

Labor Management Procedures

**Under the World Bank's Resilient and Accessible
Microfinance (RAM) Project**

Prepared by: CRF-I Secretariat, Agriculture Credit and Financial Inclusion
Department, State Bank of Pakistan

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1. Introduction

The State Bank of Pakistan (SBP), as the implementing agency for the Resilient and Accessible Microfinance (RAM) Project, is committed to upholding the highest standards of labor management, worker welfare, and ethical conduct. The RAM Project requires development of written Labor Management Procedures (LMP) in line with the World Bank's Environmental and Social Standard (ESS) 2: *Labor and Working Conditions*.

This document establishes the policies, procedures, and institutional arrangements governing the management of all project workers—direct workers, contracted workers, and personnel of Microfinance Providers (MFPs) engaged in RAM activities. It also outlines the responsibilities of SBP and its related subsidiaries in ensuring safe, fair, inclusive, and transparent labor practices.

The LMP is a dynamic document and will be reviewed and updated throughout implementation to reflect evolving project needs and labor considerations.

2. Purpose and Objectives of the LMP

The purpose of this LMP is to:

- Identify the different categories of workers engaged in the RAM Project;
- Establish procedures for managing labor in compliance with national laws and ESS2;
- Provide guidance on preventing and mitigating labor-related risks;
- Ensure that workers have access to safe working conditions, equal opportunities, and effective grievance mechanisms.

Aligned with ESS2 and SBP's institutional values, this LMP supports the following core objectives:

- Promote the health, safety, and well-being of all project workers;
- Ensure fair treatment, nondiscrimination, and equal opportunity;
- Protect vulnerable and disadvantaged workers;
- Provide accessible and confidential means for workers to raise concerns.

3. Project Workers and Stakeholder Groups

3.1 Categories of Project Workers

Direct Workers

These include SBP and SBP Banking Services Corporation (SBP BSC) officials engaged in RAM planning, oversight, and implementation. They work primarily in professional and analytical roles and operate within SBP's established HR and governance systems.

Contracted Workers

These may include consultants, specialized service providers, or technical experts engaged under the RAM Project. All contracted workers are required to comply with ESS2, national laws, or local labor laws if contractor is based out of Pakistan and SBP's ethical standards.

Workers of Partner Institutions (MFPs)

Personnel from Microfinance Banks, Non-Bank Microfinance Companies, and other financial institutions participating in RAM activities. SBP requires MFPs to adopt ESS2-aligned labor practices.

4. Overview of Labor Use within SBP for RAM

- RAM activities are being implemented through multiple SBP departments, with the RAM Secretariat housed in the Agriculture Credit and Financial Inclusion Department (AC&FID).
 - The Secretariat comprises 2-5 officials responsible for day-to-day coordination.
 - Supporting units include HR, Research, Finance, Legal Services, Risk Management, Internal Bank Security and the Financial Inclusion Support Department (SBP BSC).
 - All personnel assigned to RAM are Pakistani nationals and operate within SBP's established labor framework.
 - SBP teams work within official duty hours, with additional engagement as required.
 - No high-risk labor, field labor, or manual labor is expected.
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5. Assessment of Key Labor Risks

Although RAM is a low-risk, office-based project, potential labor-related risks may include:

1. **Nondiscrimination Risks** – potential bias related to gender, ethnicity, or disability.
2. **Harassment & Misconduct Risks** – sexual harassment, bullying, or hostile workplace behavior.
3. **Workload Management Risks** – stress or excessive workload during peak project phases.
4. **Occupational Health and Safety Risks** – ergonomic issues, electrical and fire safety, indoor air quality concerns.
5. **Security-Related Risks** – discomfort due to controlled access and surveillance systems.
6. **Talent Progression Risks** – limited advancement opportunities in specialized project roles.

SBP's internal frameworks and grievance systems substantially mitigate these risks.

6. Summary of Applicable National Labor Legislation

Relevant Pakistani labor laws include, but are not limited to:

- Gender Protection and Workplace Harassment Laws
- General Penal Provisions
- Industrial Relations and Labor Rights Laws
- Workers' Compensation Laws
- Workers' Welfare Laws

SBP adheres to all applicable laws and provides competitive compensation, paid leave, maternity benefits, and structured rest periods. Where gaps exist between ESS2 and national laws, SBP's internal standards provide equal or higher safeguards.

7. SBP Policies and Procedures for Labor Management

7.1 SBP Staff Regulations

These govern recruitment, employment categories, service conditions, performance evaluation, disciplinary measures, pensions, and separation decisions.

7.2 Code of Conduct

SBP's Board-approved Code of Conduct requires all employees to:

- Treat colleagues and stakeholders with respect;
- Refrain from discrimination, intimidation, or harassment;
- Comply with the national Harassment Act, with cases investigated under the law by designated committees.

7.3 Grievance Handling Mechanism

SBP maintains a formal, confidential, and time-bound grievance system:

- Covers general and performance-related grievances;
- Governed by senior-level committee;
- Recommendations of the Committee are approved by the Governor;
- Ensures non-retaliation and full confidentiality.

7.4 Employee Engagement and Well-being

SBP has instituted a wide range of initiatives to support mental health, emotional well-being, and a healthy work–life balance—reflecting the Bank’s strong commitment to employee welfare. Further, SBP conducts periodic Employee Engagement Survey to identify the improvement areas and adjust policies & procedures where deemed appropriate.

8. Occupational Health and Safety (OHS)

8.1 Introduction

SBP is committed to maintaining a safe, healthy, and secure working environment for all employees in accordance with national laws, ESS2, and the IFC General EHS Guidelines. RAM teams work primarily in office settings, where OHS risks relate mainly to ergonomics, fire safety, electrical systems, and indoor environment quality.

8.2 Responsible Department: Internal Bank Security Department (IBSD)

IBSD leads implementation of safety and security measures across SBP and its subsidiaries. Its responsibilities include:

- Implementing modern surveillance and monitoring systems;
- Managing fire safety systems, including maintenance of extinguishers and alarms;

- Conducting routine fire drills and evacuation exercises;
- Ensuring compliance with National Fire Protection Association (NFPA) and Fire Safety Provisions 2016;
- Supporting emergency response and Business Continuity Planning (BCP);
- Leading disaster recovery operations when required.

8.3 OHS Procedures and Controls

1. Ergonomics and Lighting

- Ergonomic chairs, workstations, and accessories;
- Guidance on proper posture and screen use;
- Encouragement of regular breaks;
- Adequate lighting to prevent eye strain.

2. Fire Safety

- Placement and inspection of fire extinguishers;
- Alarm systems and smoke detectors;
- Marked, unobstructed emergency exits;
- Regular fire drills and evacuation exercises.

3. Electrical Safety

- Testing and tagging of all electrical equipment;
- Controlled access to electrical panels;
- Proper cable management to prevent hazards.

4. Indoor Environment & Cleanliness

- Scheduled HVAC maintenance;
- Ventilation checks;
- Ensuring dust and odor-free environments;
- Maintaining comfortable indoor temperatures.

5. General Office Safety

- Display of emergency contacts;
- Incident reporting procedures;
- CCTV and access control systems;
- Adequate lighting in common areas and parking.

8.4 Hazard Identification and Incident Reporting

SBP maintains a structured hazard reporting and response mechanism. All incidents are formally documented and assessed, with corrective actions implemented promptly. Risk Management

Department (RMD) in SBP monitors trends and ensure continuous improvement in OHS practices in collaboration with relevant stakeholders.

Under the Incident Reporting Policy, incidents are reported anonymously through the SBP website or by emailing directly to RMD. Departments are required to submit monthly incident reports. Incidents are categorized based on their actual occurrence and potential risk as either incidents or near misses. All reported incidents undergo review by the Incident Reporting Committee (IRC) for the determination of corrective actions, and significant incidents are escalated to the Management Committee on Enterprise Risk Management (MC-ERM). The roles and responsibilities under the incident reporting framework are as following:

Risk Management Department (RMD)

- Recording and initial analysis of the incident report.
- Sharing of incident with the relevant line department(s) for information & feedback, and wherever required, solicit detailed analysis, investigation and a resolution plan.
- Review feedback received from the relevant line department(s) and make recommendation(s) for further course of action.
- Present the incident, line department's feedback, and RMD's recommendation(s) to IRC, for its review and advice.
- Report to MC-ERM incidents recommended for escalation by IRC.
- Prepare quarterly statistical summary of reported incidents for MC-ERM
- Ensure compliance of the decisions of IRC and MC-ERM.
- Create awareness of incident reporting policy among employees by utilizing different sources of communication.

Line Departments

- Ensure all employees are aware of the incident reporting policy.
- All incidents faced by the department must be reported to RMD in the timely manner preferably within 3 working days. In this context, appropriate processes should be in place to record the incident(s) faced by the department.
- All incidents are appropriately investigated and, if required, resolution plan is developed to curtail future incidents of similar nature.
- Findings and resolution plans, if any, for reported incident shall be shared with RMD preferably within 5 working days.

Incident Reporting Committee (IRC)

- IRC shall review all reported incidents, feedback from concerned line department(s) and RMD's recommendations.
- IRC shall discuss, analyze all the reported incidents to determine the likely underlying reasons and control weaknesses.
- IRC shall take the following course of action(s):
- Closure of incident(s) if:
- Recommending corrective action(s) including development of policy and procedures of Escalation of incident to MC-ERM for information/guidance. IRC shall review summary/statistics of incidents reported to RMD.

9. Worker Grievance Redress Mechanism (GRM)

SBP maintains a structured and transparent Worker Grievance Redress Mechanism (GRM) that applies to all staff engaged in the RAM Project, including direct SBP employees, consultants, and other project-related workers. The mechanism ensures that workers can raise concerns safely, confidentially, and without fear of retaliation, in line with SBP's Grievance Handling Policy and the requirements of ESS2.

MFPs and contracted agencies are required to establish comparable GRMs for their employees engaged in RAM activities.

9.1 Purpose and Principles

The Worker GRM provides employees a formal avenue to report dissatisfaction or perceived injustice regarding workplace conditions, management actions, performance evaluations, or any matter affecting dignity, motivation, or well-being.

The mechanism is guided by the following principles:

- **Respect and dignity** for every worker.
- **Timely and impartial handling** of complaints.
- **Confidentiality** of all submissions.
- **Protection from retaliation** or adverse consequences.
- **Transparency**, with clear documentation and communication of decisions.

9.2 What Workers May Report

Workers may use the GRM to raise concerns related to:

- Misinterpretation, biased application, or inconsistency in policies or procedures.
- Work environment, workload, or interpersonal issues.
- Disagreement with a performance rating.
- Decisions that affect morale, fairness, or working conditions.

9.3 Service-Specific Helpdesks for Immediate Assistance

Specialized helpdesks are available to ensure immediate, relevant and effective assistance to employees. The following dedicated helpdesks may be contacted for resolution of matters relating to the respective departmental functions:

1. General Services Department Helpdesk

Email: Gsd.helpdesk@sbp.org.pk

This helpdesk may be contacted for matters relating to general administration and workplace support services, including office facilities, logistics, transport coordination, seating arrangements, maintenance of common areas, and other general service-related issues.

2. Medical Services Department Helpdesk

Email: Msd.helpdesk@sbp.org.pk

This helpdesk may be contacted for matters relating to medical services and employee health support, including medical facility coordination, consultation-related assistance, health record facilitation, medical reimbursement queries, and other issues falling under the scope of Medical Services Department.

3. IT Operations Department Helpdesk

Email: IT.servicedesk@sbp.org.pk

This helpdesk may be contacted for IT service-related matters, including hardware and software support, system access, email, network connectivity, user accounts, IT equipment, and other operational technology issues affecting day-to-day official work.

4. Engineering Helpdesk

Email: Helpdesk.engineering@sbp.org.pk

This helpdesk may be contacted for engineering and building maintenance-related matters, including electrical, mechanical, civil works, air-conditioning, lifts, plumbing, furniture fixtures, and other infrastructure maintenance issues.

5. Cyber Security Reporting

Email: report.phishing@sbp.org.pk

Suspicious emails, phishing attempts, malicious links, unusual system activity, or any suspected cyber security incident may be reported at this address for review and necessary action by the concerned cyber security function.

6. Performance Management System Related Complaints

Complaints or grievances relating to the Performance Management System may be reported in accordance with the applicable Grievance Handling Policy.

9.4 Formal Grievance Escalation and Grievance Handling Committee

Employees may raise formal grievances under the applicable Grievance Redressal Mechanism by submitting the matter to the concerned Director for review and resolution, with the outcome to be communicated in writing within the prescribed timeline. In case the employee remains dissatisfied, the matter may be escalated to the respective Executive Director and thereafter to the Chairperson of the Grievance Handling Committee, with a copy to Director HRD. The Committee reviews the matter, including the process and outcomes at earlier stages, and may consult relevant parties or seek legal advice, where required, to support fair and appropriate resolution.

Matters governed by specific legal or statutory mechanisms (e.g., workplace harassment) will be addressed under the appropriate laws and committees. Cases already under legal adjudication do not fall under this GRM.

10. GBV/SEA/SH Prevention and Response – Protection against Harassment of Women at the Workplace

10.1. Purpose and Commitments

The State Bank of Pakistan (SBP) is committed to maintaining a workplace free of all forms of Gender-Based Violence (GBV), including Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH). SBP adopts a zero-tolerance stance toward any act or attempt of SEA/SH and ensures accessible, confidential, survivor-centered mechanisms for reporting and redress.

10.2. Definitions

10.2.1 Gender-Based Violence (GBV)

Any harmful act directed at an individual based on gender differences, including SEA and SH.

10.2.2 Sexual Exploitation and Abuse (SEA)

- **Sexual Exploitation:** Abuse of a position of vulnerability, differential power, or trust for sexual purposes, including profiting from the exploitation of another person.
- **Sexual Abuse:** Actual or threatened physical intrusion of a sexual nature.

10.2.3 Sexual Harassment (SH)

Sexual Harassment is defined in the “Protection against Harassment of Women at the Workplace Act, 2010” (as amended from time to time) as;

a. Any unwelcome sexual advance, request for sexual favors, stalking or cyber stalking or other verbal, visual or written communication or physical conduct of a sexual nature or sexually demeaning attitudes, including any gestures or expression conveying derogatory connotation causing interference with work performance or creating an intimidating, hostile or offensive work environment, or the attempt to punish the complainant for refusal to comply to such a request or is made a condition for employment; or

b. Discrimination on basis of gender, which may or may not be sexual in nature, but which may embody a discriminatory and prejudicial mind-set or notion, resulting in discriminatory behavior on basis of gender against the complainant.

10.3. Specific Manifestations of SEA/SH in the Workplace

1. [Abuse of Authority / Quid Pro Quo SH](#)
Use of authority to demand sexual favors in exchange for employment, promotion, training, transfers, contract renewal, or to avoid negative professional consequences.
 2. [Hostile Work Environment SH](#)
Unwelcome sexual conduct that creates a hostile, intimidating, offensive, or coercive work setting. A single severe incident (e.g., physical contact or threats) can constitute SH/SEA.
 3. [Retaliation](#)
Any adverse action taken against a person for refusing advances, reporting SEA/SH, or participating in an investigation, including intimidation, poor evaluations, denial of opportunities, or social pressure.
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10.4. Survivor-Centered Guiding Principles

SBP ensures that all SEA/SH complaints and responses are guided by:

- Confidentiality
 - Safety and non-retaliation
 - Respect, dignity, and nondiscrimination
 - Informed consent and choice
 - Timely response and access to support services
 - Impartial and fair investigation procedures
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10.5. Reporting Mechanisms

In accordance with ESS2 and the WB Good Practice Note, SBP ensures multiple accessible and safe channels to report SEA/SH cases. Complaints may be submitted informally or formally, orally or in writing, through:

- Supervisor or in-charge
- Workers' representative / CBA nominee
- Any member of the Inquiry Committee (mandatory to respond)

- The project-level Worker Grievance Mechanism (WGM), ensuring confidentiality

All reporting channels must guarantee confidentiality and ensure no reprisals (where feasible within legal limits).

10.6. Informal Resolution Options

- Mediation, counseling, or facilitated dialogue may be used only if requested/consented to by the survivor.
 - A senior manager may conduct confidential fact-finding.
 - Informal cases can be escalated to formal investigations with survivor consent.
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10.7. Formal Complaint & Investigation Process

1. Inquiry Committee

SBP has an **Inquiry Committee** established in accordance with national law, ensuring:

- Gender balance and representation
- Conflict-of-interest checks
- Confidential proceedings
- Survivor-safe interview protocols

2. Investigation Procedures

- Investigations must be prompt, private, fair, and survivor-centered.
- Any SBP staff may be requested to provide information.
- Findings must be documented and kept strictly confidential.

3. Safety Measures during Investigation

To prevent SEA/SH recurrence and protect both parties:

- Temporary separation of complainant and accused
 - Adjusted reporting lines or relocation
 - Neutral work arrangements to avoid interaction
 - Accused may be placed on administrative leave or suspended (per misconduct rules)
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10.8. Non-Retaliation Measures

Consistent with ESS2:

- Any form of retaliation is strictly prohibited.
 - Performance evaluations, promotions, duties, and reporting structures will be monitored for signs of reprisals.
 - Disciplinary measures will apply for proven retaliation.
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10.9. Confidentiality and Data Protection

- Information is shared strictly on a need-to-know basis.
 - No details may be disclosed without survivor consent (except when legally mandated).
 - Records must be securely maintained.
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10.10. Support Services

Where feasible and relevant, SBP will ensure access to:

- Psychosocial support
- Medical and emergency services
- Safe working arrangements

All referrals will follow the **survivor's choice** principle.

10.11. Awareness, Training, and Codes of Conduct

SBP will ensure:

- Mandatory GBV/SEA/SH training for all project workers
 - Clear Code of Conduct (CoC) provisions aligned with WB requirements
 - Induction and periodic refresher sessions
 - Display of information on rights, responsibilities, and reporting channels
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10.12. Relationship with National Law

This GBV/SEA/SH policy complements the national Code of Conduct for Protection against Harassment of Women at the Workplace and establishes minimum standards. SBP may adopt stronger protections and nothing in this LMP restricts additional rights negotiated with employees.

11. Contractor and MFP Compliance Requirements

All contracts financed under RAM must include:

- Compliance with Pakistani labor laws, or local labor laws if contractor is based out of Pakistan, and ESS2;
- Prohibition of forced, child, or trafficked labor;
- Requirements for safe and decent working conditions;
- Mandatory Codes of Conduct;
- OHS compliance expectations;

Reporting on labor and OHS issues to SBP.

SBP will periodically monitor compliance through documentation reviews and reporting.

12. Monitoring, Reporting, and Review

The RAM Secretariat, in coordination with HRD and IBSD, will monitor:

- Labor conditions of project workers;
- OHS indicators (incidents, trainings, drills);
- Status of grievances and resolutions;
- Contractor/MFP labor compliance.

The LMP will be reviewed annually or earlier if required due to policy changes or project developments.

Conclusion

Through this LMP, SBP reaffirms its commitment to maintaining exemplary labor standards and ensuring the safety, dignity, and well-being of all individuals engaged in the RAM Project. The systems described herein reflect SBP's long-standing culture of integrity, fairness, and professionalism and ensure full compliance with ESS2 throughout project implementation.