

Tom Lantos Human Rights Commission: Hearing on World Bank Lending and Human Rights

April 9, 2014

Oral Testimony of Nadejda Ataeva, President, Association for Human Rights in Central Asia

Dear Members of Congress,

Allow me to thank the organizers for the opportunity to speak to you and report that **millions of citizens of Uzbekistan are forced to pick cotton under inhumane conditions, ruining their health, and sometimes risking their own lives or those of their families.**

For more than 10 years, the World Bank has provided loans for the implementation of projects to reform the agricultural sector of Uzbekistan. Most recently this has been through the Rural Enterprise Support Project, Round 2 (RESP-II).

Since 2000, farmers' lands in Uzbekistan have formally been privatized. But farmers' rights are restricted, and they cannot:

- Independently decide how to use the land allocated to them;
- chose which crops to grow;
- chose the supplier and buyers of their produce;
- determine the sale price of their products;
- determine the volume they produce;
- deviate from the plan assigned to them for harvesting.

Every year, the government puts out a mandatory quota for the production of cotton and grain through local government bodies. For non-fulfillment of the plan, local directors of the administrations risk losing their jobs. Farmers are subject to economic and administrative penalties and even criminal punishment if they fail to comply.

The artificially- lowered purchase prices for cotton are set by the government, and the state monopoly dictate the selling prices to producers. The majority of farmers are not able to obtain a profit from growing cotton for capital nor are they able to pay fair wages for the labor of agricultural workers. Yet they are forced to grow cotton anyway.

By orders from the government, each year, mass numbers of students and adults are driven to pick cotton – in September and October. The purpose of the government is to economize on the cost of labor and increase the profit from the sale of cotton.

Despite the reference in the World Bank's RESP-II documents to "independent farmers", all the farms in Uzbekistan are bound by the state purchase system

In Uzbekistan, laws have been passed forbidding forced labor, but they essentially don't function. In government telephone conferences, with the participation of the prosecutor's office and the Interior Ministry, directors at all levels are obliged to ensure the mass appearance of cotton workers in the fields. Directors of schools, hospitals and other state organizations must report directly to the head of the administration [local government], also in the presence of representatives of the prosecutor's office. For failure to fulfill the state order for cotton, the directors are punished – including by dismissal. Cases of physical reprisal and

even punishment leading to death are known. These cases are not investigated, the witnesses of these abuses are intimidated, and they are forced to sign non-disclosure statements by agents of the Ministry of State Security (SNB).

Meanwhile, representatives of the tax agencies are given the task to extract additional funds from business people. Part of their profits go to paying for food for the cotton workers. And these expenses are nowhere reflected in the accounts. In 2013, by orders from the government, the banks issued cash in the national currency equivalent to US \$300 million to pay for the labor of the cotton workers. From this same amount, fees for food and transportation are subtracted from the wages of the cotton workers, and many of them wind up in debt. Such a practice is widespread to this day, including in regions to which the resources of the World Bank are directed.

The World Bank must not fund projects where children's labor and forced labor are used. But in Uzbekistan, projects like RESP-II are funded because the World Bank relies on assessments done by consultants hired by the government of Uzbekistan. The consultants in turn are oriented more toward cooperation with the country that receives the funding of the World Bank. All of this creates conditions for non-objective evaluations and consequently leads to assessments like the one in RESP II that falsely conclude that there is no exploitation of child labor in Uzbekistan. In 2013 the World Bank management acknowledged in writing that "Management agrees that the assessment was not sufficiently robust in its analysis of child and forced labor in the cotton sector." Yet despite "limited success" in management's efforts to work with the government of Uzbekistan to improve this assessment, the project was allowed to go forward. This demonstrates a clear failure in the Bank's adherence to its own safeguard policies.

In Uzbekistan, civil society activists who conduct monitoring of compliance with labor rights are harshly persecuted. 300 persons were prosecuted during the last 8 years, among them 80 who were imprisoned for long terms. During the campaign to monitor the cotton harvest, journalists and human rights defenders have their photo and video cameras unlawfully confiscated, they are limited in freedom of movement, fined, detained for periods up to 15 days, or even denied their right to leave the country.

Because of the World Bank's failure to address concerns about its funds contributing to the use of forced labor in Uzbekistan my organization, along with two others, submitted a complaint to the Inspection Panel, the World Bank's independent accountability mechanism, regarding the RESP-II project. The Inspection Panel visited Uzbekistan in December 2013 and found that there was evidence that children under 18 were forced to work in Uzbekistan's cotton fields. The Panel found that there was a plausible link between this forced labor and World Bank funds and that there "may have been improper due diligence" conducted at the time the Bank approved RESP-II. The Panel provided Bank management a year to undertake remedial action to address the issue of child labor in this project.

Dear members of Congress!

In conclusion, I would like to ask that you encourage the World Bank to take the following steps:

1. Require independent assessment and monitoring of all World Bank funded projects in Uzbekistan

2. Implement policies that prevent the World Bank from investing in any project where there is a risk of contributing to labor abuses. This requires that the Bank conduct honest assessments that look at the risk of abuses of labor rights associated with all projects.

Thank you for your attention!