



Online Meeting between Civil Society and EBRD Board of Directors

5 October 2020

Democracy in EBRD's countries of operation: Uzbekistan

Policy Brief

Introduction

According to the EBRD Uzbekistan Country Strategy 2018-2023, '*change in areas such as rule of law and judicial independence have been particularly marked*' in the country due to government reforms initiated in 2017. The EBRD identified enhancing competitiveness, promoting a green economy and supporting cooperation as strategic priorities for the country. While some changes can indeed be noted, civil society organisations and activists systematically highlight multiple violations of human rights in Uzbekistan, including the use of forced labour, land confiscation, non-enforcement of the right to remedy, forced eviction, house expropriation, retaliation against human rights defenders, blocking CSOs' registration and threatening media freedom. Below are some recent data provided by organisations that closely monitor the situation in Uzbekistan that illustrate lack of progress in guaranteeing human rights protection. These are intended to draw the EBRD's attention to issues that should be addressed prior to EBRD investments in the concerned sectors.

Main challenges in Uzbekistan

Forced labour and corruption in the cotton sector*

*(*Information has been provided by Uzbek Forum for Human Rights)*

Agricultural development continues to be one of the priorities of the Government of Uzbekistan and international public financiers, with a particular focus on the cotton farming sector. A USD 140 million loan to FE Indorama Agro LLC is currently pending approval by the EBRD. However, this sector remains highly risky in terms of child and forced labour, corruption and unfair recruitment practices. Despite some reforms conducted by the government, monitoring programmes implemented by the ILO and commitments made by private companies, the problems persist.

A new report released by Uzbek Forum for Human Rights on the 2019 cotton harvest in Uzbekistan¹ revealed that the state-imposed cotton quota, structural labour shortages, a lack of fair and independent recruitment channels, and weak accountability systems contributed to significant ongoing forced labour, including in the newly privatised cotton textile cluster

¹ Uzbek Forum for Human Rights. 2020. "Tashkent's reforms have not yet reached us". Unfinished work in the fight against forced labour in Uzbekistan's 2019 cotton harvest" [in English]. URL: <https://www.uzbekforum.org/wp-content/uploads/2020/06/UzbekForum-2019-Harvest-Report-Seiten-Mail.pdf>

system. Lagging progress on civil society freedoms is also limiting the success of broader reform efforts. In particular, the report documents:

- the forced mobilisation of employees from public sector organisations, including medical personnel, firefighters, emergency workers, police and military cadets and the extortion of employees to pay for replacement pickers;
- coercion used by the Uzbek government to meet quotas and production targets, including some cases in which local officials forcibly mobilised pickers to work on privatised cluster farms;
- the introduction of cotton production targets, which resulted in officials forcibly mobilising pickers to pick cotton on private cluster farms, presenting conflicting choices for enterprises that are committed to preventing the use of forced labour in their value chains;
- a lack of autonomy and protection for farmers to freely decide on their contractual cluster partners, as well as increased pressure from *hokims* (regional governors);
- the unchallenged role of the *mahalla*, or community leaders, in the recruitment of cotton pickers, both voluntary and involuntary, which makes the residents feel unable to refuse the 'request' to pick cotton;
- a lack of an enabling environment for the free operation of independent human rights activists or civil society organisations to ensure independent monitoring of the cotton harvest (which the government previously committed to), including arbitrary detention² and spurious criminal charges.

Another investigation on corruption in Uzbekistan's privatised cotton sector³ has been conducted by the International State Crime Initiative in collaboration with Uzbek Forum and other civil society organisations. In-depth case studies have unveiled the following practices:

- fraud targeting private banks and public finance institutions, leading to hundreds of millions of US dollars in losses in the examples investigated;
- the provision of tax exemptions by the government, without transparent selection criteria or public information on how the determination was made (a practice that becomes more problematic when the benefiting entity is owned by a politically exposed individual);
- money laundering, i.e. a company investing USD 500 million in Uzbekistan was owned by a 19-year-old⁴; a USD 165 million textile investment facilitated through two Scottish Limited Partnerships illegally circumvented a UK transparency law, etc.;
- farmers' land being confiscated for failing to meet production targets⁵ or as a result of reallocation of land to private cotton clusters⁶;

² Uzbek Forum for Human Rights. June 12, 2020. 'Human rights activists isolated for 14 days after monitoring cotton fields' [in Russian]. URL:

<https://www.uzbekforum.org/human-rights-activists-isolated-for-14-days-after-monitoring-cotton-fields/>

³ Ulster University and Uzbek Forum for Human Rights. 2019. 'Out of the Cauldron, into the Fire? Risk and the Privatisation of Uzbekistan's Cotton Sector' [in English]. URL:

<https://www.uzbekforum.org/wp-content/uploads/2020/06/PB-issue2-v4.2.pdf>

⁴ Open Democracy, December 21, 2018. 'Phantom foreign investors for an open new Uzbekistan.'

<https://www.opendemocracy.net/en/odr/tashkent-city-project-uzbekistan-phantom-foreign-investors/>

⁵ Uzbek Forum for Human Rights, April 29, 2019. 'In Karakalpakstan, a farmer was pulled from a noose. Shortly before, his land had been taken away' [in English]. URL:

<https://www.uzbekforum.org/in-karakalpakstan-a-farmer-was-pulled-from-a-noose-shortly-before-his-land-had-been-taken-away/>

- a lack of transparency on public procurement (there is no central portal where the public can access systematic data, and there are cases of offshore shell companies operating out of a residential home and winning contracts over established businesses in the area);
- the widespread use of proxy arrangements to avoid declaring a conflict of interest by public officials, including senior politicians;
- nepotism and clientelism including tax/custom exemptions, the award of lucrative licenses, privileged access to state aid and access to discounted finance for businesses operated by powerful public officials, family members of public officials or clients of public officials;
- non-enforcement of victims' rights to remedy, compensation and non-recurrence with respect to grand corruption, especially considering the fact that the Government of Uzbekistan plans to repatriate USD 1.5 billion in stolen funds, linked to the case of Gulnara Karimova⁷.

Civil society: NGO registration problems and harassment of human rights defenders*

*(*Information has been provided by the Association for Human Rights in Central Asia)*

The development of civil society in Uzbekistan continues to suffer from restrictions to freedom of speech, freedom of association, freedom of assembly, access to justice and the persisting suppression of civic initiatives and criticism.

In March 2020, the Ministry of Justice granted registration to Huquqiy Tayanch (Legal Base), the first NGO to be registered since 2003. However, other independent human rights NGOs have not yet been able to register. The government multiple times rejected the registration attempts of Restoration of Justice NGO that seeks to restore the rights to people wrongfully imprisoned; of the Chiroq NGO that monitors forced labour and corruption in the cotton sector; and of the Human Rights House NGO founded by former political prisoners.⁸

In a recent report, the UN Human Rights Committee⁹ expressed concern over freedom of association in Uzbekistan and, in particular, restrictions on NGOs:

The Committee remains concerned that current legislation continues to impose restrictions on the right to freedom of association, including: (a) unreasonable and burdensome legal and administrative requirements for registering NGOs and political parties; (b) an extensive list of reasons to deny registration; (c) the requirement for

⁶ Uzbek Forum for Human Rights. April 2, 2020. 'Cotton clusters and the despair of Uzbek farmers: land confiscations, blank contracts and failed payments' [in English]. URL: <https://www.uzbekforum.org/cotton-clusters-and-the-despair-of-uzbek-farmers-land-confiscations-blank-contracts-and-failed-payments/>

⁷ Uzbek Forum for Human Rights. September 16, 2020. 'Concerns remain despite steps toward responsible return of stolen assets to Uzbekistan' [in English]. URL: <https://www.uzbekforum.org/concerns-remain-despite-step-toward-responsible-return-of-stolen-assets-to-uzbekistan/>

⁸ Uzbek Forum for Human Rights. 2020. 'Tashkent's reforms have not yet reached us'. Unfinished work in the fight against forced labour in Uzbekistan's 2019 cotton harvest' [in English]. URL: <https://www.uzbekforum.org/wp-content/uploads/2020/06/UzbekForum-2019-Harvest-Report-Seiten-Mail.pdf>

⁹ International Covenant on Civil and Political Rights Human rights Committee. 2020 'Concluding observations on the fifth periodic report of Uzbekistan' [in English]. URL: https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=CCPR/C/UZB/CO/5&Lang=En

NGOs to obtain de facto approval from the Ministry of Justice when travelling abroad or receiving funds from foreign sources; and (d) the prohibition of NGOs from participating in “political activities”. In this regard, the Committee notes with concern the small number of independent self-initiated NGOs registered in [Uzbekistan], the high number of rejections for registration, and that no applications were submitted for the registration of new political parties between 2015 and 2018.

There is also continued government interference in the work of some activists, subjecting them to threats, reprisals, or harassment for their work. Activists Tatiana Dovlatova¹⁰, Sergei Naumov, Alexei Volosevich, Bobomurod Abdullayev,¹¹ blogger Miraziz Bazarov¹², human right defenders Turgunov¹³ and many others¹⁴ in Uzbekistan are under constant monitoring and pressure from the national security service. Moreover, some of the journalists have been sentenced: Makhmud Rajab (a five-and-a-half-year suspended sentence on criminal charges of smuggling “extremist” materials, no longer able to carry out his labor rights work due to fears), Nafosat Ollashukorova (forcibly detained in a psychiatric hospital for almost three months, left Uzbekistan), Dmitry Tikhonov (facing criminal charges for illegal border crossing, left Uzbekistan).¹⁵

The practice of “blacklisting” still exists. For example, intimidation and threats against the family members of Kadyr Yusupov, a former Uzbek diplomat currently being tried on dubious charges of treason.¹⁶ The analysis made in 2018 by the Association for Human Rights in Central Asia shows that those released activists remain on a confidential “black list”. Former prisoners are kept under supervision for longer periods of time than those provided for in the criminal-procedural code. By law, former prisoners are required to register with the internal affairs each month for the first year following their release, but in practice some former prisoners are told to do this for up to three years, during which time the threat of re-arrest for violating the terms of supervision (parole) regime remains present.¹⁷

¹⁰ Association for Human Rights in Central Asia. September 29, 2020. ‘Uzbekistan: Cease legal harassment of human rights defender’ [in English]. URL:

<https://ahrca.org/uzbekistan/defenders/1075-uzbekistan-cease-legal-harassment-of-human-rights-defender>

¹¹ Association for Human Rights in Central Asia. June 21, 2019. ‘Briefing paper ahead of EU-Uzbekistan human rights dialogue’ [in English]. URL:

<https://ahrca.org/publications/report/1028-eu-uzbekistan-human-rights-dialogue-eu-to-raise-key-fundamental-rights-issues>

¹² Ozodlik. July 30, 2020. ‘The Tashkent blogger was called for questioning by the security services after posts on social media where he appealed to the management of the IMF and ADB’ [in Russian]. URL:

<https://rus.ozodlik.org/a/30755833.html>

¹³ Special issue prepared for the CIVICUS Monitor by the Association for Human Rights in Central Asia (AHRCA) and International Partnership for Human Rights (IPHR). October 25, 2019. [in English]. URL:

<https://ahrca.org/publications/report/1059-uzbekistan-reforming-or-redecorating>

¹⁴ IPHR. October 24, 2018. ‘A call for swift implementation of reforms in Uzbekistan as IPHR witnesses surveillance of local defenders during visit’ [in English]. URL:

<https://www.iphronline.org/a-call-for-swift-implementation-of-reforms-in-uzbekistan-as-iphr-witnesses-surveillance-of-local-defenders-during-visit.html>

¹⁵ Uzbek Forum for Human Rights. 2020. ‘Tashkent’s reforms have not yet reached us’. Unfinished work in the fight against forced labour in Uzbekistan’s 2019 cotton harvest’ [in English]. URL:

<https://www.uzbekforum.org/wp-content/uploads/2020/06/UzbekForum-2019-Harvest-Report-Seiten-Mail.pdf>

¹⁶ AHRCA, IPHR, Fair Trials, Freedom Now, Norwegian Helsinki Committee. October, 2019. ‘Urgent statement on intimidation of relatives of former diplomat Kadyr Yusupov’ [in English]. URL:

https://www.fairtrials.org/sites/default/files/publication_pdf/Statement_Kadyr_Yusupov_October_2019.pdf

¹⁷ Association for Human Rights in Central Asia. April 18, 2018. ‘Analysis of prisoners imprisoned on politically motivated grounds in Uzbekistan’ [in English]. URL:

<https://ahrca.org/uzbekistan/996-new-names-for-new-times-updated-lists-of-prisoners-imprisoned-on-politically-motivated-grounds-in-uzbekistan>

Apart from it, fake information is actively used against the activists to discredit and demotivate them. Publications filled with defamation, slander and unsubstantiated accusations of terrorism and corruption are constantly appearing on the internet. For example, in 2018 provocative posts appeared on social media about the human rights defenders Turgunov and Saidov claiming without any evidence that they had received substantial foreign grants to criticize the government of Uzbekistan, or participated in criminal and radical groups.¹⁸ The danger of this practice is that such defamation and slander can actually be used by law enforcement agencies under article 327 ('Media Reports') of the Criminal Procedure Code of Uzbekistan, which states that the reasons for initiating a criminal case are reports of specific crimes in the press, on the radio and television, in documentaries and unpublished correspondence addressed to the media.

Corruption and misuse of COVID-19 funding*

*(*Information has been provided by a local Uzbek activist whose identity is kept confidential due to security reasons)*

After the outbreak of COVID-19, the Government of Uzbekistan set up a USD 1 billion Special Anti-Crisis Fund, financed primarily by the ADB and the World Bank. However, bloggers and mass media in Uzbekistan disclosed evidence that the funding was misused and lost to corruption. Below are some references to information published in Uzbekistan, which demonstrates the scale of the problem:

- Ozodlik, May 2020, *22 mln soums allocated to tackle COVID-19 were misappropriated in Navoi region* [in Uzbek language] - [Прокуратура: Навоийда коронавирусга қарши кураш учун берилган 222 млн. сўм ўзлаштирилган](#)
- Gazeta.uz, May 2020, *Theft of funds from the Anti-Crisis Fund revealed in Bukhara* [in Russian] - [Выявлено хищение средств из Антикризисного фонда в Бухаре.](#)
- UzNews, July 2020, *Officers of the Department of Sanitary-Epidemiological Surveillance stole over USD 24 000 from the state* [in Russian] - [Должностные лица СЭС украли у государства более \\$24 тыс.](#)
- UzNews, July 2020, *Another officers of the Department of Sanitary-Epidemiological Surveillance stole over UZS 500 mln from the state* [in Russian] - [Ещё одна группа должностных лиц СЭС расхитила более 500 млн сумов у государства.](#)
- Gazeta.uz, July 2020, *Former head of the Center for sanitary-epidemiological welfare of Kashkadarya and other employees accused of embezzlement of USD 90 000* [in Russian] - [Экс-глава ЦСЭБ Кашкадарьи и другие сотрудники обвиняются в хищении \\$90 тысяч.](#)
- Local blogger Umid Gafurov (Troll.uz) reported¹⁹ on multiple cases in which people with a positive COVID-19 test were forced to sign documents stating they had allegedly received treatment at a cost of USD 3 500.

Moreover, it is important to note that an open letter to the ADB (one of the Fund's donors) published by an Uzbek activist triggered a retaliation against the activist. Their internet

¹⁸ IPHR. November 20, 2018. 'Uzbekistan: Stop Harassing Human Rights Defenders' [in English]. URL: <https://www.iphronline.org/uzbekistan-stop-harassing-human-rights-defenders.html>

¹⁹ Facebook post by Troll.UZB. July 14, 2020. [in Russian]. URL: <https://www.facebook.com/TrollUZB/posts/1349088731960756>

access was blocked, and they received calls from the State Security Service, who attempted to visit them.

Land acquisition and massive forced eviction*

(*Information has been provided by the Uzbek activist Farida Sharifullina from the public initiative 'Tashkent - Demolition').

Cases of illegal demolition of buildings, forced eviction and expropriation of houses have become a widespread practice in Uzbekistan. For example, Dilorom Rozikova (Samarkand, 2019),²⁰ Olga Abdullaeva (Tashkent, 2019),²¹ residents of Yukari-Chirchik district (Tashkent region, 2019),²² residents of Tashkent (Tashkent, 2020),²³ residents of Chimgan village, (Bostalynski region, 2020),²⁴ residents of Solin village (Syrdarya region, 2020).²⁵

This results in increased social inequality, social tension and segregation, with the poor, women and people with disabilities affected the most. The local authorities make decisions on land acquisition for business needs without any prior consultations with the local residents or with the owners of industrial facilities and commercial enterprises located there. Moreover, if the residents refuse to resettle due to inadequate compensation, the developer may file a lawsuit against them. While Uzbek law on private property forbids forced eviction, but some loopholes allow the developers to justify the evictions with 'public and state needs'.

Recommendations

1. The EBRD should actively require public and private clients in the cotton sector in Uzbekistan to take measures to eliminate any use of forced labour for their entire supply chain.
2. The EBRD should support strengthening of the governance controls, due diligence capacity and procurement processes within government to ensure transparency and integrity when selecting businesses to benefit from state aid, state procurement, or state facilitated/initiated projects.

²⁰ Fergana News. January 24, 2020. 'Сопrotивление огнем. Узбекистанцы отвечают на снос жилья крайними мерами' [in Russian]. URL: https://fergana.news/articles/114487/?fbclid=IwAR30eNusyzyYBrUzXlksbNv54YSTvsvqeanmvBbOdMe65WQA_cxrfzwiFE8

²¹ Anhor.Uz, September 10, 2020. 'Время вышло: с вещами на выход' [in Russian]. URL: https://anhor.uz/stroitelystvo-v-uzbekistane/23047?fbclid=IwAR1oJrL0_KE7H7U3tdTPQwPQc2UqISHqSoloyCvrD1jeXZJotN2ewU-lxvc

²² Public Facebook group 'Ташкент-ЧОС'. August 7, 2020. [in Russian]. URL: <https://www.facebook.com/groups/328799110874813/permalink/1024994001255317/>

²³ Anhor.Uz. September 24, 2020. 'Мы предполагали, что пришла серьезная компания' - жители о строительстве Mirabad Avenue в Ташкенте' [in Russian]. URL: https://anhor.uz/stroitelystvo-v-uzbekistane/23153?fbclid=IwAR1cXakodNMEzkCb_dOvMOpe1zU1VIPqXP-oaV5_ASE2NC7BteBojcz-XmGU

²⁴ Anhor.Uz. June 29, 2020. 'Жителям «Чимгана» грозит массовый снос' [in Russian]. URL: https://anhor.uz/society/22406?fbclid=IwAR2C_1DymjBmgmEk1VpkMRY5JVSAJ-4ffqh_E0Ek3OrW2jldIJZoDoUm_c

²⁵ Ozodlik. October 1, 2020. 'Глава района в Сырдарье приказал снести бульдозером дома, строящиеся на месте смытых в результате наводнения (видео)' [in Russian]. URL: https://rus.ozodlik.org/a/30712890.html?fbclid=IwAR38At4vfbZfSkHTHVk7N-qbdQ3PcsKrYnYbFjdzZOnFk3803o_HVJJAnW0Q

3. The EBRD should ensure greater transparency of its funding allocated for at least public companies in Uzbekistan, including the disclosure of loan agreements and project documentation in the local language, and regular monitoring reports on expenditures provided by public clients.
4. The EBRD should continue policy dialogue efforts and remind the government of Uzbekistan of the need to remove barriers to the registration of non-governmental organisations, including human rights organizations.
5. The EBRD should remind the government of Uzbekistan of the need to develop an operational mechanism for the implementation of the recommendations of the UN Human Rights Committee and the UN Committee on Torture in relation to citizens whose cases have already been considered.
6. The EBRD should encourage the government of Uzbekistan to invite the Special Rapporteur on torture and the Special Rapporteur on the protection of human rights defenders to visit the country.
7. The EBRD should make a public statement and reassure its clients in Uzbekistan about the inadmissibility of violating private property rights and of the use of forced eviction for any investment needs.
8. The EBRD should operationalise its commitment expressed in safeguard policies to act in line with the international Human Rights law by improving participatory human rights due diligence for its operations in Uzbekistan.