



January 29, 2015

Dr. Jim Yong Kim
President
The World Bank
1818 H Street, NW Washington, DC 20433
USA

Dear President Kim:

We write to express our disappointment and urge the World Bank to take urgent action following the Inspection Panel's decision not to investigate the Second Rural Enterprise Support Project (RESP II), a program to provide loans to the government of Uzbekistan to support its agriculture sector, including cotton production.¹ We are alarmed that the World Bank is continuing to finance key components of Uzbekistan's forced labour system for cotton production through RESP II and new projects, even though the Panel found "it is plausible that the Project can contribute to perpetuating the harm of child and forced labour," a violation of international law.

As representatives of the forced labourers that filed this complaint, we also wish to express our profound disappointment in the Inspection Panel. We feel that the Inspection Panel made this recommendation without taking into full account our input and research, relying instead, wholly, on promises from the Government and World Bank Management. The combined actions of the World Bank Management and the Inspection Panel have sent the message that the bank is willing to finance forced labor, as long as it takes measures to address it – even when those measures aren't up and running and there is overwhelming evidence that they will not be sufficient to prevent bank projects from perpetuating forced labor.

Firstly, since the Inspection Panel's initial determination in 2013, the government of Uzbekistan continued its forced-labour system of cotton production, in violation of International Labour Organization Convention No. 105.² The Government again used coercion to mobilize farmers and other citizens to cultivate and harvest cotton, and those who failed to comply with orders were punished. The Government also continued to deny its violation of Convention No. 105 and to repress citizens' attempts to report human rights concerns, including our colleagues.

¹ See Report and Recommendations on Request for Inspection, Republic of Uzbekistan: Second Rural Enterprise Support Project and Additional Financing for Second Rural Enterprise Support Project (P126962), Report No. 83254-UZ at ¶155 (December 9, 2013).

² The government of Uzbekistan's cotton production system is a form of government coercion specifically prohibited by ILO Convention No. 105, adopted in 1957, which prohibits national governments from using "any form of forced labour or compulsory labour . . . as a method of mobilizing and using labour for purposes of economic development." ILO Convention No. 105 concerning the Abolition of Forced Labour (Abolition of Forced Labor Convention), adopted June 25, 1957, entered into force January 17, 1959.

Secondly, as we detailed in our November 2014 letter to the Inspection Panel,³ Management did not make progress with the Government on implementing measures to address the root causes of forced labour that “go beyond the farm level.”⁴ In particular, Management has not addressed the financial infrastructure that is the root cause of forced labour and link between Bank loans and forced labour in Uzbekistan. The government controls inputs, procurement and sales of cotton. Farmers are legally obliged to deliver an annual, state-established quota under threat of penalty, and the government sets its procurement price below its own estimate of the cost of production. While the low procurement price precludes farmers from hiring labour or investing in equipment or farm improvements, all income from cotton sales disappears into the Selkozfond, a fund in the Finance Ministry to which only the highest-level officials have access.

Thirdly, Management’s mitigation measures at the project level cannot be implemented in a manner that will prevent Bank financing from being linked to the government’s centralized system of forced labour. In particular, effective, independent third party monitoring is not currently feasible. While Management expects the ILO to monitor, two fundamental obstacles remain unresolved: 1) the Government refuses to acknowledge its violation of ILO Convention No. 105, and 2) the Government’s control of the trade unions and employers groups deprives the ILO of social partners to conduct independent monitoring. Additionally, the feedback mechanism lacks all fundamental features of a complaint system: protection of the complainant from retaliation, providing remediation to the victim of the harm, and holding the perpetrator of the harm accountable to prevent repeat occurrence. Finally, Management has not worked to enable independent civil society monitoring of the project areas without risk of reprisals.

Given the government of Uzbekistan’s lack of action to end forced labour, it is likely forced labour will continue in World Bank project areas and, as stipulated in the loan covenants, the bank will need to suspend its loans. To avoid such an unfortunate result, we strongly urge the World Bank to use its financial and development expertise to immediately engage the government of Uzbekistan in dialogue aimed at reforming its policies that drive forced labour.

We appreciate your attention to this matter and would be pleased to discuss it with you and your staff further.

Sincerely,

Nadejda Atayeva
Association for Human Rights
in Central Asia (AHRCA)

Vasila Inoyatova
Ezgulik

Umida Niyazova
Uzbek-German Forum
for Human Rights (UGF)

³ “Submission by Requesters to the World Bank Inspection Panel Concerning the Republic of Uzbekistan: Second Rural Enterprise Support Project (P109126) and Additional Financing (P126962) (“RESP-II”),” November 21, 2014, http://www.cottoncampaign.org/wp-content/uploads/2015/01/Uzbekistan_submission_IP-signed.pdf.

⁴ Inspection Panel, *Ibid*, at ¶103 and ¶104

***The Cotton Campaign** is a global coalition of labour, human rights, investor and business organizations coalesced to end forced labour of children and adults in the cotton sector of Uzbekistan. AHRCA, Ezgulik and UGF are coalition participants.*

CC:

Sara Aviel, Executive Director, United States
Masahiro Kan, Executive Director, Japan
Gwen Hines, Executive Director, United Kingdom
Hervé de Villeroché, Executive Director, France
Ursula Müller, Executive Director, Germany
Nasir Mahmood Khosa, Executive Director, Pakistan
Alister Smith, Executive Director, Canada
Alejandro Foxley, Executive Director, Chile
Sung-Soo Eun, Executive Director, Republic of Korea
Franciscus Godts, Executive Director, Belgium
Merza Hasan, Executive Director, Kuwait
Subhash Chandra Garg, Executive Director, India
Mohamed Sikieh Kayad, Executive Director, Djibouti
Louis Rene Peter Larose, Executive Director, Seychelles
Antonio Henrique Silveira, Executive Director, Brazil
Rionald Silaban, Executive Director, Indonesia
Shixin Chen, Executive Director, China
Jose Alejandro Rojas, Executive Director, Venezuela
Frank Heemskerk, Executive Director, Netherlands
Satu Santala, Executive Director, Finland
Patrizio Pagano, Executive Director, Italy
Khalid Al Khudairy, Executive Director, Saudi Arabia
Andrei Lushin, Executive Director, Russia
Jorg Frieden, Executive Director, Switzerland
Ana Alfonso Dias Lourenco, Executive Director, Angola
Laura Tuck, Vice President, Europe and Central Asia Region
Dr. Gonzalo Castro de la Mata, Inspection Panel Chair
Dr. Zeinab Bashir El Bakri, Inspection Panel Member
Dr. Jan Mattsson, Inspection Panel Member