



**Ministry of Agriculture, Forestry and Water Management**

**Labor Management Procedure**

**Prepared for the Project:**

**Climate Resilient Fisheries and Agrifood Sector Development Project  
(CRFASD)  
Montenegro  
Project No. P507698**

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## Abbreviations

<b>Abbreviation</b>	<b>Full Meaning</b>
ABP	Animal By-Product
AFSVPAs	Administration for Food Safety, Veterinary and Phytosanitary Affairs
CAP	Common Agricultural Policy
CPF	Common Fisheries Policy
CRFASD	Climate Resilient Fisheries and Agrifood Sector Development Project
DfF	Directorate for Fisheries
DfP	Directorate for Payments
EHS	Environmental, Health, and Safety
EIA	Environmental Impact Assessment
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Management Framework
ESF	Environmental and Social Framework (World Bank)
ESIA	Environmental and Social Impact Assessment
ESS	Environmental and Social Standard
GBV	Gender-Based Violence
GM	Grievance Mechanism
IACS	Integrated Administration and Control System
IFC	International Finance Corporation
ILO	International Labor Organization
IPF	Investment Project Financing
LHSW	Law on Safety and Health at Work
LMP	Labor Management Procedure
MAFWM	Ministry of Agriculture, Forestry and Water Management
MIDAS	Montenegro Institutional Development and Agriculture Strengthening Project
MIDAS2	Second Montenegro Institutional Development and Agriculture Strengthening Project
MNE	Montenegro
MoF	Ministry of Finance
OHS	Occupational Health and Safety
PAD	Project Appraisal Document
PA	Paying Agency
PARO	Paying Agency Regional Office
POM	Project Operational Manual
PPE	Personal Protective Equipment
PMT	Project Management Team
SEA	Sexual Exploitation and Abuse
SEP	Stakeholder Engagement Plan

SH            Sexual Harassment  
TSU          Technical Services Unit  
WB            World Bank  
WG            Working Group  
W-GRM        Workers' Grievance Redress Mechanism

## Executive Summary

### Labor Management Procedures (LMP)

### Climate Resilient Fisheries and Agrifood Sector Development Project (CRFASD) – Montenegro

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## Introduction

The Labor Management Procedures (LMP) have been prepared for the Climate Resilient Fisheries and Agrifood Sector Development Project (CRFASD) in Montenegro, financed by the World Bank. The purpose of this LMP is to set out the framework for labor management, risk mitigation, grievance management, and oversight of labor and OHS practices throughout the project lifecycle, in full compliance with the World Bank's Environmental and Social Framework (ESF), particularly Environmental and Social Standard 2 (ESS2): *Labor and Working Conditions*.

The LMP applies to all categories of project workers and covers both direct and contracted workers engaged under CRFASD, and any other category of workers if and when employed or engaged, including fulltime, part-time, temporary, seasonal and migrant workers.

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## Project Overview

The CRFASD Project aims to enhance the resilience, competitiveness, and sustainability of Montenegro's fisheries and agrifood sectors through a combination of infrastructure investments and institutional strengthening. The project will implement:

- Construction of Montenegro's first climate-resilient fishing port in Ulcinj;
- Establishment of an Animal By-Product (ABP) Treatment Facility in Nikšić;
- Rehabilitation of regional Paying Agency offices in Bar and Nikšić;
- Support to policy reforms, food safety improvements, and capacity building activities.

The Project will be implemented by the Ministry of Agriculture, Forestry and Water Management (MAFWM), through the existing Project Management Team (PMT), reinforced with additional technical and environmental and social (E&S) expertise.

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## Categories of Workers

At this stage the LMP identifies and provides for management of *inter alia* the following types of workers:

- **Direct Workers:**  
Staff employed or engaged by the PMT and Technical Services Unit (TSU), including Project Managers, Civil Engineers, Environmental and Social Specialists, M&E Specialists, and Consultants engaged for technical assistance.
- **Contracted Workers:**  
Workers employed or engaged by construction firms and service providers engaged for infrastructure activities (port construction, ABP facility, Paying Agency offices rehabilitation).
- **Primary Supply Workers:**  
If applicable, workers involved in the ongoing provision of materials or goods essential to the core function of the project components (e.g., construction materials), subject to supply chain risk management.

The project will not involve **Community Workers**.

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## Key Labor Risks

The LMP identifies several potential labor-related risks, including:

- Occupational Health and Safety (OHS) risks during construction activities (e.g., port construction);
- Noncompliance with the national regulation in the area of labor management for national and migrant workers
- Labor influx risks in construction areas;
- SEA/SH (Sexual Exploitation, Abuse, and Harassment) risks among the workforce;
- Risks of exclusion of vulnerable groups from employment opportunities.

These risks will be managed through robust mitigation measures outlined in the LMP, contractor requirements for labor management as included in the bidding documents<sup>1</sup>, and continuous monitoring.

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## Management Measures

The LMP defines clear policies and procedures to ensure:

- Fair treatment, non-discrimination, and equal opportunity in employment;
- Adherence to national labor laws and World Bank ESS2 standards;
- Provision of safe working conditions and appropriate occupational health and safety (OHS) measures;
- Prevention of child labor and forced labor.

All contractors will be contractually obligated to implement these standards and provide regular reports on compliance and will be supervised externally.

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## Workers' Grievance Redress Mechanism (W-GRM)

A dedicated **Workers' Grievance Redress Mechanism (W-GRM)** will be established for project workers to confidentially and safely raise complaints, concerns, or grievances related to labor and working conditions.

The W-GRM will feature:

- Multiple submission channels (in-person, email, phone, SMS, social media);
- Confidentiality guarantees, especially for SEA/SH-related complaints;
- Clear timelines for grievance acknowledgment and resolution;
- Regular analysis and reporting of grievance trends.

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<sup>1</sup> The Project will apply the World Bank Standard Bidding documents for works, goods and consulting and non-consulting services

The system will align with the broader project-level GRM described under the Stakeholder Engagement Plan (SEP) but will be completely separated to handle workplace concerns.

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### **PMT Responsibilities**

The PMT, reinforced with specialized staff, will maintain overall responsibility for implementing and monitoring the LMP, ensuring that:

- All workers are engaged in accordance with ESS2;
- Contractors adhere to labor and OHS obligations;
- All grievances are addressed promptly;
- Labor-related risks are tracked, managed, and reported throughout the project lifecycle.

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### **Conclusion**

The CRFASD Labor Management Procedures provide a clear, comprehensive framework for managing labor-related issues during project preparation and implementation. The LMP promotes fair labor practices, strong worker protections, and robust grievance redress mechanisms, ensuring that labor-related risks are minimized and the well-being of all project workers is safeguarded.

## 1 INTRODUCTION AND PURPOSE OF THE LABOR MANAGEMENT PROCEDURE

### 1.1 Introduction<sup>2</sup>

Montenegro's fisheries and agrifood sectors are essential to its rural and coastal economy, food security, and sustainable livelihoods. These sectors contribute significantly to employment, income generation, and the provision of safe and nutritious food—especially in regions where alternative economic opportunities are limited. However, the sectors face systemic constraints, including limited competitiveness, outdated infrastructure, fragmented value chains, weak public service delivery, and increased vulnerability to climate change.

To address these challenges and advance progress toward European Union (EU) accession, the Government of Montenegro, with support from the World Bank, is preparing the Climate Resilient Fisheries and Agrifood Sector Development Project (CRFASD). This new operation builds on the achievements of the Montenegro Institutional Development and Agriculture Strengthening (MIDAS) and MIDAS2 projects, which laid the groundwork for EU-aligned institutional frameworks such as the Paying Agency (PA) and the Integrated Administration and Control System (IACS). MIDAS2 has also financed key upstream investments for CRFASD, including technical studies, detailed designs, and environmental and social due diligence for priority investments.

The CRFASD will scale up and consolidate these achievements by financing investments across three interlinked components, including both infrastructure (hard) investments and institutional (soft) support:

Component 1: Construction of a climate-resilient Fishing Port in Ulcinj and capacity building for the Directorate of Fisheries, supporting the closing benchmarks for Chapter 13 (Fisheries) of the EU Acquis.

Component 2: Establishment of a fully compliant Animal By-Products (ABP) management system and strengthening of the PA, directly supporting the closing benchmarks of Chapters 11 and 12.

Component 3: Project management and implementation support, including fiduciary oversight, safeguards, monitoring and evaluation, citizen engagement, and integration of climate and gender considerations.

The total project financing amounts to EUR 33 million (US\$ 37.5 million equivalent) and will be implemented during the period 2026–2030. The CRFASD is fully aligned with Montenegro's national development strategies and EU pre-accession priorities, including the Strategy for Agriculture and Rural Development (2023–2028), the Fisheries Strategy and Action Plan (2024–2029), and the National Strategy for Sustainable Development until 2030. It also contributes to Montenegro's international commitments under the Paris Agreement and the EU Green Agenda for the Western Balkans, by enhancing climate resilience and reducing environmental risks—especially through improved ABP management and sustainable fisheries infrastructure.

The project is being prepared and will be implemented in accordance with the World Bank's Environmental and Social Framework (ESF)<sup>3</sup>.

### 1.2 Compliance with World Bank Environmental and Social Framework (ESF)

<sup>2</sup> The project description has been prepared based on the Project Appraisal Document (PAD), which will be officially disclosed and made publicly available on the official website of the Ministry of Agriculture, Forestry and Water Management of Montenegro (<https://www.gov.me/mpsv>).

<sup>3</sup> In August 2016, the World Bank's Board of Executive Directors approved the Environmental and Social Framework (ESF), which have come into effect in October 2018

The **Climate Resilient Fisheries and Agrifood Sector Development Project (CRFASD)**, with a total investment of EUR 33 million, will be implemented over the period 2026–2030 as an **Investment Project Financing (IPF)** operation. The Project is fully aligned with the World Bank's **Environmental and Social Framework (ESF)**, which sets out the mandatory environmental and social requirements for World Bank-financed operations.

The ESF consists of ten Environmental and Social Standards (ESSs), among which **ESS2: Labor and Working Conditions** is particularly relevant to this Labor Management Procedure (LMP). ESS2 establishes requirements to promote sound worker-management relationships, ensure safe and healthy working conditions, and protect workers' rights.

The objectives of ESS2 include:

- Promoting safety and health at work;
- Promoting fair treatment, non-discrimination, and equal opportunity for all project workers;
- Protecting project workers, including vulnerable groups such as women, persons with disabilities, migrant workers, and children of working age;
- Preventing the use of all forms of forced labor and child labor;
- Supporting the principles of freedom of association and collective bargaining, consistent with national law;
- Providing project workers with accessible means to raise workplace concerns.

In accordance with ESS2, borrowers are required to develop and implement **Labor Management Procedures (LMP)** tailored to the specific labor risks and categories of workers involved in the project. The LMP for the CRFASD Project serves to:

- Identify the different types of project workers, distinguishing between those engaged in **hard investments** (e.g., infrastructure development) and **soft investments** (e.g., institutional strengthening, capacity building);
- Establish procedures and measures to meet the labor-related requirements of ESS2;
- Define the terms and conditions for employment or engagement of project workers;
- Ensure the implementation of fair, safe, and nondiscriminatory labor practices;
- Manage labor-related risks in compliance with both Montenegro's national legislation and the World Bank's ESS2.

This LMP sets out the Project's approach to labor management throughout its lifecycle, including the roles and responsibilities of implementing agencies, contractors, and primary suppliers. It will be updated as needed during Project implementation to address emerging risks and to reflect any changes in project design or labor legislation.

### 1.3 Purpose of the labor Management Procedures

The purpose of these **Labor Management Procedures (LMP)** is to set out the principles, requirements, and measures to promote sound worker-management relationships and to ensure safe, fair, and dignified working conditions for all workers engaged in the implementation of the **Climate Resilient Fisheries and Agrifood Sector Development Project (CRFASD)**, in accordance with the World Bank's **Environmental and Social Standard 2 (ESS2): Labor and Working Conditions**.

Specifically, the LMP:

- Identifies the categories of workers involved in the Project;
- Assesses key labor risks associated with Project activities;
- Establishes procedures to manage labor and occupational health and safety (OHS) risks;
- Defines measures to ensure fair treatment, non-discrimination, and protection of workers' rights.

The LMP aims to ensure that:

- Project workers are provided with safe, healthy, and equitable working conditions;
- Labor risks, including risks of discrimination, harassment, forced labor, and child labor, are systematically identified, mitigated, and monitored;
- Accessible and effective grievance mechanisms are established, allowing workers to raise workplace concerns confidentially and without fear of retaliation;
- Labor and working conditions comply with both the national labor laws of Montenegro and the World Bank's Environmental and Social Framework (ESF).

These Labor Management Procedures apply throughout the entire Project lifecycle — from preparation and construction through to operation and maintenance phases — and cover all Project components and subcomponents, including but not limited to:

- Construction of the Fishing Port in Ulcinj;
- Construction and operationalization of the Animal By-Product (ABP) Management Facility;
- Construction and equipping of regional Paying Agency Offices (PAROs) in Nikšić and Bar;
- Strengthening of public institutions, including the Ministry of Agriculture, Forestry and Water Management (MAFWM), the Directorate for Fisheries (DfF), the Directorate for Payments (DfP), and the Authority for Food Safety, Veterinary and Phytosanitary Affairs (AFSVP).

The LMP will be treated as a living document and will be updated as needed during Project implementation, particularly if new categories of workers are engaged, new contractors are brought on board, or labor-related risks different from what has been identified so far or additional ones emerge.

#### 1.4 Public consultation on this LMP

During project preparation, targeted stakeholder consultations are carried out to ensure transparency, promote early feedback, and inform the finalization of key project instruments. These instruments include:

- Environmental and Social Management Framework (ESMF)
- Stakeholder Engagement Plan (SEP)
- Environmental and Social Commitment Plan (ESCP)
- **Labor Management Procedures (LMP)**

These documents will be disclosed in both Montenegrin and English prior to Project Appraisal, ensuring broad accessibility. Disclosure platforms will include:

- The official websites of the Ministry of Agriculture, Forestry and Water Management (MAFWM),
- The Project Management Team (PMT),
- The World Bank,
- Selected municipal offices in project locations (Ulcinj, Bar, and Nikšić) and other designated public venues.

The LMP will be updated, as needed, to reflect feedback received during the public consultation process. Stakeholder input will be integrated, particularly regarding the Grievance Redress Mechanism (GRM) for workers, which is described in detail in Chapter 9 of this document.

Special efforts will be made to ensure the meaningful participation of vulnerable and disadvantaged groups — including women engaged in the fisheries and agrifood sectors — who may encounter barriers in accessing employment opportunities, participating in consultations, or using grievance mechanisms.

While broader strategies to ensure inclusivity are comprehensively outlined in the Stakeholder Engagement Plan (SEP), this LMP acknowledges the importance of ensuring that all categories of project workers — particularly marginalized groups — have access to consultation processes and grievance redress systems. Consultation activities informing this LMP will therefore be closely coordinated with the SEP to ensure consistency, reinforce synergies, and avoid exclusion.

## 2 OVERVIEW OF LABOR USE ON THE PROJECT

### 2.1 Categories of Workers according to World Bank Categorization

ESS 2 identifies the following categories of workers on a project:

#### Direct workers

People employed or engaged directly by the Borrower (including the project proponent and the project implementing agencies) to work specifically in relation to the project. Therefore, a “direct worker” is a worker with whom the Borrower has a directly contracted employment relationship and specific control over the work, working conditions, and treatment of the project worker. The worker is employed or engaged by the Borrower, paid directly by the Borrower, and subject to the Borrower’s day-to-day instruction and control. Examples of direct workers may include persons employed or engaged by the Borrower’s project implementation unit to carry out design and supervision, monitoring and evaluation, or community engagement in relation to the project.

#### Contracted workers

People employed or engaged through third parties to perform work related to core functions of the project, regardless of location are referred to as contracted workers. Therefore, a “contracted worker” is a worker employed or engaged by a third party to perform work or provide services related to the core functions of the project, where the third-party exercises control over the work, working conditions, and treatment of the project worker. In such circumstances, the employment relationship is between the third party and the project worker, even if the project worker is working on an ongoing basis on project activities.

#### Primary supply workers

People employed or engaged by the Borrower’s primary suppliers are referred to as primary supply workers. Therefore, a “primary supply worker” is a worker employed or engaged by a primary supplier, providing goods and materials to the project, over whom a primary supplier exercises control for the work, working conditions, and treatment of the person.

#### Community workers

People employed or engaged in providing community labor are referred to as community workers. The type of projects in which community workers are involved can vary considerably in terms of complexity, duration, and type of work; number of workers involved; types of project benefits, and the way in which ESS2 applies to the participation of community workers. Examples range from projects where the objective is to construct small-scale community infrastructure to regional or national projects designed to provide a social safety net to address unemployment or underemployment. The application of ESS2 to such projects is designed to address the relevant risks and impacts in a proportionate manner, tailored to the specific context, objectives, and design of the project.

### 2.2 Project Workers

In accordance with the World Bank Environmental and Social Framework (ESF), specifically Environmental and Social Standard 2 (ESS2) on Labor and Working Conditions, the following categories of workers are anticipated under the Climate Resilient Fisheries and Agrifood Sector Development Project (CRFASD):

### **(i) Direct Workers**

Direct workers are individuals employed or engaged directly by the Project to support the planning, coordination, and implementation of CRFASD activities.

This category includes:

- **Civil servants** from the Ministry of Agriculture, Forestry and Water Management (MAFWM), assigned to the Project Management Team (PMT) or otherwise engaged in project activities on a full-time or part-time basis while retaining their status as government employees. They will be responsible for technical coordination, project management, safeguards oversight, and sectoral supervision of CRFASD activities.
- **Civil servants** from the Ministry of Finance assigned to the Technical Services Unit (TSU), responsible for fiduciary aspects of the Project, including procurement, financial management, disbursement, and financial reporting.
- **External consultants**, engaged through individual consultancy contracts, providing technical, environmental, social, fiduciary, engineering, legal, and policy advisory services essential for Project implementation.
- **Working Group (WG) Members**, drawn from national and municipal institutions (e.g., MAFWM, Ministry of Sustainable Development and Tourism, Ministry of Transport and Maritime Affairs, Port Authority, Coastal Zone Management Authority, municipalities of Ulcinj and Nikšić, among others) assigned on a part-time basis to support sector-specific oversight and quality assurance for infrastructure subprojects.

All direct workers will operate under the conditions stipulated by their employment contracts (for civil servants<sup>4</sup>) or consultancy agreements (for external consultants), in accordance with national labor legislation and supplemented by the standards established in this Labor Management Procedure (LMP).

The Project will ensure that direct workers, including Working Group members, benefit from:

- Non-discriminatory and fair treatment;
- Adequate occupational health and safety (OHS) standards;
- Access to a functional Grievance Redress Mechanism (GRM).

Direct workers' labor rights and protections will be monitored and enforced throughout the Project lifecycle, consistent with ESS2 and national law.

### **(ii) Contracted Workers**

Contracted workers are individuals employed or engaged by third-party contractors and subcontractors to carry out Project-related works and services.

Under the CRFASD, contracted workers will primarily be engaged in:

- Construction of the climate-resilient fishing port in Ulcinj;
- Construction and operationalization of the Animal By-Product (ABP) Management Facility;

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<sup>4</sup> Where government civil servants are working in connection with the project, whether full-time or part-time, they will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement, unless there has been an effective legal transfer of their employment or engagement to the project. 8 ESS2 will not apply to such government civil servants, except for the provisions of paragraphs 17 to 20 (Protecting the Work Force) and paragraphs 24 to 30 (Occupational Health and Safety).).

- Construction and equipping of regional Paying Agency offices (PAROs) in Nikšić and Bar;
- Installation of climate-resilient infrastructure systems and logistics facilities.

Contractors and subcontractors will be responsible for ensuring that:

- Workers are employed under fair terms and conditions compliant with national legislation and ESS2 requirements;
- Adequate OHS measures are applied on all construction and installation sites, aligned with the World Bank Group Environmental, Health and Safety (EHS) Guidelines;
- Child labor, forced labor, discrimination, and harassment are strictly prohibited;
- Contracted workers have access to an independent, confidential, and safe grievance mechanism;
- Monitoring, reporting, and corrective actions are implemented to address labor-related risks.

Where subcontractors are engaged, their workers will equally be classified as contracted workers and subject to the same ESS2 requirements.

### **(iii) Primary Supply Workers**

Primary supply workers are individuals employed by companies that supply ongoing goods, materials, or equipment critical to the success of Project infrastructure investments. The Project is **not** expected to engage primary supply workers, as materials and goods will be sourced through regular market suppliers and there will be no dedicated supply chains established specifically for the Project.

### **(iv) Community Workers**

At the time of preparation of this Labor Management Procedure, the CRFASD Project does not anticipate engaging community workers.

### **Preliminary Estimation of Project Workers**

The table below provides a preliminary estimate of the types of work and workforce composition expected under the Project. These estimates will be refined and updated by the PMT as project implementation progresses.

Type of Workers	Estimated Number	Main Tasks	Required Skills	Expected Locations
Direct Workers (PMT Staff, Consultants, Working Group Members)	Approx. 25	Project management, safeguards compliance, fiduciary management, technical oversight, advisory services	Project management, engineering, safeguards, fiduciary, EU alignment expertise	PMT (Podgorica), Ulcinj, Nikšić, Bar
Contracted Workers (Contractors/Subcontractors)	Approx. 300	Construction of Fishing Port (Ulcinj), ABP Facility (Nikšić), PAROs (Nikšić and Bar); installation of infrastructure	Skilled and semi-skilled construction, technical installation, O&M	Ulcinj, Nikšić, Bar, surrounding rural/coastal areas
Primary Supply Workers	-	-	-	-
Community Workers	-	-	-	-

### **2.3 Timing of Labor Requirements**

The first contracts for major construction work under the CRFASD Project are expected to be awarded during the first quarter of 2026. Each project component will be subject to separate procurement processes, resulting in the mobilization of specialized contractors teams.

Contractors will be individually responsible for managing their workforce in full compliance with this Labor Management Procedure (LMP), the World Bank Environmental and Social Standard 2 (ESS2), and applicable national labor legislation.

The following sequence of labor-related activities is foreseen:

- **Finalization and disclosure** of the LMP, including all labor management measures, prior to the commencement of procurement.
- **Incorporation of labor, occupational health and safety (OHS), non-discrimination, and grievance mechanism requirements** into bidding documents and contractual agreements.
- **Preparation of site-specific Environmental and Social Management Plans (ESMPs)**, including detailed labor provisions, prior to initiation of any civil works.

## Workforce Mobilization

The timing and scale of labor requirements will vary according to the construction and operational phases of the Project:

- **Skilled and unskilled workers** will primarily be recruited locally, wherever feasible, to promote employment opportunities and socioeconomic benefits in project-affected areas.
- **Managerial, technical, and specialist personnel** (e.g., engineers, environmental and social experts, fiduciary staff) will be sourced nationally or internationally, depending on the availability of qualified professionals in Montenegro.

Workforce mobilization will be phased and aligned with the Project's implementation schedule. Key labor activities during different project phases include:

Project Phase	Main Labor Activities
Site Preparation and Early Works	Unskilled and semi-skilled labor for clearing, excavation, foundational works, access road improvements
Infrastructure Construction	Skilled labor for civil works, heavy machinery operation, mechanical and electrical installations, cold chain and logistics systems installation
Operationalization and Institutional Strengthening	Technical, administrative, and fiduciary staff for facility commissioning, system upgrades, institutional training, and stakeholder engagement

## Gender Inclusion

The Project aims to achieve a workforce gender balance where feasible:

- **Female workers** are expected to comprise approximately **5–10%** of the overall workforce.
- Women are anticipated to primarily occupy roles in technical fields (e.g., engineering, safeguards, fiduciary management), environmental and social risk management, and administrative functions.
- The PMT will encourage contractors and service providers to adopt proactive measures to promote the participation of women, including fair recruitment, safe and respectful workplaces, and prevention of discrimination or harassment.

### 3 ASSESSMENT OF KEY POTENTIAL LABOR RISKS

#### Project activities

The Climate Resilient Fisheries and Agrifood Sector Development (CRFASD) Project aims to enhance Montenegro's climate resilience, competitiveness, and compliance with EU requirements in the fisheries and agrifood sectors. The Project consists of both hard infrastructure investments and soft institutional capacity-building activities, summarized as follows:

**Table 2: Project activities**

Component classification	Type of Activities	Examples from CRFASD Project
<b>Tier 1: Hard Infrastructure Activities</b>	High labor-intensity, construction, and civil works involving significant occupational health and safety risks	<ul style="list-style-type: none"> <li>- Construction of the climate-resilient fishing port in Ulcinj (docking facilities, cold storage units, auxiliary services)</li> <li>- Establishment of the Animal By-Product (ABP) management facility (excavation, construction of processing units)</li> <li>- Construction of Paying Agency Regional Offices (PAROs) in Nikšić and Bar</li> <li>- Infrastructure upgrades supporting climate-smart fisheries and agrifood systems (drainage improvements, erosion control, access roads, installation of solar panels)</li> </ul>
<b>Tier 2: Soft Institutional Strengthening Activities</b>	Low labor-intensity, technical assistance, training, system development, and administrative strengthening	<ul style="list-style-type: none"> <li>- Modernization of the Integrated Administration and Control System (IACS) for the Paying Agency</li> <li>- Capacity building for the Directorate for Fisheries and AFSVPA staff</li> <li>- Development of operational and strategic documents for fisheries and food safety management</li> <li>- Environmental and social safeguards management, stakeholder engagement, and grievance redress implementation</li> </ul>

#### Key Labor Risks

**Table 3: Key Labor Risks under Hard Infrastructure Activities**

Risk Area	Description	Relevant Project Sites
<b>Working at Heights</b>	Risk of falls during scaffolding, installation of port structures, and cold storage units	Fishing Port (Ulcinj), ABP Facility
<b>Work Under, Over or Near Water</b>	Drowning and slipping hazards during construction activities at coastal sites	Fishing Port (Ulcinj)
<b>Heavy Equipment Operations</b>	Injuries from cranes, excavators, trucks, and other machinery	Fishing Port, ABP Facility, PAROs
<b>Excavation and Soil Instability</b>	Hazards of trench collapses, unstable ground during facility construction	ABP Facility, Drainage Infrastructure

<b>Electrical and Mechanical Hazards</b>	Risks from installing solar panels, refrigeration systems, and electrical connections	Fishing Port, ABP Facility, Laboratories
<b>Hazardous Materials Exposure</b>	Chemical hazards from construction materials, refrigerants, processing agents	Fishing Port, ABP Facility
<b>Dust, Noise, Air Quality Impacts</b>	Health risks related to excavation, site clearance, and machinery operation	All Construction Sites
<b>Traffic and Road Safety Risks</b>	Worker and pedestrian exposure to vehicular movement near construction zones	Fishing Port, ABP Facility, rural road improvements
<b>General disregard of OHS requirements under the national law and international good practices</b>	Workers neglect of OHS mandatory practices or Employers underinvestment in PPE and workplace safety measures	All sites

**Table 4: Key Labor Risks under Soft Institutional Strengthening Activities**

Risk Type	Description
<b>Travel-related accidents</b>	Risks during site visits, workshops, and stakeholder meetings
<b>Ergonomic risks</b>	Strain injuries from prolonged desk work and computer use
<b>Occupational stress</b>	High workloads, tight deadlines, multi-tasking demands

**Table 5: Cross-cutting Labor Risks**

Applicable across both hard and soft components:

Cross-Cutting Risk	Description	Mitigation Measures
<b>Child Labor and Forced Labor</b>	Strict prohibition of employment under age 18 or involuntary labor arrangements	Mandatory worker documentation checks; contractual obligations for contractors
<b>Labor Influx Management</b>	Risks related to the presence of non-local workers, especially in rural areas	Codes of Conduct; community engagement strategies; supervision of worker behavior
<b>Gender-Based Violence (GBV), Sexual Exploitation and Abuse (SEA), and Sexual Harassment (SH)</b>	Risk of GBV/SEA incidents involving project workers and local communities	GBV awareness training; confidential grievance channels; enforcement of zero-tolerance policies
<b>Inadequate Working Conditions</b>	Risks related to lack of proper accommodation, sanitation, rest facilities	Compliance with national labor laws and World Bank EHS Guidelines; site inspections

## 4 BRIEF OVERVIEW OF LABOR LEGISLATION AND ASSESSMENT OF THE NATIONAL FRAMEWORK IN MONTENEGRO

### 4.1 Conventions of the International Labor Organization

Montenegro has been a member of the International Labor Organization (ILO) since June 2006. Since then, the country ratified 75 International Labor Standards (conventions), including all eight fundamental conventions. The eight fundamental conventions include the following:<sup>5</sup>

- Convention on Forced Labor, dating from 1930.
- Convention on Trade Union Freedoms and Protection of Trade Union Rights, dating from 1948.
- Convention on Application of Principle of Right to Organize and Collectively Negotiate, dating from 1949.
- Convention on Equal Awards to Male and Female Labor Force for Work of Equal Value, dating from 1951.
- Convention on Prohibition of Forced Labor, dating from 1957.
- Convention on Discrimination in Regard to Employment and Occupation, dating from 1958.
- Convention on Minimum Age for Entering into Labor Relations, dating from 1973.
- Convention on Worst Forms of Abuse of Child Labor, dating from 1999.

The priority conventions that Montenegro has also ratified are the following:

- Convention on Labor Inspection, dating from 1947.
- Convention on Employment Policy, dating from 1964.
- Convention on Labor Inspection (Agriculture), dating from 1969.
- Convention on Tripartite Consultations (International Labor Standards), dating from 1976.

The other ratified conventions are the following:

- Convention on Unemployment, dating from 1919.
- Convention on Right to Association (Agriculture), dating from 1921.
- Convention on Worker Indemnity (Agriculture), dating from 1921.
- Convention on Use of Poisonous Bleach (in Coloring), dating from 1921.
- Convention on Weekly Rest (Industry), dating from 1921.
- Convention on Worker Indemnity (in Case of Accidents), dating from 1925.
- Convention on Workers' Compensation for Occupational Diseases, dating from 1925.
- Convention on Equal Treatment (Indemnity in Case of Accident), dating from 1925.
- Convention on Insurance in Case of Illness (Agriculture), dating from 1927.
- Convention on Insurance in Case of Illness (Industry), dating from 1927.
- Convention on Marking of Weight (Packages Transported by Vessels), dating from 1929.

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<sup>5</sup> Source: [https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200\\_COUNTRY\\_ID:102734](https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102734) [accessed on October 1, 2019]

- Convention on Underground Work (Women), dating from 1935.
- Convention on Maintenance of Migrants' Pension Rights, dating from 1935.
- Convention on Employment Services, dating from 1948.
- Convention on Nighttime Work of Women, dating from 1948.
- Convention on Nighttime Work of Youth / Children (Industry), dating from 1948.
- Convention on Migration for Employment, dating from 1949.
- Convention on Social Insurance (Minimum Standards), dating from 1952.
- Convention on Weekend Rest (Commerce and Offices), dating from 1957.
- Convention on Medical Examination (Fishermen), dating from 1959.
- Convention on Employment Injury Benefits, dating 1964 and Schedule I amended in 1980.
- Convention on Determination of Minimum Salaries, dating from 1970.
- Convention on Paid Annual Holidays, dating from 1970.
- Convention on Workers' Representatives, dating from 1971.
- Convention on Occupational Cancerous Diseases, dating from 1974.
- Convention on Paid Educational Leave, dating from 1974.
- Convention on Human Resource Development, dating from 1975.
- Convention on Migrant Workers (Supplementary Provisions), dating from 1975.
- Convention on Working Environment (Air Pollution, Noise and Vibrations), dating from 1977.
- Convention on Occupational Safety and Health (Dock Work), dating from 1979.
- Convention on Termination of Employment, dating from 1982.
- Convention on Vocational Rehabilitation and Employment (Disabled Persons), dating from 1983.
- Convention on Occupational Health Services, dating from 1985.
- Convention on Night Work, dating from 1990.
- Convention on Protection of Motherhood, dating from 2000.
- Convention on Maritime Labor, dating from 2006.
- Convention on Promotional Framework for Occupational Safety and Health, dating from 2006.

## 4.2 Labor Legislation in Montenegro

The Labor Law in Montenegro<sup>6</sup> is the key law which governs the employer-employee relationship. The text below provides an overview of the Law, wherein key aspects of the domestic legislation on the treatment of different categories of workers are presented separately.

Key aspects of the Law	
Application of the Law	<p>The provisions of the Law apply to:</p> <ul style="list-style-type: none"><li>■ employees, whose employers operate in Montenegro;</li><li>■ employees in state authorities, state administration authorities, local self-government authorities and public services.</li></ul>
Entering into a labor relation	<p>A labor relation shall be initiated by concluding a contract on employment and entry into employment. The contract shall be concluded in writing and before starting to work. Employees are entitled to the rights and obligations arising from employment on the day of entry into work.</p>
Rights of workers	<p>Workers shall have the</p> <ul style="list-style-type: none"><li>■ right to: a salary;</li><li>■ safety and protection of life and health at work; professional training;</li><li>■ annual holidays;</li><li>■ sickness absence, maternity leave, parental leave, etc.</li></ul>
Obligations of workers	<p>Workers are required to:</p> <ul style="list-style-type: none"><li>■ conscientiously and responsibly perform tasks;</li><li>■ comply with the organization's requirements and rules;</li><li>■ take care of, and act in a conscientious manner with the working assets and financial assets of the employer; within 3 days from the day of a change of residence address notify the employer;</li><li>■ inform the employer of potential hazards to life and health and onset of tangible damages;</li><li>■ respect health and safety regulations at work and perform work carefully protecting their own and others' life and health.</li></ul>

<sup>6</sup> Official Gazette of MNE, No. 074/19, with latest amendments 086/24

<b>Obligations of employer</b>	<p>Employers are required to:</p> <ul style="list-style-type: none"> <li>■ have an act on internal organization and job classification if a company has more than ten employees; ensure that the worker can perform the tasks stipulated under the employment contract;</li> <li>■ to have an approval for performing activity in the business' premises issued by the competent authority and a copy of the employment contract of the employee as well as registration for mandatory social insurance;</li> <li>■ provide occupational and health safety measures by preventing, eliminating and controlling occupational hazards;</li> <li>■ pay a salary to the worker for the work performed and during his absence from work (national and religious holidays, annual holidays, sick leave, etc.);</li> <li>■ provide the worker with a copy of employment contract on the day of entry into work; provide the worker with the calculation of salary;</li> <li>■ inform the worker of obligations resulting from regulations on labor and regulations on safety and protection of life and health at work;</li> <li>■ protect employees' privacy and ensure the protection of his/her personal data;</li> <li>■ keep records of employees (presence at work, organization of working hours and annual holidays); keep records of employees who are engaged by the Agency for temporary assignment of employees;</li> <li>■ to register workers for pension and disability insurance, health insurance and insurance in case of unemployment and this registration submit to the competent authority within eight days from the day of entry into work;</li> <li>■ after registration for mandatory insurance, to serve the worker with a copy of the registration within 5 days from the day issued by the competent authority;</li> </ul>
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Prohibition of discrimination	<p>Discrimination of persons seeking employment and the employed persons based on sex, sex change, birth, language, race, religion, skin color, age, pregnancy, health condition, disability, nationality, marital status, property status, sexual orientation, political or other affiliation, social origin, financial status, membership in political parties and trade unions, or any other personal characteristic shall be prohibited. Discrimination is also prohibited with regard to</p> <ul style="list-style-type: none"> <li>▪ employment requirements and selection of candidates;</li> <li>▪ working conditions and all rights based on employment</li> <li>▪ relationship; education, capacity building and training;</li> <li>▪ promotion at work;</li> <li>▪ termination of the employment contract.</li> </ul> <p>Additionally, any form of workplace harassment (bullying) and sexual harassment at work is prohibited.</p>
Employment of women	<p>Provisions of this Law for women prescribe the</p> <ul style="list-style-type: none"> <li>▪ following: women are entitled to special protection;</li> <li>▪ employers are prohibited not to employ a woman because of her pregnancy or because of pregnancy, birth and breastfeeding offer her the employment contract with unfavorable conditions;</li> <li>▪ an employer cannot terminate the employment contract to the employed women during pregnancy, childbirth and maternity leave;</li> <li>▪ in case the employment contract includes nightwork, the employer is obliged to assign a woman to perform work outside the nighttime work that corresponds to her level of education and working ability;</li> <li>▪ the employed women whose employment contract expires during pregnancy and maternity leave is extended until the use of these rights has expired;</li> <li>▪ based on findings and recommendations of medical examination women may be temporarily assigned to other tasks during pregnancy and breastfeeding;</li> <li>▪ pregnant employee and woman who has a child under the age of 3 cannot work overtime or during night.</li> </ul>

Employment of persons of age 15 to 18	<p>Employees younger than 18 years of age are entitled to special protection. The employment contract can be concluded with a person who is at least 15 years of age and has general health status.</p> <p>An employment contract can be concluded with a person who is younger than 18 years of age, pending consent of the legal representative and a health certificate that proves that the person is health-wise capable of work and the tasks are not harmful to his health, development and education.</p> <p>This category of workers cannot work for longer than 8 hours per day, work overtime, in nighttime and on especially hard manual tasks, work underground or under water. Employees younger than 18 years of age cannot work outside the place of their residence.</p> <p>The termination of the employment contract may be submitted by the parent or guardian of the employee younger than 18 years of age. The employees younger than 18 years of age are entitled to annual holidays of at least 24 working days.</p>
Working hours	Full working hours amount to 40 hours per week.
Overtime work	<p>Overtime work is allowed in case of a sudden increase in the scope of work and in cases of force majeure.</p> <p>The decision about overtime work shall contain the reason for introduction of overtime work, the list of employees who will work overtime and the start time of overtime work.</p> <p>Overtime may only last to remedy the reasons for which it was introduced with the exception that working hours in the period of four months may not be longer than 48 hours per week. The maximum duration of weekly working hours cannot be longer than 50 hours. In case of overtime an employer is obliged to inform the labor inspection within 3 days from the day of introducing overtime.</p>
Nighttime work	<p>Working during the hours between 22 in the evening and 6 in the morning of the next day shall be deemed nighttime work. The employer who arranges nighttime work is obliged to notify the labor inspection.</p> <p>An employee who works at night for at least three hours of his daily working time, is entitled to special protection</p>

	in accordance with regulations on safety and health at work.
Rest during working hours	<p>For working full-time employees are entitled to rest in the duration of at least 30 minutes.</p> <p>For working longer than 4 hours a day and less than 6 hours a day is entitled to at least 15 minutes of rest. In case of working overtime and at least 10 hours a day, an employee is entitled to 45 minutes of rest.</p> <p>Rest during work time cannot be used at the beginning and end of working hours.</p> <p>Rest during work time is included in working hours.</p>
Daily rest	A worker shall be entitled to rest between two consecutive working days (daily rest) in the duration of at least 12 hours, uninterrupted.
Weekly rest	A worker shall be entitled to weekly rest in the duration of at least 24 hours without interruptions. Weekly rest is used on Sundays.
Annual holidays	<p>For each calendar year, an employee shall be entitled to paid annual holidays in the duration of 20 working days at least. In determining the length of annual holidays working week is counted as 5 working days.</p> <p>Annual holidays can be used in two parts, wherein the first part shall last at least 10 working days, and the second part needs to be used by June 30<sup>th</sup> of next year.</p> <p>The annual holiday entitlement cannot be replaced by monetary compensation, except in the case of the termination of employment.</p>
Workers' grievance mechanism	An employee who is of the opinion that his employer has violated his right from labor relation can submit a written request to the employer to ensure realization of that right. The employer shall be under obligation to decide on the worker's request or provide written notice within the deadline of 15 days from the day of submitting the request. Before submitting a lawsuit, the worker is obliged to submit a proposal for a peaceful settlement of the dispute to the Agency for Peaceful Settlement of Labor Disputes or Alternative Dispute Resolution Centre. If the labor disputes with help of both institutions are not settled, employee may submit a lawsuit.
Freedom of association	Employees may freely form, become members in or leave a trade union without prior approval.
Safety and health at work	Workers shall abide by the regulations on occupational and safety at work. Employers shall provide occupational and safety measures by preventing, eliminating and controlling occupational hazards.

#### 4.3 Legislation on Protection and Safety at Work in Montenegro

The Law on Safety and Health at Work in Montenegro<sup>7</sup> is the key law which defines the rules on occupational health and safety.

Key aspects of the laws	Law on Safety and Health at Work
Obligations of employers	<p>Employers are required to:</p> <ul style="list-style-type: none"><li>▪ take protective measures by preventing, controlling and eliminating risks at work, informing and training employees, as well as providing the necessary organization and means;</li><li>▪ taking into account the changes in the working environment, implement protective measures and select those working and production methods which will improve the existing situation or provide a higher level of safety and health at work;</li><li>▪ during planning and introduction of new technologies the employer shall consult employees or their representatives in charge of safety and health at work about the choice of work equipment, the working conditions and environment and their implications for the safety and health at work;</li><li>▪ when assigning employee to a workplace with special conditions of work or increased risk, the employer shall take into consideration the employee's capabilities;</li><li>▪ develop a comprehensive policy for the safety and health at work which includes technology, organization of work, working conditions, interpersonal relations and working environment factors;</li><li>▪ give advantage to collective protective measures over individual protective measures;</li><li>▪ Issue a risk assessment act for all workplaces in order to determine the methods and measures to eliminate risk and ensure their implementation;</li><li>▪ ensure that only employees who are trained for safe operation and who have received adequate instructions for work at such a place, may have access to workplace in a work area threatened by a risk of serious danger of injury or damage to health, and who are equipped with the right tools and personal safety equipment;</li><li>▪ warn any person who finds himself/herself at workplace about places of danger or health hazards and instruct him/her on the safe range areas;</li><li>▪ put labels and warnings in the official language and languages in official use and signs of safety and health at work;</li></ul>

<sup>7</sup> Official Gazette of MNE, No. 34/14 and 44/18

	<p>provide medical examination (at least once every three years) of employees who are assigned to jobs with special conditions of work or at increased risk and in case of reengagement of employee who was absent from work for over a year;</p> <ul style="list-style-type: none"><li>▪ provide training to the employees when concluding employment, assigning him/her to another position, introducing new technology, introducing new or replacement of work equipment, changes in work processes and re-assigning him/her to work after absence that lasted more than a year;</li><li>▪ the training (in theory and practice) shall be conducted during working hours and the training costs shall be borne by the employer;</li></ul>
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Key aspects of the laws	Law on Safety and Health at Work
	<ul style="list-style-type: none"> <li>▪ perform testing of theoretical and practical capability for safe operation in the workplace;</li> <li>▪ inform employees or employees' representative in writing about risks related to the safety and health at work, protective measures;</li> <li>▪ procure and provide to the employee for use the work equipment and personal protective equipment required for his job, only if the employer possess the appropriate documentation in the official language and languages in official use;</li> <li>▪ provide compulsory insurance to employees against industrial accidents, occupational and work-related diseases;</li> </ul> <p>in order to organize safety and health at work the employer shall designate a qualified person or organize professional service or hire a legal person or entrepreneur who is authorized to perform professional activities;</p>
Measures for protection of workers at work	<p>Measures of protection of workers during the execution of work on the construction site include the</p> <ul style="list-style-type: none"> <li>▪ following: maintenance of order and satisfactory level of cleanliness of the construction site;</li> <li>▪ selection of the workplaces and ensuring that those places are accessible for determination of traffic areas, passages, crossings etc.;</li> <li>▪ maintenance of means of work and carrying out preliminary and periodic inspections and examinations of</li> <li>▪ means of work; planning and determining location and storage area of various materials, especially</li> <li>▪ hazardous materials;</li> <li>▪ harmonization of the time required for the introduction of certain types and</li> <li>▪ phases of works; mutual agreement of all employers at the construction site and</li> <li>▪ industrial activities in or near the construction site.</li> </ul>
Obligations of workers	<p>Workers are required to:</p> <ul style="list-style-type: none"> <li>▪ get acquainted with the protective measures prior to commencing his/her work and to be trained for implementation of measures;</li> <li>▪ give suggestions, comments and information on issues of safety and health at work to his/her employer;</li> <li>▪ perform health checks appropriate to the risk to safety and health in the workplace, to which is instructed</li> <li>▪ by an employer; notify the employer if s/he considers that s/he is not capable of doing job with special conditions or carry out a health check that employer instructed him/her to do;</li> <li>▪ apply protective measures while working, take care of his/her and safety and health at work of other employees who are affected by his/her work, use work equipment in purposeful manner, as well as dangerous materials, personal protective equipment and security devices;</li> <li>▪ in case of irregularities, defects, hazards, dangers or other occurrence at the workplace, immediately</li> </ul>

	<p>notify the employer in writing or oral;</p> <ul style="list-style-type: none"> <li>▪ if the employer fails to eliminate irregularities, hazards or other occurrences within 3 days (after the notification), or if the employee believes that adequate measures of protection are not implemented, s/he may notify the Labor Inspection;</li> <li>▪ the employee may not commence and carry out work under the influence of psychoactive substances (alcohol, drugs, etc.);</li> <li>▪ if the employee is not previously familiarized with dangers or hazards and risks at work, or if the employer did not provide the prescribed medical examination or the protective measures have not been provided on the work equipment, the employee has the right to refuse to work.</li> </ul>
Participation of trade unions	The employer, employee, representative of employees and trade union shall cooperate in determining their rights, obligations and responsibilities with regard to safety and health at work.
Records on protection at work	<p>Employers are required to keep records of the following: jobs with special conditions or increased risk;</p> <ul style="list-style-type: none"> <li>▪ employees assigned to jobs with special conditions of work or increased risk; injuries, occupational and work-related diseases;</li> <li>▪ employees trained for safe operation;</li> <li>▪ dangerous substances used at work;</li> <li>▪ performed tests of working environment;</li> <li>▪ examination and testing of work equipment and personal protective equipment; previous and periodical medical examinations;</li> <li>▪ technical documentation (major projects);</li> </ul> <p>documentation of safety and health at work;</p> <p>make a report on safety and health at work of employees at least once a year;</p> <p>immediately and not later than 24 hours from onset, report in writing to the Labor Inspection on every death, collective, serious and other injury at work resulting in employee's absence from work for more than 3 days;</p>

Protection of vulnerable categories	Special protection is prescribed for: <ul style="list-style-type: none"> <li>▪ protection and health of women at work during</li> <li>▪ pregnancy; persons under 18 years of age and</li> <li>▪ persons with disabilities.</li> </ul>
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The Labor Law is enforced through various decrees, by-laws and rulebooks passed by the Ministry of Labor and Social Welfare, which address effective labor, working conditions and OHS inspections across the country. The main focus area of the inspections is to decrease the informal work rate and increase workplace health and safety. Remedial measures for identified non-conformities range from monetary fines to criminal prosecution which, in most severe cases, can result in operation and business ban, subject to a court's ruling. The institutional capacity to address the labor and working condition risks attributable to the project is assessed as adequate. These types of projects, supported by the WB, have already been implemented in the recent past with a positive track record of social performance. There is a clear delegation of responsibilities within and among the respective institutions which places assurance that the mechanism to enforce the laws are in place.

#### 4.4 Alignment of National Labor Law with ESS2 and Mitigation Measures

While Montenegro has a well-established national labor law framework, certain gaps remain when assessed against the requirements of the World Bank's Environmental and Social Standard 2 (ESS2). These gaps are summarized in the table below and will be addressed through project-specific measures outlined in this LMP.

Issue	National System Provision	ESS2 Requirement	Identified Gap	Mitigation Measure
Working Hours and Overtime	Allows up to 60 hours/week under seasonal/redistributed work	Must safeguard against excessive work hours	No upper bound on daily/weekly overtime during peak periods	Contractor obligations will limit overtime and require prior PMT approval; monitored by Supervision Consultant
Information and Transparency	No requirement to inform workers about grievance options beyond mobbing	Workers must be informed of all grievance options at hiring	Incomplete disclosure of rights and grievance options	All contracts must include summary of grievance procedures; training/orientation required
Termination and Severance	Final payment allowed within 30 days of termination	Must be paid upon termination	Delayed settlement of entitlements	Contractors must commit to full payment upon termination; included in contract templates
Vulnerable Groups (Women, Youth, Disabled, Migrants)	Recognition in law, but no mandatory accommodation or quotas can be replaced with payments	Reasonable accommodation required, equal opportunity mandated	Weak implementation and no duty to accommodate	Contractors must document support to vulnerable workers; monitored during site visits
Grievance Mechanism	The legislation is concerned with possible violations of workers' rights as defined by law, not with workplace concerns, which the law does not deal with. Therefore, grievance mechanism is restricted to suspected or perceived violations of law and consequently falls short of providing comprehensive internal tools for addressing workplace concerns.	Internal W-GRM required for all workers	The establishment of a Worker Grievance Redress Mechanism (W-GRM) is not mandated by national legislation.	Contractors required to establish W-GRM; PMT oversight and template included in Annex
Accommodation Standards	Referenced only for visa issuance	Adequate, safe, and decent housing required for workers	No regulatory standard on housing conditions	LMP requires adherence to IFC/EBRD standards; audits mandated pre-mobilization

The Project will implement the above measures through binding contract clauses, capacity building for contractors, oversight by the Supervision Consultant, and quarterly labor compliance reporting to the PMT

and World Bank. To support transparency and enforceability, all measures will be integrated into Bidding Documents and aligned with the FIDIC Conditions of Contract. A list of ratified international conventions and core labor standards is available at the ILO Country Profile for Montenegro: [ILO Normlex – Montenegro](#)

## 5 RESPONSIBLE STAFF

The overall responsibility for labor management under the Climate Resilient Fisheries and Agrifood Sector Development Project (CRFASD) rests with the **Project Management Team (PMT)**, established within the **Ministry of Agriculture, Forestry and Water Management (MAFWM)**. The PMT is responsible for ensuring that all labor-related activities are implemented in compliance with the national legal framework and the World Bank's Environmental and Social Framework (ESS2).

To ensure effective, accountable, and coordinated implementation, labor-related roles are shared across the **PMT, Supervision Consultant, and national institutions**, notably the **Labor Inspectorate**. Their responsibilities are clearly delineated as follows:

### 5.1 Project Management Team (PMT)

The PMT holds strategic oversight and coordination responsibilities and will ensure compliance with ESS2 throughout project implementation. Its key functions include:

- **Strategic Oversight and Monitoring:**
  - Monitor the overall implementation of the LMP across all project components and activities.
  - Consolidate labor-related monitoring data and provide periodic compliance reports to the World Bank.
  - Update the LMP as necessary to reflect changes in project scope, labor laws, or emerging risks.
- **Contractor Management:**
  - Integrate labor management and OHS requirements into all bidding documents, contracts, and supervision arrangements.
  - Review and approve Contractors' Labor Management Plans (CLMPs), OHS Plans, and Codes of Conduct (CoC) before contract award.
  - Verify contractor compliance with LMP provisions, particularly around employment terms, occupational health and safety, and worker grievance handling.
- **Capacity Building:**
  - Facilitate periodic training sessions for PMT staff, contractors, and supervision teams on ESS2, grievance handling, SEA/SH prevention, and incident reporting.
- **Workers' Grievance Mechanism (W-GRM):**
  - The PMT shall establish and operate a W-GRM in accordance with ESS2, applicable specifically to direct workers engaged under the Project.
  - Each contractor will be required to establish and maintain its own W-GRM for its workforce, ensuring alignment with ESS2 requirements.
  - All W-GRMs must be accessible, responsive, and capable of addressing grievances in a timely and confidential manner.
  - The PMT shall monitor the functioning of all W-GRMs, including accessibility, responsiveness, and resolution trends, and shall report aggregated results as part of project monitoring.

### 5.2 Supervision Consultant

Given the complexity and geographic spread of the project, the Supervision Consultant will play a critical field-based role in **daily labor supervision and technical enforcement**. Responsibilities include:

- Daily verification of contractor performance on:
  - Working hours, wages, rest periods
  - PPE use and availability
  - Adherence to CoC and SEA/SH protocols
- Site-level checks on grievance handling procedures and case resolution.
- Conducting periodic worker interviews and reporting back to the PMT.
- Performing worker accommodation audits (if applicable) based on IFC/EBRD guidance.

- Submitting structured monthly labor compliance reports to the PMT.

### 5.3 Labor Inspectorate

The **Montenegrin Labor Inspectorate** will retain its regulatory mandate and complement project-level oversight through:

- Conducting scheduled and unscheduled labor inspections on-site.
- Investigating formal complaints or serious incidents (e.g., OHS breaches, non-payment of wages).
- Issuing enforcement notices as per national law and coordinating findings with the PMT.

## 6 POLICIES AND PROCEDURES

The policies adopted for the Climate Resilient Fisheries and Agrifood Sector Development Project (CRFASD) are intended to fully comply with the World Bank's Environmental and Social Standard 2 (ESS2) on Labor and Working Conditions and Montenegro's applicable labor legislation. These policies establish the standards for working conditions, labor relations, and occupational health and safety across all project activities.

All workers engaged under the project must have a written contract of employment specifying the terms and conditions of their engagement, including job description, remuneration, working hours, benefits, and rights. Workers must be registered for pension and disability insurance, health insurance, and unemployment insurance, ensuring that they are fully protected under the national social security system. Salaries must be paid regularly in accordance with legal provisions, and workers are entitled to compensation for periods of justified absence, such as sick leave or maternity leave, as well as additional compensation for overtime work, night work, and work under particularly difficult conditions.

The project will uphold the principle of equal opportunity and fair treatment for all workers. Discrimination based on sex, gender, marital status, age, disability, pregnancy, language, religion, political affiliation, or sexual orientation is strictly prohibited in recruitment, promotion, training, working conditions, compensation, and termination of employment. In this regard, all workers shall enjoy equal access to professional development opportunities, fair treatment during the employment relationship, and protection against discriminatory practices.

Working time shall not exceed 40 hours per week, except where overtime work is required under exceptional circumstances. Overtime shall be limited to a maximum of 10 hours per week, and workers shall be compensated at a premium rate for such work, in accordance with national law. Prior to engagement, workers will be informed of their job responsibilities and working conditions, and their employment contracts will reflect all mandatory provisions required under the Labor Law.

Occupational health and safety (OHS) measures will be rigorously applied throughout the project. Contractors and the PMT will ensure that workers, particularly those engaged in hazardous activities, are trained in safe work practices and are provided with appropriate personal protective equipment (PPE). Special attention will be paid to jobs with increased risks of injury or harm to health, and a registry will be maintained of all workers engaged in such tasks.

The project sets the minimum age of employment at 18 years. Employment of individuals aged between 16 and 18 will only be allowed in accordance with national law, under strict conditions, including the requirement for parental or guardian consent, medical clearance, and prohibition from hazardous, overtime, or night work. No person below the age of 16 will be employed under any circumstances.

Freedom of association will be respected. Workers will not be prevented from joining legally recognized trade unions or participating in collective bargaining or other lawful worker organizations, in line with Montenegro's labor regulations.

Termination of employment must comply with national legal procedures. Dismissals must be formally communicated in writing, specifying the reasons for termination. Termination may not be based on discriminatory grounds, such as the worker's exercise of their rights to lodge complaints or participate in grievance mechanisms.

The notice period for termination initiated by the employer shall not be less than 30 days, in accordance with the Labor Law.

Finally, all workers under the CRFASD Project will have access to a Workers' Grievance Redress Mechanism (W-GRM), which will operate in accordance with the provisions described in Chapter 9 of this LMP. The grievance mechanism will ensure that complaints are addressed transparently, promptly, and without fear of retaliation, thus upholding the rights and dignity of all workers throughout the duration of the Project.

## **Commitment to Compliance**

The Project Management Team (PMT) commits to ensuring full compliance with all labor policies and procedures outlined in this Labor Management Procedure. Contractors, subcontractors, and primary suppliers engaged under the CRFASD Project will be contractually obligated to adhere to these standards. Regular monitoring, training, and reporting mechanisms will be implemented to ensure that labor practices across all project activities uphold the principles of fair treatment, non-discrimination, safe working conditions, and legal compliance. Where national laws and the World Bank's Environmental and Social Standards diverge, the more stringent requirements shall apply to protect the rights and well-being of all project workers.

### **6.1 Migrant Workers and Labor Influx Management**

Given the expected complexity and scale of civil works under the CRFASD Project, it is anticipated that certain categories of specialized labor may need to be sourced from outside Montenegro, including neighboring countries in the region. In such cases, ensuring full protection of migrant workers and compliance with national and international labor standards will be a priority.

#### **National Legal Framework**

The engagement of foreign workers in Montenegro is currently regulated under the Law on Foreigners (Zakon o strancima), published in the Official Gazette of Montenegro Nos. 12/2018 and 3/2019. This law governs the conditions for entry, stay, and employment of foreign nationals in Montenegro. Key provisions include:

- Employment of foreign nationals is subject to valid work permits issued by the Employment Agency of Montenegro;
- Employers must demonstrate compliance with domestic labor market conditions before hiring non-nationals;
- The law does not allow employers to charge employment fees to workers;
- Employers are prohibited from withholding identity documents, passports, or other personal property;
- Foreign workers are entitled to the same labor rights and protections as domestic workers, including fair wages, decent accommodation, and access to grievance redress mechanisms.

#### **Contractor Obligations**

All contractors and subcontractors under the CRFASD Project shall:

- **Register all non-national workers** with the PMT and national labor authorities;
- **Ensure that all migrant workers hold valid legal status** and work permits in line with Montenegro's legal framework;
- **Prohibit any form of recruitment fees or deductions** from wages related to placement services;
- **Not retain identity documents**, passports, or personal belongings of workers under any circumstances;
- **Provide orientation training** to migrant workers on labor rights, local laws, grievance procedures, and community norms;

- **Offer culturally appropriate working and living conditions**, as detailed in the Worker Accommodation section;
- **Monitor labor influx risks**, including social tension, discrimination, or housing strain, and implement mitigation measures accordingly.

## Reporting and Oversight

- Contractors will be required to **report quarterly** on the number, nationality, and employment conditions of all migrant workers, including any grievances or incidents.
- The **Supervision Consultant** will verify compliance through site visits and document audits.
- Any violation of the above requirements will be treated as a material non-compliance and may result in sanctions, including contract termination.

### 6.2 Worker Accommodation and Auditing

The CRFASD Project anticipates a potential influx of non-local workers, particularly during peak construction activities. In alignment with ESS2 and international good practice, the Project will ensure that all workers residing on or near construction sites are accommodated in safe, hygienic, and culturally appropriate facilities.

#### Minimum Standards and Contractor Requirements

All contractors engaged under the Project will be contractually obligated to:

- Provide worker accommodations that meet **minimum health, safety, and welfare standards**;
- Ensure **compliance with international guidance**, notably the **IFC/EBRD Guidance Note on Workers' Accommodation: Processes and Standards (2009)**;
- Avoid overcrowding and ensure adequate living space, privacy, sanitation, and ventilation;
- Address the specific needs of **vulnerable workers** (e.g. women, persons with disabilities, minority groups) through adequate arrangements such as gender-segregated areas and accessible facilities.

#### Accommodation Audit Requirement

Before or during early mobilization, the **Supervision Consultant** shall conduct an audit of the proposed accommodation arrangements based on the referenced international standards. The audit process will:

- Use a **Worker Accommodation Checklist** (Annex X) to assess compliance across key categories;
- Be conducted **prior to occupancy**, repeated **biannually**, and after any major incident or expansion in workforce;
- Include **worker interviews**, site walkthroughs, and document verification;
- Be documented and submitted to the PMT and incorporated in **quarterly E&S reports**.

#### Supervision and Oversight

- The **Supervision Consultant** will review and approve the accommodation setup prior to occupancy;
- PMT and the **labor inspectorate**, where applicable, may perform random checks and follow up on complaints received;
- Results from audits will inform compliance reviews, and failure to meet standards may result in enforcement actions, including penalties or contract suspension.

#### Key Checklist Criteria (See Annex 4)

Category	Criteria
Structural Safety	Building integrity, fire safety, exits
Hygiene & Sanitation	Toilets, showers, waste disposal
Space & Density	Floor area per person, gender segregation
Ventilation & Heating	Airflow and temperature control
Water Supply	Access to potable water, hot water
Kitchen & Food	Food storage and hygiene facilities

<b>Medical Access</b>	First aid availability and health contact info
<b>Security</b>	Fencing, lighting, access controls
<b>Worker Feedback</b>	Complaints procedures, documented resolutions

A **template checklist** for use during these audits is attached in **Annex 4: Worker Accommodation Audit Tool**.

### 6.3 Age of employment

The Montenegrin Labor Law allows employment of persons younger than 18 years of age, pending fulfillment of the following conditions:

- consent of the legal representative,
- medical certificate proving that the person has general health-related capacity to work,
- and the tasks must not jeopardize his health, moral and education.

Since the nominated sub-projects involve hazardous work, employees under 18 years will not be employed. In case this category of employees is hired, their engagement is anticipated in office work.

Employers of contracted workers shall be under obligation to keep a register of workers under 18 years of age. In the recruitment process, documentation shall be sought from the candidates, with which the age of the candidates shall be verified:

- a document confirming the age of the person (a birth certificate and/or health insurance card),
- written statement on age,
- personal identification card or passport,
- school certificate.

The necessary conditions and the minimum age for each labor position shall be specified in the recruitment process with special emphasis on the fact that persons younger than 18 shall not be engaged on tasks that could be dangerous for psychological or physical health of a person.

If it is determined that a minor is engaged on project activities, the PMT shall inform the competent labor inspectorate.

### 6.4 Terms and conditions

The employers of both direct workers and contracted workers shall be under the obligation to prepare information and necessary documentation that is clear and understandable for workers in regard to their conditions in employment. Prepared information and documentation shall be in compliance with the Montenegro legislation.

The terms and conditions of employment or engagement of the project worker must meet the *inter alia* the following standards:

- The project worker should in advance be clear about the job he/she is going to do and the wage/salary/fee he/she is going to receive.
- The project worker will be paid on a regular basis, at least once a month, or, if so agreed, upon the completion of specific activities, in accordance with the employment contract or engagement agreement.
- The project worker will work 8 or fewer hours a day, with payment of overtime.
- Any work longer than 8 hours is considered overtime work and the project worker should receive extra payment for the hours of overtime work. In any case, the project worker cannot work more

than 12 hours a day.

- The project worker is entitled to a daily rest of at least 11 hours within 24 hours.
- The project worker is entitled to a weekly rest of at least 24 consecutive hours.
- Average weekly hours of work in a six-month period cannot exceed 40 hours.
- The project worker is entitled to annual, sick, maternity and family leave, as required by the national legislation. Where the national legislation does not stipulate entitlement to leaves on any ground (i.e. temporary or seasonal work), the contracted party will provide the project worker, at his/her request, with a reasonable period of leave taking into consideration all the circumstances.
- An employment contract or engagement agreement, except in case of permanent employment, ends on the date of its expiry, unless both parties have agreed otherwise. In case of an early termination, a written notice will be submitted at least 15 days in advance. The termination of employment contract and payment of any related entitlements will be done in compliance with the national legislation.
- The third party will assess the risk related to specific jobs. In conformity with the national legislation (LHSW), the third party will be responsible for taking preventive and protective measures to ensure a safe and healthy work environment and informing the project worker on all the relevant issues and conditions affecting his/her health and safety at work. The project worker will respect regulations relating to safety and protection of life and health at work in order not to put in danger his life and health or life and health of others.
- The third party will make effort to establish mechanisms that will prevent discrimination, harassment, sexual harassment and abuse at work and ensure equal treatment and equal opportunity for all. The service providers working in Montenegro should follow the procedure laid out by the national legislation regulating the area of discrimination, harassment and equal opportunity.
- Project workers have the right to form or join union or other organizations of their choosing and to bargain collectively, in accordance with the national legislation. The employer (third party) will not interfere with
  - the worker's right to choose the organization or opt for an alternative mechanism to protect their rights
  - regarding working conditions and terms of employment.

The project worker will be able to raise his/her grievances using the grievance mechanism communicated to them.

## 7 GRIEVANCE MECHANISM

A Grievance Mechanism for **civil servants** in MNE is already established in the form of the Appeal Commission for workers' complaints. The Civil Service Appeal Commission is an independent and autonomous authority for performing activities stipulated under the Law on Civil Service of MNE. The Commission is competent for decision making on all appeals lodged against decisions with regard to the rights, obligations and responsibilities of civil servants. The deadline for responses to appeals cannot be

later than 30 days from the day the appeal is received. The appeal shall be filed through the first instance body and may be submitted directly or by post to the Appeal Commission. The Law on Civil Service of MNE does not specify anything further about procedure of grievance mechanism, confidentiality, etc.<sup>8</sup>

The Climate Resilient Fisheries and Agrifood Sector Development (CRFASD) Project will establish a dedicated Workers' Grievance Mechanism (W-GRM) to enable all project workers to raise concerns regarding their working conditions, health and safety, labor rights, and other employment-related matters in a transparent, confidential, and non-retaliatory manner.

For direct workers, such as external consultants engaged by the PMT, a special grievance mechanism will be established and administered by the PMT. This mechanism will provide clear guidance on how to lodge grievances, the timeframe for receiving responses or feedback, escalation steps to higher levels if needed, and assurances of confidentiality and protection against retaliation. All direct workers will be informed about the availability of this mechanism upon their engagement, including through induction sessions and written communications.

Contractors and subcontractors involved in the CRFASD Project will be contractually required to establish their own internal grievance mechanisms for their workforce. These mechanisms must comply with the requirements set out in this Labor Management Procedure (LMP) and the World Bank's ESS2. If such mechanisms are not already established, contractors must develop and operationalize them prior to the signing of any contracts with the PMT. These requirements will be clearly communicated during the tendering process and contractual obligations. Contractors will be responsible for informing all their workers about the existence and functioning of the grievance mechanism.

The establishment of a grievance mechanism shall involve setting up a grievance registry and ensuring that all workers are properly informed of the available grievance channels. Information will be disseminated during induction trainings, through notice boards at work sites, and via other suitable communication methods.

The Workers' Grievance Mechanism shall be simple, transparent, and accessible to all project workers. Key features of the mechanism will include:

- A straightforward process allowing for the submission of comments, complaints, proposals, or informal grievances;
- Full confidentiality and impartiality, ensuring that workers are free to raise grievances without fear of reprisal;
- Reasonable and clear timeframes for processing grievances, aligned with national labor laws;
- Equal treatment of anonymous grievances and those submitted with the worker's identity;
- The right of workers to be accompanied by a colleague, trade union representative, or workers' council member during grievance submission or resolution processes.

Grievances will be acknowledged within three (3) working days and responded to or resolved within fifteen (15) working days wherever possible. Workers will also have the right to escalate grievances to a higher level within the PMT if they are not satisfied with the initial resolution.

The grievance mechanism will not restrict workers' access to judicial or administrative remedies available under national law or collective bargaining agreements. It will function as an accessible first step for resolving workplace issues promptly and efficiently, while respecting workers' rights to pursue alternative

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<sup>8</sup> Official Gazette of MNE, No. 2/18 and 34/19

legal channels if desired.

The Project's grievance mechanism will also specifically address grievances related to gender-based violence (GBV), sexual exploitation and abuse (SEA), and sexual harassment (SH), ensuring the availability of confidential reporting channels, survivor-centered support, and specialized handling of sensitive complaints.

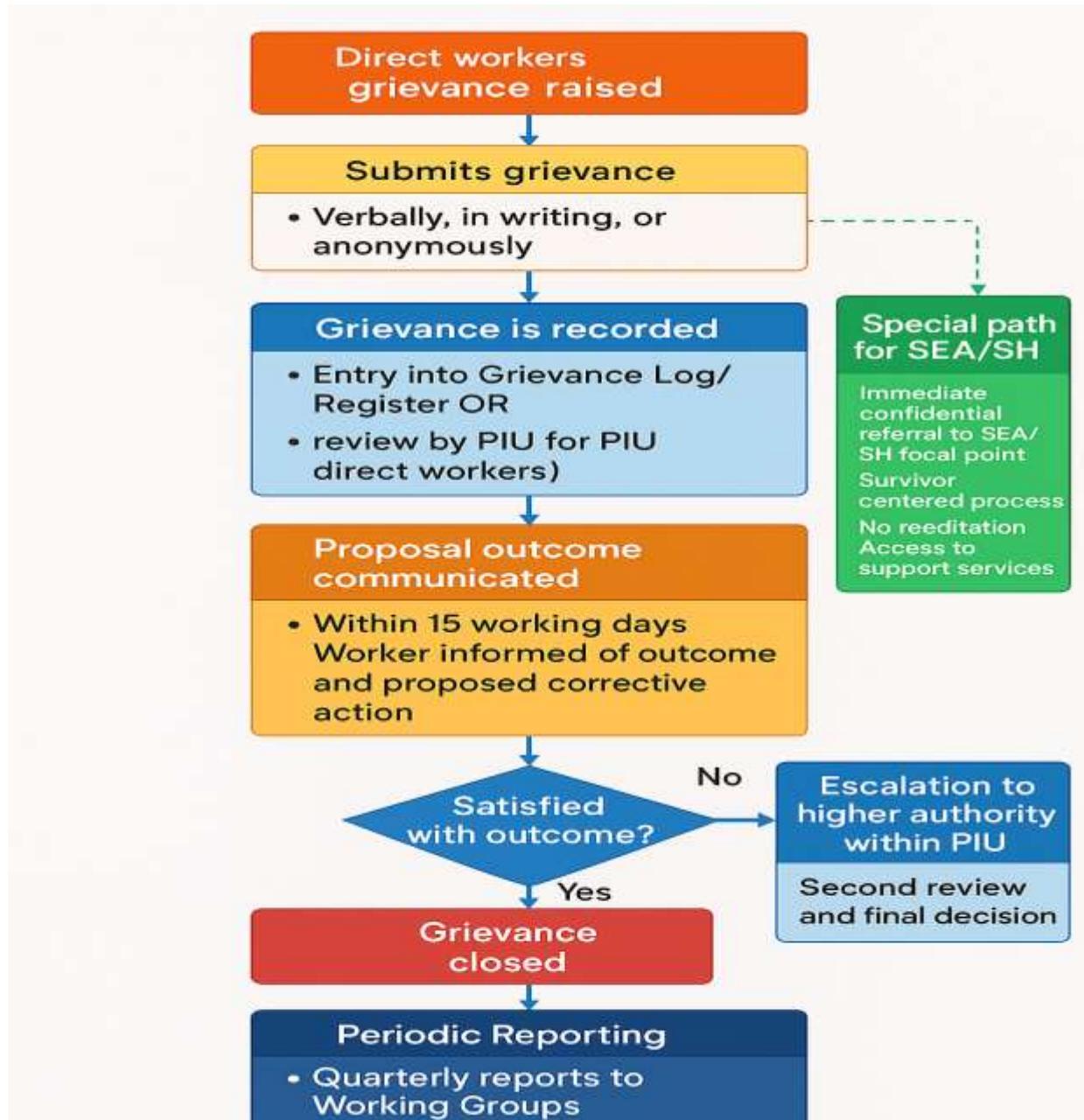


Figure 1: Workers' Grievance Mechanism Flow – CRFASD Project

## 7.1 PMT-Direct Workers' GRM

The Worker Grievance Redress Mechanism (W-GRM) established and administered by the Project

Management Team (PMT) is intended solely for direct workers engaged by the PMT. Each contractor will be required to establish and operate a separate W-GRM for their own workforce, in full alignment with the requirements of ESS2.

#### **The PMT will:**

- Establish and operationalize the W-GRM prior to the commencement of any project activities involving direct workers;
- Ensure that the mechanism is accessible, inclusive, and responsive to all direct workers, including women, youth, and migrant workers;
- Guarantee the confidentiality, non-retaliation, and timely resolution of all grievances;
- Maintain a grievance log, disaggregated by grievance type, gender, and worker category, with regular reporting for monitoring purposes;
- Provide clear and accessible information (contact phone, email, physical drop-boxes) to all direct workers during onboarding or induction processes.

In addition, the PMT-administered W-GRM will also receive and address complaints related to Sexual Exploitation and Abuse / Sexual Harassment (SEA/SH) involving PMT direct workers. All SEA/SH grievances will be handled through a confidential, survivor-centered process in line with the World Bank's SEA/SH Good Practice Note, ensuring no retaliation and access to appropriate support services.

#### **7.2 Contractor Requirements**

Each contractor will be required to:

- Establish and maintain an internal workers' grievance mechanism consistent with ESS2 and the project's W-GRM principles.
- Include a dedicated **focal point for grievance handling** within their Human Resources team.
- Inform all workers of grievance procedures at hiring, including during induction and through visible postings on site.
- Provide periodic grievance summaries and resolution reports to the Supervision Consultant and PMT.
- Ensure that workplace SEA/SH complaints are referred confidentially to the designated PMT focal point, with no retaliation or bias.

Contractor grievance mechanisms must be included in the Contractor's Labor Management Plans (CLMPs), which will be reviewed and approved by the PMT prior to mobilization.

#### **7.3 Monitoring and Reporting**

- The **Supervision Consultant** will verify the existence and functionality of contractor-level grievance mechanisms during site visits.
- The PMT will collect data from contractors and the central W-GRM and report aggregate figures and trends in quarterly reports to the World Bank.
- Corrective actions will be required for repeated delays, failure to resolve grievances, or violations of non-retaliation principles.



## 8 CONTRACTOR MANAGEMENT

The Project Management Team (PMT) within the Ministry of Agriculture, Forestry and Water Management will be responsible for overseeing the management of contractors engaged under the CRFASD Project. The PMT will use the World Bank's 2017 Standard Procurement Documents for all project solicitations and contracts. These documents already incorporate labor and occupational health and safety (OHS) requirements and will reference, or include as an annex, this Labor Management Procedure (LMP).

During the selection of contractors, the PMT will ensure that only legitimate and reliable entities are engaged, and that their labor management systems are consistent with the requirements of this LMP and applicable national labor laws. As part of the contractor selection process, the PMT may review the following information:

- Public records relating to labor law compliance, including reports from labor inspectorates and enforcement bodies;
- Business licenses, registrations, permits, and relevant authorizations;
- Documentation related to labor management systems, including occupational health and safety procedures.

Following contract award, the PMT will continue to monitor contractors' compliance with labor standards through review of:

- Identification of labor management, safety, and health personnel, along with their qualifications and certifications;
- Certifications, permits, and training records of workers performing project-related work;
- Records of safety and health violations, and responses or corrective actions taken;
- Notifications of accidents or fatalities to relevant authorities;
- Records of workers' enrollment in legally mandated insurance schemes (pension, health, unemployment);
- Worker payroll records, including hours worked and wages paid;
- Contracts showing previous compliance with labor standards aligned with ESS2 requirements.

All contracts with contractors will include specific clauses requiring compliance with national labor and OHS legislation, and with this LMP. Contractors will also be obligated to establish and maintain a grievance mechanism for their workers (if one is not already operational) in a manner consistent with the project's grievance management procedures. These obligations will also apply to any subcontractors engaged. In case of non-compliance, the PMT will ensure that appropriate remedies are included in the contracts, including the right to suspend or terminate the agreement if corrective actions are not taken within a reasonable period.

At its discretion, the PMT may request contractors to submit additional documentation, including but not limited to:

- Company labor policies (such as Rulebooks on Labor),
- Labor inspection reports and compliance records,
- OHS management procedures and performance records,
- Worker payroll and benefit enrollment documentation,
- Records related to labor grievance mechanisms and resolution of complaints,
- Records of OHS incidents, accidents, and fatalities, including notifications to authorities.

Contractors will be required to submit semi-annual reports on compliance with labor management requirements under ESS2. The reporting format is provided in Annex 1 of this LMP. If any irregularities are identified through these reports or via the grievance mechanism, the PMT will inform the relevant labor inspectorate and take necessary corrective actions.

The performance of contractors in relation to labor and working conditions will be monitored and supervised by the Supervision Consultant engaged by the PMT. The Supervision Consultant will carry out periodic audits, site inspections, and spot checks, and review contractors' labor management records. Areas of focus will include:

- A representative sample of employment contracts or work arrangements;
- Records of grievances and their resolution;
- Safety inspection reports, including incidents, corrective actions, and lessons learned;
- Records of any non-compliance with national labor legislation;
- Training records demonstrating that contracted workers received orientation on labor conditions and occupational health and safety standards applicable to the project.

This continuous monitoring will ensure that all contractors maintain high labor and OHS standards throughout the implementation of CRFASD activities, thereby supporting the project's overall goals of compliance, safety, and sustainability.

## 9 PRIMARY SUPPLIERS

In the context of the CRFASD Project, primary suppliers are defined as companies providing essential construction materials such as crushed stone, geotextile, sand, gravel, cement, steel, refrigeration units, specialized laboratory equipment, and other infrastructure-related inputs required for the construction and operationalization of project facilities.

For all primary supply chains, adequate management systems and controls must be in place to ensure compliance with national labor laws and the requirements of the World Bank's Environmental and Social Standards (ESS1 and ESS2), particularly with respect to:

- Prevention of child labor,
- Prevention of forced labor,
- Management of serious occupational health and safety (OHS) risks.

When procuring materials from primary suppliers, contractors will be required to ensure that suppliers:

- Identify and assess risks related to child labor, forced labor, and serious OHS issues in their production processes;
- Take appropriate mitigation measures if such risks are identified.

If any labor risks are identified, the PMT and the Supervision Consultant will require suppliers to implement corrective actions within a reasonable period. The effectiveness of these mitigation measures will be monitored periodically through documented oversight. Should mitigation measures prove ineffective, the PMT, in consultation with the Supervision Consultant, will direct contractors to discontinue sourcing from non-compliant suppliers and to shift procurement to alternative suppliers who meet the Project's requirements.

In addition, the provisions of the Environmental and Social Management Framework (ESMF) require third-party contractors and subcontractors to ensure that their suppliers comply with national law, and to guarantee that employees of suppliers and subcontractors receive appropriate training regarding legal requirements and safe labor practices.

The PMT reserves the right to verify compliance through a combination of mechanisms, including but not limited to:

- Supplier self-assessments,
- Worker surveys,
- Site visits,
- Labor and safety audits.

Suppliers and subcontractors must maintain complete records demonstrating compliance with labor and safety requirements and must grant access to their facilities to authorized representatives of the PMT and/or the Supervision Consultant upon request.

As the Project progresses, and based on findings from supply chain risk assessments, the labor and working condition management provisions for primary suppliers described in this LMP will be reviewed, expanded, and updated as necessary. Any updated procedures will be incorporated into revised versions of the LMP to strengthen risk mitigation and monitoring related to supply chains..

ANNEX 1 format for report on compliance with conditions of work with ESS2 for third parties engaging contracted workers

<b>Assignment name:</b>
<b>Contract ref. No:</b>
<b>Contract period: Start date (M/D/Y)</b> <b>End date (M/D/Y)</b>
<b>Contractor/Service Supplier:</b>
<b>Reported period:</b>
<b>Date of report:</b>
<b>Signature of authorized person:</b>

#### LABOR AND WORKING CONDITIONS COMPLIANCE REPORT

Company employees\* statistics:

Total number of employee's gender disaggregated: M \_\_\_\_\_

Number of employees with an employment contract out of total number of employees

Number of employees without an employment contract out of total number of employees

Number of employees with access to social security, pension and health insurance out of total number of employees

Number of employees who receives wages/salaries at least once a month out of total number of employees

Number of employees who left the company in the reported period out of total number of employees

Number of employees hired in the reported period

Number of hours worked per employee (monthly

average) Total overtime (monthly average per

employee)

o Number of injuries at work (in reporting period and cumulative since contract start) out of total nr. of employees

o Number of fatalities at work (in reporting period and cumulative) out of total nr. of employees

o Number of reported violence out of total nr. of employees

o Number of reported harassment/ abuses out of total nr. of employees

Availability of an accessible and functioning employee grievance mechanism (Y/N)

Number of grievances raised with the GM (in reporting period and cumulative since contract

start) Number of grievances resolved by GM (in reporting period and cumulative since contract

start) Number of suits filed with regard to labor, employment and OHS issues

Number of disputes brought to peaceful settlement/ voluntary arbitration procedure

Number of visits by labor/ OHS inspection

\*The employee is any natural person employed or engaged to work or perform service for the employer

1 The number of employees refers to the actual number/headcount on the date of the report.

2 The numbers imply the total number of incidents in the reported period.

Project workers statistics:

- o Total number of project workers\*\*:
- o Number of project workers with an employment contract:
- o Number of project workers without an employment contract:
- o Number of project workers with access to social security, pension and health insurance verified by confirmation from registry:

Working and Labor Conditions Screening Check List

Terms and conditions		Yes / No	Notes
1	All project workers have an employment contract or engagement agreement in writing.	Yes <input type="checkbox"/> No <input type="checkbox"/>	If "No" please specify and explain
2	All project workers are paid at least once a month	Yes <input type="checkbox"/> No <input type="checkbox"/>	If "No" please specify and explain
3	All project workers worked 8 hours a day, 40 hours a week	Yes <input type="checkbox"/> No <input type="checkbox"/>	If "No" please explain and specify the hours worked
4	All project workers had a regular daily and weekly rest	Yes <input type="checkbox"/> No <input type="checkbox"/>	If "No" please specify and explain

5	Number of project workers were terminated from employment with termination in line with national labor law and ESS2	Yes <input type="checkbox"/>  No <input type="checkbox"/>	If "Yes" please specify number and explain conditions of termination
6	Number of project workers attended OHS related training programme	Yes <input type="checkbox"/>	If "Yes" please specify number and explain
7	Project workers were granted leaves they are entitled to	Yes <input type="checkbox"/>  No <input type="checkbox"/>	If "Yes" Please specify the type and number of leaves
8	Project workers were involved in accidents at work resulting in injuries or fatalities	Yes <input type="checkbox"/>  No <input type="checkbox"/>	If "Yes" please specify and explain
9	Project workers reported on cases of discrimination, harassment, sexual harassment or non-compliance with law	Yes <input type="checkbox"/>  No <input type="checkbox"/>	If "Yes" please specify and explain
10	Project workers raised grievances or started voluntary arbitration / legal proceedings to settle a dispute	Yes <input type="checkbox"/>  No <input type="checkbox"/>	If "Yes" please specify and explain
11	In the reported period there were some incidents on noncompliance with the LMP	Yes <input type="checkbox"/>  No <input type="checkbox"/>	If "Yes" please specify and explain

**ANNEX 2 Third parties statement (potential contractors and service providers) on compliance with provisions of labor legislation and the Project's LMP**

Date and place of issuance: \_\_\_\_\_

Name and address of the issuer (Bidder): \_\_\_\_\_

**STATEMENT OF LEGAL AND REGULATORY COMPLIANCE**

Hereby we declare that<sup>9</sup>

- We are aware of, and comply with, the standards laid down in the Labor Management Procedures;
- We conform to all national laws\* and applicable regulations concerning employment, labor and employee relations, and labor and working conditions;
- We are committed to providing a safe and healthy environment for our employees and to implementing all occupational health and safety requirements as stipulated by national legislation;
- We do not tolerate any form of child, forced or slavery work.
- We prohibit any form of harassment, sexual harassment, abuse, violence, including GBV at work and forbid direct or indirect discrimination against any employee or groups of employees on any ground and for whatever reason.
- We confirm that a worker GM is available
- We confirm that no worker GM is available but will be established by the time the contract is signed.

We hereby state that should we be awarded with the contract; we shall adopt the Labor Management Procedures applicable to the project and incorporate them in our practice.

We understand that the failure to respect any of the above stated commitments could lead to termination of the contract and exclusion from the project.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

\*National Laws refers to both the Laws of Montenegro and the domicile Law of the country in case the Bidder is foreign

<sup>9</sup> The Bidder should mark the appropriate commitment

**ANNEX 3 – Primary suppliers statement of the compliance provisions of labor legislation and the Project's LMP related child labor, forced labor and OHS**

Date and place of issuance: \_\_\_\_\_

Name and address of the Supplier: \_\_\_\_\_

**STATEMENT OF LEGAL AND REGULATORY COMPLIANCE**

Hereby we declare that

- We conform to all national laws\* and applicable regulations concerning employment, labor and employee relations, and labor and working conditions;
- We are committed to providing a safe and healthy environment for our employees and to implementing all occupational health and safety requirements as stipulated by national legislation;
- We do not tolerate any form of child, forced or slavery work.
- We prohibit any form of harassment (including sexual), abuse, violence and GBV at work and forbid direct or indirect discrimination against any employee or groups of employees on any ground and for whatever reason.
- We shall maintain records related to labor, occupational injuries, illness, near misses and incidents.

We hereby acknowledge our understanding that our company may be subjected to announced and unannounced visits, site checks and labor and working condition audits by the Contractor through which materials and good are supplied to the Project, PMT staff and independent third parties with the aim to verify compliance with the above statement.

We understand that the failure to respect any of the above stated commitments could lead to termination of the contract and exclusion from the project.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

\*National Laws refers to both the Laws of Montenegro and the domicile Law of the country in case the Suppliers are expatriates

## ANNEX 4: Worker Accommodation Audit Checklist

(Based on IFC/EBRD Guidance Note on Workers' Accommodation: Processes and Standards, 2009)

This checklist is intended to guide audits of contractor-provided accommodation for project workers. It should be used prior to occupancy, repeated at least biannually, and any time there are major changes (e.g., expansion or incident).

Category	Criteria	Compliance (Yes/No/Partial)	Comments / Observations
<b>1. Structural Safety</b>	Building condition is structurally sound and well maintained Fire exits clearly marked, unobstructed, and accessible Fire safety equipment (extinguishers, alarms) available and functional		
<b>2. Hygiene &amp; Sanitation</b>	Sufficient toilets and showers provided per number of occupants Facilities cleaned regularly and waste disposed appropriately Laundry and drying areas available		
<b>3. Space &amp; Density</b>	Adequate floor space per person (minimum 3.6 m <sup>2</sup> per occupant recommended) Beds spaced appropriately and personal space ensured Separate accommodation for male and female workers		
<b>4. Ventilation &amp; Heating</b>	Adequate natural ventilation and artificial climate control systems Heating available in cold seasons		
<b>5. Water Supply</b>	Continuous supply of safe drinking water Hot water available for bathing and laundry		
<b>6. Kitchen &amp; Food</b>	Food preparation areas clean, safe, and pest-free Storage facilities available for food and cooking utensils		
<b>7. Medical Access</b>	First aid kits easily accessible Emergency contact numbers displayed		
<b>8. Security</b>	Perimeter fencing and controlled access to living quarters Adequate lighting around premises		
<b>9. Worker Feedback</b>	Workers are informed of grievance mechanisms Records of worker complaints and resolutions maintained		
<b>10. Other Considerations</b>	Compliance with national labor and building regulations Accommodation supports dignity, privacy, and cultural norms		

**Instructions for Use:**

- This form must be completed by the **Supervision Consultant** and submitted to the **PMT Environmental and Social Team**;
- In cases of non-compliance, **corrective actions and deadlines** must be proposed;
- Results should be included in **E&S Quarterly Reports**;
- Any incidents related to accommodation must be documented and investigated as per the Incident Management Protocol.

## ANNEX 5: Integration of LMP Instruments into Bidding Documents

To ensure enforceability and compliance, all labor-related requirements developed under this Labor Management Procedure (LMP) shall be integrated into the project's Bidding Documents (BDs) and contractual agreements with contractors and subcontractors.

### 1. Mandatory Inclusion in Bidding Documents

The following instruments and tools developed under the LMP shall be explicitly referenced in the appropriate sections of the BDs:

- Contractor's Labor Management Plan Template (CLMP)
- Workers' Grievance Mechanism (W-GRM) Procedures
- Code of Conduct (CoC) addressing SEA/SI
- Occupational Health and Safety (OHS) Requirements
- Worker Accommodation Standards and Audit Checklist (Annex 4)
- Training and Induction Plan Template
- Incident Notification and Reporting Protocol (aligned with ESIRT)

Each of these annexes must be included as binding annexes to the Contractor's Environmental and Social Management Plan (C-ESMP) and appended to the FIDIC Conditions of Contract.

### 2. Statement for Inclusion in BDs

The following clause shall be included in all BDs and works contracts:

"All labor management instruments and tools included in the Labor Management Procedures (LMP) and its annexes form an integral part of the Contractor's contractual obligations under the Environmental and Social (E&S) performance requirements. These obligations are contractually binding and enforceable. Compliance shall be verified through monthly contractor reports, site-level inspections, and third-party audits as applicable."

### 3. Code of Conduct – Sample and Requirements

A **sample Code of Conduct** shall be attached to the BDs and include obligations on:

- Prohibition of child labor and forced labor
- Respectful workplace behavior
- Prohibition of sexual exploitation and abuse/sexual harassment (SEA/SI)
- Compliance with OHS protocols
- Procedures for reporting violations

Contractors must have their staff and subcontractors sign the Code of Conduct prior to mobilization. Signed copies must be kept on file and made available upon request during site supervision and audits.

### 4. Verification and Enforcement

- The **Supervision Consultant** will verify implementation of the LMP tools on-site and report findings in monthly supervision reports to the PMT.
- The **PMT** will assess contractor performance based on compliance with LMP provisions and take corrective or contractual action in case of non-compliance.
- Failure to comply with LMP requirements will be treated as a **breach of contract** and may lead to penalties or termination under FIDIC and national procurement rules.

## ANNEX 6: Training and Capacity Building on ESS2

In line with the World Bank Environmental and Social Standard 2 (ESS2) and the project's labor management obligations, a structured and continuous training program will be established to ensure that all project workers—including PMT staff, Supervision Consultants, contractors, and subcontractors—are fully aware of their rights, responsibilities, and obligations under the LMP.

### **Objectives of the Training Program:**

- Ensure compliance with ESS2 and national labor laws.
- Promote safe, respectful, and equitable working conditions.
- Prevent labor-related incidents and grievances.
- Strengthen implementation of Codes of Conduct, especially on SEA/SH.

### **Key Training Areas:**

- Workers' rights and entitlements under Montenegrin law and ESS2.
- The Workers' Grievance Redress Mechanism (W-GRM) procedures.
- Code of Conduct (CoC), including obligations related to Sexual Exploitation, Abuse, and Harassment (SEA/SH).
- Occupational Health and Safety (OHS) practices, including hazard awareness, emergency procedures, and use of Personal Protective Equipment (PPE).
- Reporting protocols for workplace incidents, including serious injuries or SEA/SH-related breaches.

### **Responsibilities:**

- **Contractors** will be responsible for:
  - Preparing and implementing detailed worker training and induction programs.
  - Conducting site-specific induction trainings prior to commencement of works.
  - Delivering refresher training at regular intervals (at least biannually) and in response to incidents or non-compliance.
  - Keeping detailed records of training content, attendance, and outcomes.
- **PMT** will:
  - Review and approve contractor training plans and materials.
  - Organize capacity-building sessions for PMT staff and the Supervision Consultant on ESS2 implementation.
  - Evaluate the effectiveness of contractor training efforts through periodic site inspections, interviews, and labor audits.
  - Update the LMP training requirements based on lessons learned, audit results, or evolving project needs.

### **Monitoring and Evaluation:**

Training activities will be tracked through monthly contractor reports and reflected in the PMT's Environmental and Social performance reporting to the World Bank. Performance indicators will include number of workers trained, training completion rate, and number of grievances or incidents linked to poor awareness.