

**IFC Project on Sustainable Cotton Supply Chain Development in Uzbekistan**  
**Second Consultative Council Meeting**  
February 28, 2019, Tashkent, Uzbekistan

Co-chaired by the International Finance Corporation (IFC) and Responsible Sourcing Network (RSN), the Second Consultative Council Meeting of the Project on Sustainable Cotton Supply Chain Development in Uzbekistan took place in Tashkent, Uzbekistan on February 28, 2019. Over 40 stakeholders from the Uzbek government, local and international businesses and local and international civil society representatives were in attendance.

The Project was launched in 2017 to facilitate the transformation of the cotton industry in Uzbekistan by implementing market-driven solutions.

Through this Project, IFC aims to achieve the following:

- 1) Create practical and scalable examples of profitable sustainable cotton production and harvesting without the need to use forced labor;
- 2) Test and adjust to the conditions of Uzbekistan a credible methodology for implementing a sustainable cotton standard system based on the Better Cotton Initiative (BCI) principles with the aim to have BCI approve Uzbekistan as a country in which it can license farms producing Better Cotton;
- 3) Develop and implement a chain of custody (traceability) system which would allow industry stakeholders to trace compliant cotton from the field to spinning mills;
- 4) Build up a dialogue and follow-up activities with all stakeholders to ensure that solutions piloted under the IFC project will be scalable at the country level.

During the last 2 years, Uzbekistan has been undergoing significant changes on multiple fronts which allow the Project to have a larger transformational impact. First, the Government of Uzbekistan has adopted a strategy to transform and modernize the cotton industry through private sector involvement, which is being implemented with the planned move of over 500,000 hectares to the private sector in 2019 for cotton cultivation. Second, the Government of Uzbekistan has publicly announced its determination to end forced labor and has recently committed to intensify direct dialogue with the Cotton Campaign coalition to accelerate the progress of reform.

These are all encouraging steps in the right direction towards transforming the cotton sector, but every systemic change naturally takes time and requires a comprehensive approach at multiple levels, from the policy environment down to individual mindset change. Voluntary standard systems, such as offered by BCI, can play an important role in this process by supporting and recognizing the emerging private sector in the cotton industry as it adapts international best practices for environmental and social aspects of cotton production in Uzbekistan.

The presentations during the Second Meeting of the Consultative Council included 2018 Project results on implementing the Sustainable Cotton Standard System (SCSS) on 105 pilot farms in Uzbekistan, based on the BCI Principles and Criteria, including the Decent Work Principle, and Chain of Custody.

To introduce continuous improvement systems on Uzbek cotton farms, the Project has tested a number of practices to increase yields and reduce production costs, such as transitioning to minimum tillage and improving the precision of planting, nutrient management and integrated pest management. Those practices with successful track records were shared with the 105 pilot farms via trainings and field days.

To determine whether the practices introduced at the farms meet BCI requirements, the Project simulated BCI's standard three-step BCI assurance methodology, as well as conducted additional independent monitoring to provide further insight on the absence or presence of forced labor during the harvesting season.

The results of the independent monitoring differed from the simulated standard BCI assurance methodology. Although the evidence gathered by independent monitoring demonstrated that there was hardly any forced mobilization of workers during the first cotton picking in the more populous districts, forced labor was found during the first picking on some of the pilot farms in the less populated districts and it increased during the second and third pickings in all districts. The standard assurance methodology did not identify forced labor in the field although it did identify the risks. This indicates that further work is required to design a strong and credible assurance process adapted to the local context.

Notably, the Project trial program demonstrated that there is an important link between the right agronomic practices and Decent Work. In the words of Rustam Supiyev, a Project pilot farmer since 2017: *“One of my key takeaways from implementing the sustainable cotton practices with IFC over the past 2 years is that agronomy and Decent Work are interrelated. If we can improve our growing practices so that all cotton can be picked in one pass, people will be happy to come and do the job voluntarily in return for good pay. Forced labor will disappear as it will no longer be needed”*.

### **Next Steps**

At the end of the deliberations, the consensus of the Council members was the following:

- a) For the Council **to formally invite BCI to engage more deeply and openly with the project in Uzbekistan**. This invitation would represent a **first step toward eventually having licensed Better Cotton farms**. Feeding into this decision were discussions on the emerging needs of private enterprises, as well as recommendations developed by a working group of Decent Work specialists.
- b) To continue **building the foundation for a credible and scalable system for Better Cotton** in Uzbekistan that meets the requirements of the BCI Principles and Criteria, going forward the Consultative Council recommends **working with cotton producers that operate outside of the government procurement plan since producers need to have autonomy to make decisions with respect to their operations**. In parallel, **a roadmap has to be developed to ensure the Better Cotton Standard System can be implemented** in its entirety and true to its intent within the context of Uzbekistan’s local conditions.

Additional recommendations to achieve Decent Work requirements focus on:

- 1) Empowering workers and farmers to negotiate working conditions and resolve disputes;
- 2) Further strengthening capacity building and training activities focused on Decent Work practices which include temporary seasonal labor in addition to regular farm workers;
- 3) Introducing grievance mechanisms for complaints at the farm and Project levels and ensuring the appropriate training on how to use them.

More detailed information on the Project and its 2017-2018 results can be found [here](#).

IFC and RSN will continue to engage with stakeholders, including the Uzbek government, local and international businesses, international organizations, and local and international civil society representatives, to develop this roadmap for sustainable and Decent Work practices in Uzbekistan’s cotton industry with the goal of reaching BCI’s internationally accepted standard.