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. 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. 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.

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Secondly, as we detailed in our November 2014 letter to the Inspection Panel, 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.” 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)

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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:
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