



The Independent Accountability Mechanism for IFC & MIGA

**Dispute Resolution Conclusion Report
Complaint Related to IFC's Investment in Indorama Kokand Textile and
Hamkorbank in Uzbekistan**

November 2024

OVERVIEW

In June 2016, CAO received a complaint about forced labor and child labor in the cotton sector in Uzbekistan linked to two IFC clients, Indorama Kokand Textile (Indorama) and Hamkorbank.¹ The complaint was filed by a coalition of nongovernment organizations (NGOs)² on behalf of Uzbek human rights monitors and alleged victims of forced labor in the cotton fields (the complainants). The complainants raised concerns about the existence of forced labor and child labor in Indorama's supply chain and that Hamkorbank was not conducting adequate due diligence to ensure that companies it financed did not benefit from forced labor and child labor in the cotton sector.

During CAO's assessment of the complaint, the complainants, Indorama and Hamkorbank (the parties) expressed interest in engaging in a dispute resolution process convened by CAO. During the dispute resolution phase, the complainants organized themselves into a "Group in Mediation" (GM) and decided to set up two separate mediation processes: one with Hamkorbank and one with Indorama.

During the mediation with Hamkorbank, the parties agreed that the GM would monitor the presence of possible forced labor in Hamkorbank's activities. The GM found that their monitoring did not reveal any cases of direct coercion or indirect participation of Hamkorbank's employees in the 2019 cotton harvest in the regions that were monitored. The parties then agreed that the issues were resolved, and CAO closed this aspect of the case in 2020.

The mediation with Indorama focused on issues related to forced and child labor and working conditions, including monitoring the potential presence of forced and child labor in fields where Indorama sourced cotton. Monitoring by the GM during the 2021 cotton harvest found no systemic forced or child labor in the fields covered by the monitoring. The parties signed a final settlement agreement in August 2022 and continued working together to monitor and improve working conditions in the fields during the 2022 and 2023 cotton harvests. They confirmed successful implementation of the agreement in March 2024 bringing CAO's involvement and the case to closure.

This Conclusion Report documents CAO's assessment and dispute resolution processes in this case and offers some reflections and lessons learned on the outcomes.

¹ At the time it was filed, CAO found the complaint eligible in relation to the following IFC projects: 38266 ((originally 36098, closed in 2021); 27615; 30893, 32024, and 36170 (rights issues, not disclosed), 33596, and 30657 (trade finance, not disclosed). See IFC's disclosure portal for information: <https://disclosures.ifc.org>.

² The NGOs were the following: the International Labor Rights Forum (ILRF), the Uzbek-German Forum for Human Rights (UGF), Human Rights Watch, and the Cotton Campaign.

BACKGROUND

The Projects

IFC's project with Indorama Kokand Textile (Indorama)

When the complaint was filed, IFC had an active investment in Indorama in the form of a senior A Loan of up to US\$40 million. According to IFC, the purpose of the investment was to allow Indorama to expand its capacity in Uzbekistan to increase exports of local cotton yarn, as well as supplies of good-quality raw material to the local weaving and knitting industry. IFC's Board of Executive Directors approved the project in December 2015 and full disbursement took place in May 2016.

After the complaint was filed, IFC also started providing advisory services to the cotton sector in Uzbekistan through the Sustainable Cotton Supply Chain Development project.³ The goal of the project was to improve cotton farming practices in Uzbekistan by developing and introducing a sustainable cotton standard system with market-led and demand-driven incentives to help reduce the risk of forced labor in the cotton sector. To roll out the project, IFC partnered with the Ministry of Agriculture, the Association of Farmers, the Federation of Trade Unions, the International Labor Organization (ILO), and their client, Indorama.

IFC's projects with Hamkorbank

At the time the complaint was filed, IFC had seven active projects with Hamkorbank - a combination of equity and loan investments, as well as a Global Trade Finance Program (GTFP). Hamkorbank was originally formed as a regional bank and was transformed into a nationwide financial institution offering micro, small, and medium enterprise (MSME) loans, consumer loans, and leasing products. Its shares are traded on the Tashkent stock exchange. IFC's equity investment aimed to broaden Hamkorbank's funding base in particular to micro and small entrepreneurs in Uzbekistan, as well as support Hamkorbank's strategy and assist in its expansion. The loan portion also supported Hamkorbank's expansion of its lending program to MSMEs, with a focus on remote areas in line with IFC's financial markets strategy for Uzbekistan. Also, in addition to equity and senior loans, IFC has provided to Hamkorbank, risk management support in the form of foreign exchange (FX) swaps, helping the bank to hedge a portion of its US Dollar denominated borrowings in Uzbek Soums and better manage its foreign currency position, and advisory support. Finally, IFC's Global Trade Finance Program (GTFP) supported select Hamkorbank export/import transactions.

The Complaint

In June 2016, CAO received a complaint related to several IFC projects in Uzbekistan filed by four NGOs: the International Labor Rights Forum (ILRF), the Uzbek-German Forum for Human Rights (UGF), Human Rights Watch, and the Cotton Campaign. The NGOs were acting on behalf of four complainants: three Uzbek human rights defenders, whose work focused on combatting the risk of forced labor and child labor during the cotton harvest in Uzbekistan; and one laborer, who

³ IFC project number [601530](https://disclosures.ifc.org). For more information, see <https://disclosures.ifc.org>.

reported being forced to pick cotton on multiple occasions. Other Uzbek human rights activists formally added their names to the complaint at a later stage. In August 2016, CAO found the complaint eligible in relation to two IFC clients: Indorama Kokand Textile (Indorama) and Hamkorbank.

The complaint raised concerns about the existence of forced labor and child labor in Indorama's supply chain as well as concerns that Hamkorbank's activities might be contributing to supporting forced or child labor and related attacks against independent labor monitors. The complaint also stated that IFC's investment in Hamkorbank could possibly finance companies that utilize or benefit from forced labor in the cotton sector, and that IFC had not fulfilled its due diligence and supervision responsibilities.

ASSESSMENT OF THE COMPLAINT

After finding the complaint eligible, CAO began an assessment to clarify the issues and concerns raised by the complainants and to gather information on the views of different stakeholders. The assessment also sought to determine whether the parties wished to pursue a dispute resolution process or initiate a compliance review of IFC's environmental and social performance.

CAO's assessment included the following activities:

- In-person meetings with the complainants, Uzbek human rights defenders, civil servants, cotton pickers, NGOs supporting the complaint, and alleged victims of forced labor;
- A desk review of IFC's project documents and phone calls with IFC's Indorama and Hamkorbank project teams, as well as with the IFC Advisory Services team working on the Sustainable Cotton Supply Chain Development project;
- Phone calls and in-person meetings with Indorama management in Tashkent and a visit to Indorama's textile plant in Kokand;
- Two visits to Hamkorbank's headquarters in Andijan; and
- Meetings with World Bank representatives, project teams of the German Investment and Development Corporation (DEG) and the Netherlands Development Finance Company (FMO), which also had projects with Hamkorbank; Uzbek government officials; Chamber of Commerce officials; trade union officials; ILO representatives; and US Embassy representatives in Tashkent.

During the assessment, the complainants reported that some of them had endured threats, physical abuse, and been exiled from the country because of their activities related to forced and child labor in the cotton sector. They noted that since the election of President Mirzyoyev in December 2016, the overall political situation in Uzbekistan was evolving, with the new government pledging to address forced and child labor issues.

Indorama explained to CAO that, to comply with IFC's Performance Standards, the company had taken measures to reduce the risk that it would source cotton harvested through forced or child labor. Indorama also developed a policy on forced labor and child labor and informed CAO that it

was open to speak with anyone who had evidence of forced or child labor in Indorama’s supply chain, so that appropriate actions could be taken. Indorama said that it conducted periodic third-party human resources audits at its facilities to verify compliance with international standards.

Hamkorbank stated that it had an Environmental and Social Management System (ESMS) in place as required by IFC’s policies. The bank said that, in 2017, its Executive Board had sent a letter to all its branches emphasizing the prohibition of forced labor of branch employees to harvest cotton and noting that strong disciplinary measures would be taken against branch managers where evidence of forced labor by Hamkorbank employees was identified. Hamkorbank indicated that it expected positive changes in the cotton sector because of new governmental decrees and plans.

During the assessment phase, Indorama, Hamkorbank, and the complainants (except for one) decided to address the issues raised in the complaint through a dispute resolution process.

At that point, the CAO team contacted the Government of Uzbekistan to explain the objectives of the dispute resolution process and ensure its support. The government provided its official written support for the process in October 2017.⁴

In March 2018, CAO published its assessment report, which summarized the perspectives of the parties and the assessment outcomes.⁵ Appendix A provides an overview of CAO’s complaint handling process.

DISPUTE RESOLUTION PROCESS

The Complainants

The Complainants (Elena Urlaeva, Haitbay Yakubov, Uktam Pardaev, Surat Ikramov, Arslanbay Otepov, Dmitry Tikhonov, Azimbay Atanyiazov, and Malokhat Eshonkulova), along with local human rights defenders who were invited to participate in the dialogue process (Shukhrat Ganiev, Gulnora Fayzieva, Rukhiddin Komilov, and Zohidzhon Zokirov), organized themselves into a “Group in Mediation” (GM). They were later joined by Mansurbek Yakubov.

The group of complainants and their level of involvement changed over the course of the dispute resolution process. In 2019, three of the complainants (Dmitry Tikhonov, Malokhat Eshonkulova, and Azimbay Atanyiazov) left the GM. This small group expressed an interest in participating in a dispute resolution process with Indorama and Hamkorbank, but separately from the GM. In 2021, Dmitry Tikhonov indicated that he no longer wished to be involved and withdrew from the case. CAO continued discussions with Malokhat Eshonkulova and Azimbay Atanyiazov and all relevant stakeholders regarding their involvement in the dispute resolution process. Ultimately, Malokhat

⁴ Given that the main parties in CAO dispute resolution processes are private sector clients and complainants, it is not CAO’s practice to automatically request the support of governments for CAO dispute resolution processes. However, in this case, the government was an important stakeholder given its strong involvement in the cotton sector. Additionally, the complainants had expressed fear of threats and reprisals for participating in the process. Hence, CAO decided that it was critical in this context to ensure that the government was supportive of the process.

⁵ CAO [Assessment Report](#), March 2018.

Eshonkulova was not able to participate in the process because she was exiled in 2019. Her views about the case are reflected later in this report (see Appendix B). Azimbay Atanyiazov participated in some of the activities conducted by the GM in accordance with the agreements reached with Indorama, although he never formally rejoined the GM. Two of the complainants, Surat Ikramov and Haitbay Yakubov, died in 2021.⁶

The NGOs who supported the complaint did not participate actively in the dispute resolution process.

Preparing the Parties for Dialogue

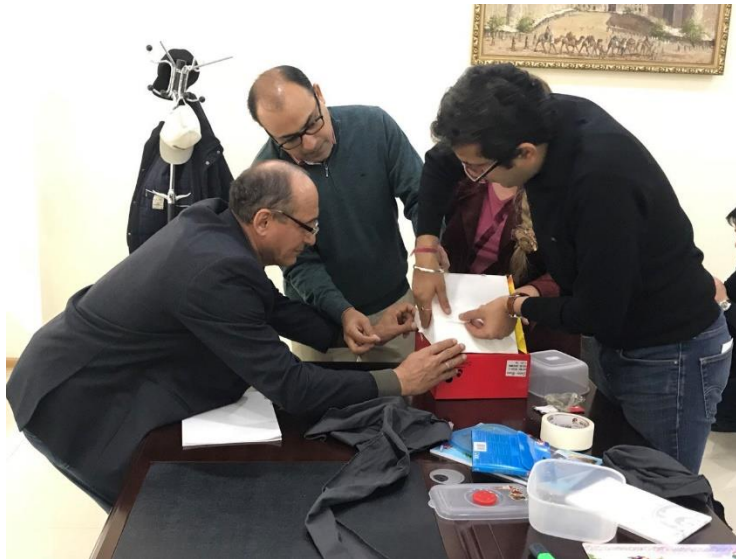
At the end of 2017 and the beginning of 2018, the CAO team carried out separate and joint capacity-building sessions with Indorama, Hamkorbank, and the GM to prepare the parties for the dialogue process. The capacity-building sessions included training on trust building; conflict resolution; communication; the role of parties, advisors, and observers in a dialogue process; and the steps taken during a typical CAO dispute resolution process. The GM members also participated in a separate two-day training provided by a journalist, who helped them prepare for public speaking, communication with mass media, and drafting communiqués. The training was funded by PeaceNexus, a private Swiss foundation that provides services to strengthen the effectiveness of organizations that play a role in building peace.⁷

The IFC project teams for Indorama and Hamkorbank also participated in some of the capacity-building sessions. After April 2019, IFC informed CAO they could no longer participate directly in the process, but they maintained open lines of communication with the CAO team after that time.

Since the issues pertaining to the two IFC clients were different, the parties decided to set up two separate dispute resolution processes for Indorama and Hamkorbank, respectively.

⁶ See www.cao-ombudsman.org/news/honoring-contributions-activists

⁷ See peacenexus.org/about/



Collaborative exercises during a joint capacity building session in 2017 (Photo: CAO)

Dialogue Process with Hamkorbank

In January 2018, CAO organized a first joint informational meeting between Hamkorbank and the GM so that the parties could exchange their views in person on the complaint issues. In the words of one of Hamkorbank's representatives, "*Initially we had confrontations, we did not understand what our human rights defenders wanted, we did not know how to act.*" CAO had to work intensively with the parties to change the dynamic and promote active listening, mutual understanding, and constructive dialogue with a focus on joint solutions. In July 2019, the GM and Hamkorbank agreed on ground rules for the dialogue process⁸ and in October 2019, they reached an Interim Agreement related to the detection of possible forced labor in Hamkorbank's activities (i.e. the forced participation of Hamkorbank employees in the cotton harvest).

In accordance with the Interim Agreement, the GM monitored the occurrence of forced labor among Hamkorbank's employees (direct involvement and indirect participation) from October to December 2019. The GM was also able to successfully test the effectiveness of Hamkorbank's grievance mechanism to receive and act on grievances lodged regarding forced labor. Through these efforts, the GM confirmed that it had not identified any instances of forced labor by Hamkorbank employees in the 2019 cotton harvest in the regions monitored. The GM then confirmed that it was satisfied with the results of the monitoring and believed that the concerns related to Hamkorbank were resolved. Therefore, this aspect of the case was closed by CAO in July 2020.

⁸ The parties named this agreement a "Framework Agreement". CAO typically refers to this type of agreement as "Ground Rules and Framework Agreement".



Parties shaking hands after signing the Interim Agreement in October 2019 (Photo: CAO).

Dialogue Process with Indorama

In 2018 and 2019, CAO convened multiple meetings between Indorama and the GM. GM's focus at the time was to inform Indorama about the use of forced and child labor in the cotton fields that GM members had witnessed or had been informed about. Indorama wanted the GM to understand the limitations it faced in terms of changing the situation but expressed interest in getting more information about the situation in the fields from which they sourced cotton. The GM was eager to help, but there was a lack of funding for the activities that would be necessary for them to collaborate with Indorama. In September 2019, CAO convened a meeting for the parties with PeaceNexus. They asked the foundation to support the dialogue process, and PeaceNexus agreed.

With funding secured, the parties signed an Interim Agreement in November 2020 outlining the following activities by the GM during the 2020 cotton harvest: independent monitoring of cotton picking in fields where Indorama sources cotton; establishing a feedback mechanism to consider information and/or complaints received about forced labor; and raising awareness about forced labor in cotton-growing areas of Indorama's supply chain.



GM members visiting the Indorama plant in Kokand in December 2017 (Photo: CAO).

Monitoring of the 2020 cotton harvest

During the 2020 cotton harvest, the GM reviewed procedures used to recruit workers and contractors involved in cotton picking for Indorama. They conducted telephone interviews to survey 100 cotton pickers and monitored the feedback mechanism set up to register complaints from the cotton pickers, picker leaders, and Indorama staff. They also reviewed data from the cotton harvest to compare the total cotton harvested with the number of local contractors to detect any evidence of coercion of workers to pick cotton.

After conducting their monitoring activities, the GM prepared a report for Indorama with their findings. The report did not reveal any cases of coercion in the cotton harvest. However, the GM expressed concerns about working conditions in the fields, and the report provided recommendations for Indorama to strengthen its processes in this regard. Specifically, the report made five recommendations: i) for Indorama to reduce hand-picking in fields treated with class 3 and 4 chemicals and provide suitable personal protective equipment (PPE) to cotton pickers where needed; ii) to ensure that Indorama's hotline is accessible throughout the year to receive information about violations of Indorama cotton pickers' labor rights; iii) to continue with the program to educate cotton pickers about their rights during cotton picking; iv) to demonstrate Indorama's commitment toward decent work; and v) to work closely with independent farmers and picker leaders working in fields where Indorama sources cotton to inform them of the benefits of, and increase support for, decent work practices. The GM discussed these recommendations with Indorama, which agreed to take them into account for the next cotton harvest.

Monitoring of the 2021 cotton harvest

The parties continued their collaboration during the 2021 cotton harvest. They agreed to hire an expert financed by PeaceNexus to develop a robust methodology for monitoring forced and child labor, as well as working conditions in Indorama's cluster (i.e. the fields from which Indorama sources cotton). The expert developed the methodology for monitoring the cotton clusters (which was also designed so it could be used to monitor other clusters in the future), and provided support to the GM, facilitating training and providing quality assurance, helping the GM compile the draft monitoring report, and assisting them in the development of the final report.

The GM conducted monitoring activities from September to December 2021, applying the new methodology and generating a joint report that included a section with recommendations from the GM. The 2021 monitoring results found that there was no systemic forced and child labor in the fields covered by the monitoring. The monitoring results did reveal concerns related to working conditions, such as payment delays, inadequate transportation and food arrangements for cotton pickers, and issues with the use of scales to weigh cotton. However, the parties agreed that the core issues in the complaint relating to forced and child labor were resolved, and they signed a Settlement Agreement on August 29, 2022. The parties agreed to continue collaborating to further improve working conditions in the fields where Indorama sources cotton and signed an additional Cooperation Agreement on August 29, 2022. With the mediation concluded, CAO started to monitor the implementation of the agreements.

Monitoring working conditions during the 2022 and 2023 cotton harvests

In their Cooperation Agreement, the parties agreed to conduct a survey and combined desk and field research via remote and in-person interviews during the 2022 cotton harvest (September–December 2022), as well as further improve Indorama's feedback mechanism.

After completing the agreed activities, the GM drafted a report with its findings and recommendations for Indorama for the next cotton harvest. These were discussed with Indorama at the beginning of 2023. At that point, the parties decided to renew the Collaboration Agreement for the 2023 cotton harvest. In 2023, Indorama developed an enhanced company feedback mechanism based, in part, on the recommendations provided by the GM in their 2022 monitoring report.



GM members conferring with cotton pickers in the fields during the monitoring of the 2023 cotton harvest (Photo: CAO).

To celebrate the parties' success in reaching agreements through the dispute resolution process and the successful implementation of the agreements to date, CAO hosted a roundtable event in September 2023 in Tashkent. The event, [Unlocking Private Sector and Civil Society Cooperation: Improving Labor Conditions in the Cotton Fields in Uzbekistan](#), brought together the GM, Indorama, and Hamkorbank representatives who were involved in the dispute resolution process, together with participants from civil society, the private sector, multilateral development banks, and the government. The parties shared their insights from the CAO process and spoke about the value of collaboration between civil society and the private sector to help resolve conflict as well as the important role of third-party neutrals - or mediators - in facilitating productive conversations. The parties shared how, through the neutral space for dialogue provided by CAO, they were able to come together to tackle systemic issues in the cotton sector.

In keeping with the provisions of the renewed Collaboration Agreement for the 2023 cotton harvest, the GM conducted agreed monitoring activities from September to December 2023 after which it drafted a report with recommendations for Indorama to inform the next cotton harvest season. Both parties confirmed to CAO that the provisions of the agreements had been implemented to their satisfaction. CAO convened the parties for a final facilitated joint meeting and held an informal case closure ceremony in May 2024.

During this meeting, the GM and Indorama discussed the possibility of continuing to collaborate on issues related to cotton picking after CAO's exit. Indorama explained to the GM that, in keeping with a recent government decision, the nature of its contractual relationship with the farmers would change, and it did not know exactly how the picking would take place. The parties agreed to remain in contact and continue the conversation to identify possible areas of collaboration given these changes.



CAO Director General, Janine Ferretti, introducing the GM members at the roundtable event in Tashkent, September 2023 (Photo: CAO).

CHALLENGES, REFLECTIONS AND LESSONS LEARNED FROM THE PROCESS

Security Situation for Human Rights Activists and Monitors

During CAO's assessment of the complaint, and to a certain extent during the dispute resolution process, the human rights activists working on labor issues in the cotton supply chain, including the GM, reported that they or their family members were threatened or physically abused because of their work. The heightened security situation faced by the GM created an environment of fear and instability and made it particularly challenging for the CAO mediation team to effectively facilitate dialogue and negotiations between the parties, especially at the beginning of the process. The presence of security threats or potential security threats made it hard to establish open lines of communication and build trust between the parties and with the CAO mediation team.

Given the situation, the CAO team employed a conflict-sensitive approach and took a number of precautionary measures to ensure that GM members felt safe and comfortable to participate in the process. CAO also worked with relevant stakeholders in the country to ensure that the GM could participate freely and safely in the CAO process. The IFC country office in Tashkent played a crucial role in supporting CAO and the parties in this respect. At the beginning of the process, the IFC country office issued official letters confirming that the GM members were involved in a CAO process, which the GM members would carry with them on their way to CAO-facilitated meetings. That measure helped the GM members travel freely and without the fear of being detained. Another important measure was providing the GM with official Indorama badges stating their role as "monitors". The GM members used the badges while conducting monitoring in the cotton fields, giving them added protection and authority to carry out their work.

As the political and security situation evolved in Uzbekistan, the President of Uzbekistan, Shavkat Mirziyoyev, committed at the United Nations General Assembly in 2017 to combat forced labor and child labor in the cotton fields, which to some extent made the GM feel safer when carrying out their work.⁹

Eventually, the parties and the CAO mediation team were successful in building strong relationships through their collaboration in the dispute resolution process.

Facilitating Dialogue During the COVID-19 Pandemic

When the COVID-19 pandemic necessitated lockdowns in March 2020, CAO was in the midst of facilitating the dialogue process between Indorama and the GM. CAO and the parties had to find a way to continue the engagement without unnecessary risk to people's health. It took some time for the parties, especially the complainants - who did not have easy access to the internet - to adapt to having meetings online. However, the CAO team managed to continue to support the dialogue virtually. The parties showed resilience and adaptability during these difficult times, which was a testament to their commitment to the dialogue process.

An additional challenge for the parties involved adapting their monitoring of the cotton harvest to the pandemic situation. The parties discussed various approaches and agreed to conduct interviews with the cotton pickers over the phone. This was challenging for the GM because they were not able to observe what was happening in the fields, which was important for their monitoring work. However, they conducted more than 100 interviews by phone in 2020 and were able to gather the necessary information. In-person monitoring resumed during the 2021 cotton harvest.

Working with Multiple Languages and Cultures

The mediation process was multilingual, involving three working languages: Uzbek, Russian, and English. All three languages were used simultaneously during joint meetings. This presented challenges in terms of interpretation. Within the group of complainants, there were individuals who spoke only Russian, while some only spoke Uzbek, and one used the Karakalpak language, which is distinct from the other two. The CAO team ensured clear communication and addressed language barriers between the parties and within the group of complainants with the help of professional interpreters. The CAO team also introduced nonverbal communication techniques to the parties during trust-building and team-building activities.

The participants in the dialogue process also came from diverse cultural backgrounds, including Uzbek, Indian, and Russian. Each culture has its own preferred methods of conflict resolution, potentially leading to conflicts among them. The CAO team made extra efforts to facilitate understanding and acknowledgment of the different cultural norms regarding communication styles, politeness, and the expression of emotions among participants.

⁹ <https://president.uz/en/lists/view/1063>

Mutual Gains Brought by Community-Company Dialogue

While Indorama and Hamkorbank did not welcome the complaint made to CAO and felt it was an unfair representation of their environmental and social performance, they gradually found that the dialogue process provided an opportunity to further strengthen their environmental and social systems and build trust with their stakeholders.

The CAO process helped both companies see the value of engaging constructively with civil society to enhance their environmental and social performance. The companies reported that collaborating with civil society, specifically their support with independent monitoring, helped them gain a better sense of what was happening in the fields and how they could address some of the most critical issues. They learned from the monitoring reports generated by the GM and used the recommendations to enhance their systems.

In turn, the GM recognized how helpful it had been to collaborate with the companies. Before the CAO process, their strategy as human rights monitors was oriented toward advocacy. They tended to decry what they saw in the fields and publish articles that were critical of the government and private sector companies involved in the cotton sector. Through the CAO dispute resolution process, they learned more about the systems already in place at Indorama and Hamkorbank to combat forced labor, which led to a better understanding of these companies, as well as the challenges and opportunities that existed to combat forced and child labor. Through the CAO dispute resolution process, the GM focused its efforts on jointly identifying possible solutions that could be put in place to improve the situation in Uzbekistan, instead of only pointing out the problems. At the end of the process, GM members said that they felt they had achieved good results through dialogue and collaboration.

The Importance of Cohesion in the Complainant Group

Although there was some internal conflict within the GM during the CAO process, the process enabled the creation of an efficient and united group of human rights monitors.

At the beginning of the process, the human rights monitors who eventually came together to form the GM did not all know one another. While they were all working on monitoring and eradicating forced and child labor in the cotton fields, they had mostly never worked together. Not only were they from different regions, but given the difficult security situation, it was too dangerous for them to collaborate. The CAO dispute resolution process brought them together and provided an opportunity for them to work together as a group for the first time. At the outset of the process, the CAO team spent time building the capacity of the GM members to work collaboratively as a group, trust one another, and discuss issues and opinions constructively, with a focus on solutions. The CAO team aimed to achieve coherence within the group which is an important foundation for dialogue with other parties.

With the constant efforts of the CAO mediation team, coherence of the group was achieved and the GM members started working as a team, dividing up tasks, working collaboratively on documents, and discussing difficult issues constructively. They reported that working together on

the case gave them a sense of purpose and enhanced their capacity to conduct their work as human rights monitors. Outside of the CAO process, the GM members collaborated on other projects. They want to continue working together on other monitoring projects even though the CAO case has closed. The GM created a logo to brand their group and is working on creating a website to present their skills and work to the public.

A clear learning from this case is that time is well spent at the outset to enhance the cohesion of a complainant group even if it delays the start of the dispute resolution process. This cohesion contributes to enhancing the chances of parties reaching agreement.



The GM members with the CAO mediators in Tashkent (Photo: CAO).

Lessons Learned from Indorama

Indorama noted that through the CAO-facilitated dispute resolution process, they learned the importance of regularly reviewing and enhancing their grievance mechanism to ensure its effectiveness, and of maintaining an open dialogue with civil society organizations (CSOs) and other relevant stakeholders to address labor and other related issues. Indorama noted they implemented a robust Grievance Redress Mechanism, developed a comprehensive stakeholder engagement plan, and made their policies publicly accessible on their website to align with global practices. Indorama also expressed that they learned the value of taking proactive steps to strengthen workers' rights, including freedom of association, and collective bargaining rights. Indorama stated that they will continue to work on their commitment toward advancing sustainable agricultural practices through innovative and regenerative agriculture, mechanized harvesting, reducing their environmental footprint, and continuously enhancing their social and governance standards. Indorama explained they remain dedicated to raising their sustainability standards by integrating environmental, social, and governance practices into every facet of their operations.

CONCLUSION

In accordance with the CAO Policy, CAO concluded the dispute resolution process and closed the case in May 2024. More information about the CAO process is presented in Appendix A. All documentation related to this case is available on CAO's [website](#).

APPENDIX A. CAO COMPLAINT-HANDLING PROCESS

Once CAO declares a complaint eligible, an initial assessment is carried out by CAO dispute resolution specialists. The purpose of a CAO assessment is to: (1) clarify the issues and concerns raised by the Complainants; (2) gather information on how other stakeholders see the situation; and (3) help stakeholders understand the recourse options available to them and determine whether they would like to pursue a collaborative solution through CAO's Dispute Resolution function or whether the case should be reviewed by CAO's Compliance function.

As per the IFC/MIGA Independent Accountability Mechanism (CAO) Policy,¹⁰ the following steps are typically followed in response to a complaint that is received:

- Step 1: **Acknowledgment** of receipt of the complaint.
- Step 2: **Eligibility:** Determination of the complaint's eligibility for assessment under the mandate of CAO (no more than 15 business days).
- Step 3: **Assessment:** Assessing the issues and providing support to stakeholders in understanding and determining whether they would like to pursue a consensual solution through a collaborative process convened by CAO's Dispute Resolution function or whether the case should be handled by CAO's Compliance function to review IFC's/MIGA's environmental and social due diligence. The assessment time can take up to a maximum of 90 business days, with possibility of extension for a maximum of 30 additional business days if after the 90-business day period: (1) the Parties confirm that resolution of the complaint is likely; or (2) either Party expresses interest in dispute resolution, and there is potential that the other Party will agree.
- Step 4: **Facilitating settlement:** If the Parties choose to pursue a collaborative process, CAO's Dispute Resolution function is initiated. The dispute resolution process is typically based on or initiated by a Memorandum of Understanding and/or mutually agreed-upon ground rules between the Parties. It may involve facilitation/mediation, joint fact finding, or other agreed resolution approaches leading to a Settlement Agreement or other mutually agreed and appropriate goals. The major objective of these types of problem-solving approaches will be to address the issues raised in the complaint, and any other significant issues relevant to the complaint that were identified during the assessment or the dispute resolution process, in a way that is acceptable to the Parties affected.¹¹

¹⁰ For more details on the role and work of CAO, please refer to the full IFC/MIGA Independent Accountability Mechanism (CAO) Policy: <https://documents1.worldbank.org/curated/en/889191625065397617/pdf/IFC-MIGA-Independent-Accountability-Mechanism-CAO-Policy.pdf>

¹¹ Where stakeholders are unable to resolve the issues through a collaborative process within an agreed time frame, CAO Dispute Resolution will first seek to assist the stakeholders in breaking through impasse(s). If this is not possible,

OR

Compliance Appraisal/Investigation: If the Parties opt for an investigative process, the complaint is transferred to CAO's Compliance function. The complaint is also transferred to the Compliance function when a dispute resolution process results in partial or no agreement. At least one Complainant must provide explicit consent for the transfer unless CAO is aware of Threats and Reprisals concerns. CAO's Compliance function reviews IFC/MIGA's compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate following a three-step process. First, a compliance appraisal determines whether further investigation is warranted. The appraisal can take up to 45 business days, with the possibility of extending 20 business days in exceptional circumstances. Second, if an investigation is warranted, the appraisal is followed by an in-depth compliance investigation of IFC/MIGA's performance. An investigation report will be made public, along with IFC/MIGA's response and an action plan to remediate findings of non-compliance and related harm. Third, in cases where non-compliance and related harm are found, CAO will monitor the effective implementation of the action plan.

Step 5: **Monitoring and Follow-up**

Step 6: **Conclusion/Case Closure**

the Dispute Resolution team will inform the stakeholders, including IFC/MIGA staff, the President and Board of the World Bank Group, and the public, that CAO Dispute Resolution has concluded the dispute resolution process and transferred it to CAO Compliance for appraisal.

APPENDIX B: Malokhat Eshonkulova's Viewpoint

Malokhat Eshonkulova is one of the human rights monitors who added her name to the complaint during the assessment process. At the outset, she was not interested in dispute resolution but then briefly joined the GM. In 2019, she left the GM and joined the small group with Dmitry Tikhonov and Azimbay Atanyiazov that indicated an interest in participating in a dispute resolution process separately from the GM. However, both Malokhat Eshonkulova and Dmitry Tikhonov were in exile. Eventually, Dmitry Tikhonov left the process and Malokhat Eshonkulova indicated she had other priorities.

During CAO's conversations with Ms. Eshonkulova, she indicated that she spent a lot of time in the cotton fields before she was exiled from Uzbekistan in 2019. While she had heard that the GM considered that the issues of forced and child labor had been resolved in relation to the fields from which Indorama sourced cotton, she believed forced labor was not gone and was being concealed. These remarks were not made specifically about Indorama, but more generally. According to her, the general situation in Uzbekistan is that forced labor is an integral part of agriculture. She added that, although she was in exile, she still had family and friends in Uzbekistan, who reported to her that the situation had not improved. According to her, the main roadblock to the elimination of forced labor is that there is a lack of resources, and, because the cotton needs to be picked within a certain time frame, there is no other option than using forced labor.

Ms. Eshonkulova indicated that she did not feel that the CAO process options would help resolve the issue. In her view, the government still controls the system, and forced labor is a systemic issue; hence a dialogue with Indorama or Hamkorbank would not be useful to resolve the issue. Further, given that what is needed in her opinion is a systemic change at the government level, she believes that a CAO compliance process would not be useful either.