten days in the case of manual workers; or (b) not less than 30 days in the case of non-manual workers. No notice needs to be given in case the duration of contract does not exceed one month.

34. The type of contract issued is also to be considered, in the termination the contracts. In a fixed term or temporary contract under 12 months, the notice clause is enforceable. However, in permanent contracts, or even fixed term contracts of a longer duration, the effect of the Termination Act limits the ability of the employer to affect a non-disciplinary termination using this clause.

8.3 Minimum wages

35. The fair market rate will be identified and applied for KMTT project workers but will not be below the minimum monthly wage of Rs10,000 (about US\$67.56) set by The National Minimum Wages Act, No. 3 of 2016 and Rs. 21,000/ per month as provided in the Budgetary Relief Allowances of Workers Act No. 4 of 2016 in Sri Lanka.

8.4 Hours of Work

36. Normal hours of work for a project worker will not exceed 8 hours a day or 45 hours a week. Hours worked in excess of the normal hours of work will not exceed 12 hours a week and will entitle a worker to a proportionate increase in remuneration which is equal to at least 1.5 times the employee's hourly wage.

8.5 Rest per week

37. Every worker shall be entitled to 1 day's rest each week, following 45 hours of work in a week. Workers will also be entitled to a rest day on public holidays recognized as such by the State. 9.3.2 Annual leave 112. Workers will be entitled to 21 days' leave with pay for every year of continuous service. An entitlement to leave with pay shall normally be acquired after a full year of continuous service.

8.6 Maternity leave

38. According to SOE act, a female worker shall be entitled to 84 working days of paid leave in respect of the birth of any child, irrespective of whether it is the first, second, third or any other child, provided it is a live birth. Similarly, MB Ordinance provides for 12 weeks of paid maternity leave, on the same basis, without differentiation on account of the number of surviving children. An employee is entitled to utilize leave up to a maximum of 14 days prior to confinement and the balance of leave after confinement. Maternity leave shall be in addition to other paid leave/holidays she is entitled to.

8.7 Deductions from remuneration

39. No deductions other than those prescribed by the labor laws or regulations made thereunder or any other law or collective labor agreement shall be made from a worker's remuneration, except for repayment of advances received from the employer and evidenced in writing. The contractor shall not demand or accept from workers any cash payments or presents of any kind in return for admitting them to employment or for any other reasons connected with the terms and conditions of employment.

8.8 Medical treatment of injured and sick workers

40. It will be the duty of the employer to arrange at his own expense for the conveyance to the nearest hospital of any injured or sick worker who can be so conveyed and who cannot be treated on the spot with the means available.

8.9 Collective Agreements

41. A collective agreement is an agreement relating to terms and conditions of work concluded between the representatives of one or more trade unions, on the one hand, and the representatives of one or more employers, on the other hand. Where collective agreements exist between the employer and project workers, such agreements will be applied, where relevant.

9. Grievance Mechanism

42. While IRDCRP will have in place a grievance redress mechanism to address concerns of project-affected parties, the nature of workplace concerns of workers is usually different. For example, typical workplace grievances include demand for employment opportunities; labor wages rates and delays of payment; disagreement over working conditions; and health and safety concerns in work environment. Therefore, a separate grievance mechanism will be established for project workers (direct workers and contract workers), as required in ESS2. Handling of grievances will be objective, prompt and responsive to the needs and concerns of the aggrieved workers. Different ways in which workers can submit their grievances will be allowed, such as submissions in person, by phone, text message, mail and email. The grievance raised will be recorded and acknowledged within one day. While the timeframe for redress will depend on the nature of the grievance, health and safety concerns in the work environment or any other urgent issues will be addressed immediately. Where the grievance cannot be addressed within a reasonable timeframe, the aggrieved worker will be informed in writing, so that the worker can consider proceeding to the national appeal process (see below for more details). The mechanism will also allow for anonymous complaints to be raised and addressed. Individuals who submit their comments or grievances may request that their name be kept confidential.

10. Contractor Management

49. The IRCRDP project will use the World Bank Standard Procurement Documents for Works for solicitations and contracts. These include labor and occupational health and safety requirements. The PMU, on behalf of the IRCRDP and other relevant parties, will make reasonable efforts to ascertain that the contractor engaging contract workers is a legitimate and reliable entity capable of complying with the relevant requirements under the LMP. Such requirements shall be included in the bidding documents. As part of the process to select contractors engaging contract workers, the PMU may review the following information:

- Business licenses, registrations, permits, and approvals
- Company standardization under ISO certification and Environmental and Social Management Systems

- Public records, including corporate registers and documents related to violations of applicable labor laws, accident and fatality records, notifications to authorities, and labor-related litigations
- Documents related to the contractor’s labor management system and OHS system (e.g., HR manuals, safety program)
- Company ESHS personnel and their qualifications
- Previous contracts with contractors and suppliers, demonstrating the inclusion of provisions and terms reflecting requirements on labor and working conditions.

10.1 Contractual Provisions and Non-Compliance Remedies

50. The PMU will incorporate the agreed labor management requirements, as specified in the bidding documents, into contractual agreements with the contractor, along with appropriate non-compliance remedies. Specifically, as the construction under the IRCRDP will be a large works contract, the Standard Bidding Document (SBD) as of July 2019 will be adopted. The revised SBD is fully aligned with the ESF requirements and contains ESHS guidelines, including non-compliance remedies. In the case of subcontracting, the PMU will require the contractor to include equivalent requirements and non-compliance remedies in their contractual agreements with subcontractors.

10.2 Performance Monitoring

51. The PMU will establish resources and procedures for managing and monitoring the performance of the contractor to the LMP. The PMU will ensure that the contract with the engineering and supervision consultants (and the third-party monitor, where applicable) explicitly sets out their monitoring responsibility for the contractor’s performance on labor and working conditions daily. The monitoring may include inspections, and/or spot checks of project locations or work sites and/or of labor-management records and reports compiled by the contractor. Contractors’ labor management records and reports that will be reviewed would typically include the following:

- Representative samples of employment contracts and signed code of conduct
- Grievances received from the community and workers and their resolution
- Reports relating to fatalities and incidents and implementation of corrective actions
- Records relating to incidents of non-compliance with national labor laws and regulations and the provisions of the LMP
 - Records of training provided for contract workers to explain occupational health and safety risks and preventive measures.

11. PRIMARY SUPPLY WORKERS

11.1 Potential Risks in Primary Supply Workers

52. The construction work under IRCRDP will require primary supplies, including construction materials essential for the functions of the priority infrastructure, such as aggregates, bitumen, and precast concrete interlocking blocks. Some contractors may be able to produce such construction materials with their workforce. However, where the contractor will source (a) essential materials (b) directly from primary suppliers (c) on an ongoing basis, the workers engaged by such primary suppliers (that meet all three criteria (a) to (c)) are deemed “primary supply workers,” as defined in ESS2.

53. As discussed in Section 3 (Key Labor Risks), OHS risks, labor disputes, discrimination and exclusion of vulnerable groups, forced labor, child labor, etc., are generally significant in the construction sector, though risks of child labor and forced labor in the case of the Project are expected to be minimal. To address these potential risks, the following measures described in Sections 12.2 and 12.3 will be implemented.

11.2 Selection of Primary Suppliers

54. When sourcing construction materials from primary suppliers, the contractor will require such suppliers to identify the risk of child labor/forced labor and serious safety risks in producing the construction materials. The PMU and the engineering and supervision consultants will review and approve the purchase of primary supplies from the suppliers following such risk identification/assessment and any other relevant due diligence (such as the review of licenses for quarries). Where appropriate, the contractor will be required to include specific requirements on child labor/forced labor and work safety issues in all purchase orders and contracts with primary suppliers.

11.3 Remedial Process

55. If child labor/forced labor and/or serious safety incidents are identified in relation to primary supply workers under IRCRDP, the PMU and the engineering and supervision consultants will require the primary supplier to take appropriate steps to remedy them. Such mitigation measures will be monitored periodically to ascertain their effectiveness. Where the mitigation measures are found to be ineffective, the PMU and the engineering and supervision consultants will, within a reasonable period, shift the project's primary suppliers to suppliers that can demonstrate compliance with the relevant requirements.

Annex 1: Guideline of Code of Conduct

1. A satisfactory code of conduct will contain obligations on all project workers (including subcontractors) that are suitable to address the following issues, as a minimum. Additional obligations may be added to respond to particular concerns of the stakeholders, the location and the project sector or to specific project requirements.

2. The Code of Conduct should be written in plain language and signed by each worker to indicate that they have: • received a copy of the code; • had the code explained 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.

3. The Contractor should conduct continuous awareness raising and training activities to ensure that workers abide by the Code of Conduct (such as through toolbox talks). The Contractor should also ensure that local communities are aware of the Code of Conduct and enable them to report any concerns or non-compliance.

4. The issues to be addressed include:

a) Compliance with applicable laws, rules, and regulations of the jurisdiction

b) Compliance with applicable health and safety requirements (including wearing prescribed personal protective equipment (PPE), preventing avoidable accidents and a duty to report conditions or practices that pose a safety hazard or threaten the environment)

c) The use of illegal substances

d) Non-Discrimination (for example on the basis of family status, ethnicity, race, gender, religion, language, marital status, birth, age, disability, or political conviction)

e) Interactions with community members (for example to convey an attitude of respect and non-discrimination)

f) Sexual harassment (for example to prohibit use of language or behavior, in particular towards women or children, that is inappropriate, harassing, abusive, sexually provocative, demeaning or culturally inappropriate)

g) Violence or exploitation (for example the prohibition of the exchange of money, employment, goods, or services for sex, including sexual favors or other forms of humiliating, degrading or exploitative behavior)

h) Protection of children (including prohibitions against abuse, defilement, or otherwise unacceptable behavior with children, limiting interactions with children, and ensuring their safety in project areas)

i) Sanitation requirements (for example, to ensure workers use specified sanitary facilities provided by their employer and not open areas)

j) Avoidance of conflicts of interest (such that benefits, contracts, or employment, or any sort of preferential treatment or favors, are not provided to any person with whom there is a financial, family, or personal connection)

k) Respecting reasonable work instructions (including regarding environmental and social norms)

l) Protection and proper use of property (for example, to prohibit theft, carelessness or waste)

m) Duty to report violations of this Code

n) No retaliation against workers who report violations of the Code, if that report is made in good faith

Annex 2: Assessment of Labor Requirements for IRDCRP

Staff requirement for the PMU [To be filled out]

	Staff Category	Period of Implementation - Year																											
		2025				2026				2027				2028				2029				2030				2031			
		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
1	Project Director/s																												
2	Project Manager/s																												
3	Financial Management																												
4	Procurement																												
5	Environmental Safeguards																												
6	Social Safeguards																												
7	Monitoring and Evaluation																												
8	Quantity Surveys																												
9	Senior Engineers																												
10	Engineers																												
11	Technical Officers																												
12																													
13																													

Staff Requirement for Consultants [To be filled out]

	Staff Category	Period of Implementation - Year																											
		2025				2026				2027				2028				2029				2030				2031			
	Design Team	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
1	Team Leader Design																												
2	Snr Engineer																												
3	Geo Technical Engineer																												
4	Technical Specialist																												
5	Engineer design																												
6	Architect																												
7	Landscape expert																												
8	Quantity Surveys																												
9	Senior Engineers																												
10	Safety Manager																												
11	Safety Officer																												
12																													
13																													