



BetterWork

UZBEKISTAN

Annual Report 2025

An Industry and
Compliance
Review



International
Labour
Organization



IFC

International
Finance Corporation
WORLD BANK GROUP

Creating Markets, Creating Opportunities

Contents

Acknowledgements	3
Summary of findings.....	4
Fundamental international labour standards	4
Working conditions	5
Introduction.....	6
Industry overview.....	7
Better Work Uzbekistan in 2024	8
Constituent engagement.....	10
Engagement with international buyers.....	12
Compliance assessment summary 2024	13
Methods and data	13
Compliance clusters and their basis for assessment.....	13
Compliance clusters and compliance points	14
Assessment process	16
Compliance assessment findings overview	17
Detailed findings.....	20
Fundamental international labour standards	20
Working conditions clusters	22
Next steps	23
Annexes	25
a. Enterprises included in this report	25
b. Methodology and limitations	26

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Summary of findings

The following Annual Report is the first comprehensive review of the Better Work Uzbekistan (BWU) programme and its implementation since launching in 2023. The report provides an overview of industry trends, programme activities, and the findings of the first round of compliance assessments, conducted in 2024.

Uzbekistan's textile and apparel sector is a critical part of the country's economy. The country has made notable strides in eliminating forced labour and in attracting significant international interest in Uzbekistan as an emerging sourcing destination. Better Work Uzbekistan was established to support government reforms and further improvements in the enabling environment and at factory-level to improve working conditions and support firm and industry competitiveness. In 2024, the programme delivered 45 advisory visits, conducted nine compliance assessments, and organized 16 training sessions and three industry seminars.

Better Work Uzbekistan's compliance assessments examine adherence to international labour standards and national labour laws. This report presents a snapshot of non-compliance rates related to fundamental rights at work and working conditions.

CORE LABOUR STANDARDS

- ▶ No instances of **forced labour** were found in the compliance assessment process.
- ▶ While workers aged as young as 15 can legally work under certain conditions, two factories were found to have non-compliances related to **child labour**. These factories either had issues with proper documentation of such workers, or the working time of young workers exceeded legal limits.
- ▶ Two factories were found to have engaged in hiring practices deemed as non-compliant within the **discrimination** cluster, including pregnancy testing as a condition of employment.
- ▶ **Freedom of association and collective bargaining:** While most factories respected workers' right to unionize, six enterprises were found non-compliant with effective implementation of collective bargaining agreements – in particular to ensure such agreements include provisions

that are at least as favourable to workers in comparison to provisions in national law.

- ▶ **Occupational safety and health (OSH):** All nine factories had at least one OSH violation, with the most common issues related to emergency preparedness and worker protection.

WORKING CONDITIONS

- ▶ Regarding **compensation**, factories were most likely to be found non-compliant in paying regular wages on time: national law requires paying wages on a twice per month basis, rather than monthly basis.
- ▶ Within **contracts and human resources**, interviews revealed that workers in seven factories lacked sufficient knowledge of their employment contracts, a requirement by national law.
- ▶ **Working time:** two instances of non-compliance of national law were found both regarding regular hours and overtime hours.

Better Work Uzbekistan's engagement with national tripartite constituents has been instrumental in continuing to advance labour reforms, policies, and practices that will help ensure improvement in compliance within enterprises. Better Work will work to increase factory participation, enhance advisory support, and strengthen policy dialogue to ensure Uzbekistan's textile and apparel industry remains a sustainable and ethical sourcing destination.

The findings of this report provide an initial snapshot of conditions, progress to-date, and challenges ahead. By fostering an environment of transparency, continuous learning, and collaboration, BWU aims to contribute to a thriving, responsible, and globally competitive textile and apparel industry in Uzbekistan.

Introduction

Better Work is an innovative partnership programme of the International Labour Organization (ILO) and the International Finance Corporation (IFC). The programme aims to improve working conditions and competitiveness in global supply chains. Better Work operates at multiple levels, including working with sector stakeholders in several national country programme contexts.

Uzbekistan represents a new frontier in the programme's expansion, becoming the 13th Better Work country programme in 2023. The programme focuses on scalable and sustainable solutions that build cooperation between government, employers' and workers' organizations, and international brands.

As in other country contexts, Better Work Uzbekistan (BWU) follows an integrated approach that includes assessment, advisory, and training sessions at the factory level, and engagement with industry stakeholders through seminars to promote cross-industry sharing and promote a learning and continuous improvement culture. Better Work Uzbekistan collaborates closely with national tripartite constituents – the Ministry of Employment and Poverty Reduction of Uzbekistan, the Confederation of Employers of Uzbekistan, and the Federation of Trade Unions of Uzbekistan – to improve working conditions in the textile and apparel sector. These tripartite partner groups also provide strategic guidance and oversight of the programme through participation in BWU's Project Advisory Committee (PAC). The programme also directly engages business partners, including international brands, vendors, and trade associations in the sector.

This annual report, the first from BWU, shares highlights of the programme's key initial developments, and it discloses aggregate results of the first round of compliance assessments conducted by the programme. The results from compliance assessments offer a snapshot of results from assessments completed in BWU participating firms – a small subset of the firms making up the Uzbekistan's large textile and apparel sector. Insights into compliance and working conditions have been drawn from nine on-site factory assessments conducted between April to October, 2024. The results offer a basis for reflection for sector stakeholders and can be considered an input into strategic discussions as the programme expands.

Industry overview

Uzbekistan is among the top ten cotton producers worldwide, and its textile and garment sector has undergone significant reforms over recent years following government-led economic reforms.

Uzbekistan had previously been associated with conditions of forced and child labour in its cotton industry, but the country has taken substantial steps to improve labour conditions, privatize cotton production, and attract foreign investment. The progress made in the elimination of systematic forced and child labour in cotton production is widely recognized, as is the ILO's role in supporting these reforms through the Third-Party Monitoring (TPM) project. Third-party monitoring on forced and child labour during the cotton harvest in Uzbekistan by the ILO was undertaken and reported on annually from 2015 to 2021. In 2021, the ILO declared that Uzbek cotton is free from systematic forced labour and child labour. This led to the Cotton Campaign lifting the 11-year boycott of Uzbek cotton in March 2022.

Industry reforms enabled by the Government of Uzbekistan have been widely recognized by the international community, including the European Union, the U.S. Department of Labor, and the World Bank. The European Bank for Reconstruction and Development (EBRD) and IFC have significant investments in the country that are expected to grow further in coming years. Uzbekistan's textile and apparel sector has also started attracting private investors and partners from Germany, France, and other EU countries since the country was accepted into the EU GSP+ scheme in 2021. Uzbekistan has been upgraded twice in Trafficking In Persons Report from the U.S. Department of State following improving conditions in the industry. Cotton has also been removed from the list maintained by the U.S. government of goods produced by child labour, but it remains on the list for products associated with forced labour.

The cotton, textile, and apparel value chains in Uzbekistan have developed a unique value proposition. The country's strategic location, competitive production costs, and government incentives such as tax breaks and infrastructure development all contribute to its competitive positioning. Trade agreements – including the EU's GSP+ status, which grants duty-free access to European markets – provide an additional competitive edge and opportunity for the industry. Since 2017, reforms have liberalized the cotton, textile and apparel sectors, leading to the establishment of 142 cotton-textile clusters, an increase

in cotton yields through modern farming techniques, and enhanced sustainability efforts. The sector now employs around 600,000 workers and has transitioned from exporting raw cotton to producing high-value textiles and garments, with exports reaching nearly 4 billion USD in 2023. The industry is comprised of over 7,000 enterprises that cover different parts of the production process, with the majority engaged in ready-made garment manufacturing.¹ The industry is spread out across the regions, with great potential for creation of jobs, especially for young people and women. Yet, historic association with labour issues in these sectors leaves European and North American brands and retailers hesitant to fully embrace Uzbekistan as a new, key sourcing destination. Nevertheless, with continued reforms, Uzbekistan is positioning itself as a key player in the global textile and apparel industry.

Better Work Uzbekistan in 2024

The ILO and IFC Better Work programme first launched its operations in Uzbekistan in 2023, as part of an ILO integrated approach that focuses on the entire cotton and textile value chain. This approach was established as a result from an initial request from the Uzbek tripartite constituents. The tripartite constituents requested the ILO to consider implementing a Better Work programme to support the continued improvement in the working conditions in the garment sector, to promote dialogue in the sector between workers and their employers, and to support firm competitiveness in the sector and overall economic growth.

A feasibility study conducted at that time showed that Uzbekistan met many of the criteria needed for a Better Work programme, but it also identified impediments. These included commercial constraints, as no existing international apparel brand partnering with Better Work currently sourced directly from Uzbekistan. An additional challenge included governance gaps of the labour market which could negatively affect the long-term sustainability of improvements in working conditions. Acknowledging these constraints, Better Work established five measures to enable its partnership with national constituents to achieve the desired shared impacts on decent work and equitable economic growth in the industry in Uzbekistan. These were captured

¹ [A textile giant in the making? - A look at the Textile and Apparel Sector in Uzbekistan, GIZ, 2024](#)

in a Memorandum of Understanding (MoU) with the national constituents, represented by the Ministry of Employment & Poverty Reduction of Uzbekistan, the Confederation of Employers of Uzbekistan, and the Federation of Trade Unions of Uzbekistan. The agreement was formally signed on 30 May, 2023. Further details regarding the commitment in the MoU are discussed below in the section on constituent engagement.



In early 2024, Better Work formed a tripartite Project Advisory Committee (PAC) to steer the programme and maintain dialogue with the Uzbek tripartite constituents on the MoU. Better Work subsequently recruited a staff team and trained Enterprise Advisors (EAs) in line with best practices from other Better Work country programmes and experience.

The BWU team registered 12 enterprises from a target of 15 in 2024. Better Work Uzbekistan conducted unannounced compliance assessments in nine of these enterprises. From these assessments, the programme produced proprietary detailed reports to serve as the basis for improvement at enterprises and for use by potential sourcing partners. Drafting such reports is a key business driver for the programme in other country contexts. One of the key objectives of initiating a programme in Uzbekistan was to help foster new

business relationships between Uzbek suppliers and European or North American buyers after the lift of the cotton ban in 2022. As the programme continues to build momentum and enterprise enrolments, such factory reports will continue to provide value both for participating firms and emerging sourcing partners.

Additionally, in 2024 Better Work Uzbekistan delivered 45 advisory visits and nine compliance assessments. The programme also provided 16 training sessions and three industry seminars covering topics including workplace cooperation, supervisory skills, grievance mechanisms, occupational safety and health, chemicals management, and gender and inclusion.

Constituent engagement

In addition to direct factory engagement, Better Work Uzbekistan continued in 2024 to implement a variety of activities with the programme's tripartite partners, other government agencies, and key development partners. The aim of this engagement is to advance a broader policy environment and labour market governance model that supports sustained compliance improvement and industry competitiveness.



The MoU signed among the national tripartite partners together with BWU defines the areas of reform and joint collaboration with the ILO to strengthen labour market governance in Uzbekistan and achieve the enabling environment needed for long-term programme success. Other international development partners engaged in the textile and apparel sector in Uzbekistan have also indicated support for this policy-level work. The five areas of work in the MoU outline efforts to:

- ▶ Enforce legal and practical measures to facilitate the implementation of ILO Labour Inspection Conventions Nos 81, including unannounced workplace inspections by the labour inspectorate.
- ▶ Take action to strengthen the operating environment for Freedom of Association and the Right to Collective Bargaining in line with ILO Conventions Nos 87 and 98.
- ▶ Facilitate enterprise-level meetings of bipartite “worker-management committees”, including giving workers the ability to freely and fairly elect representatives of their choice.
- ▶ Collaborating in capacity-building activities and programmes that support textile and garment manufacturers to meet the standards required by European, North American and other consumer markets.
- ▶ Together with the national constituents, explore the feasibility of giving BWU mandatory status to create a level playing field. If deemed feasible, plan for phased-in mandatory enrolment.

Through the PAC, Better Work initiates and enables ongoing dialogue and discussions with the constituents about these issues. Together the broader technical units ILO, various capacity building measures were offered to constituents over the course of 2024. This included support to civil society activists and labour inspectors prior to their monitoring of the cotton harvest every year.

Several notable actions were taken by national constituents in 2024 in support of the five areas of work outlined in the MoU. First, a Presidential Decree passed on 4 October 2024 provides that the State Labor Inspectorate and its territorial divisions shall conduct inspections to ensure compliance with labour rights and occupational health and safety legislation with notification of the Ombudsman for the Protection of the Rights and Legal Interests of Business Entities from the moment the inspection begins (previously, notification was required prior to an inspection).

Secondly, a draft amendment was proposed to the 1991 Law on NGOs and public associations (LPA) to lower the threshold for a national-level trade union from 3,000 workers to 1,000 workers, and to simplify the registration process for trade unions to acquire legal status. The ILO Committee of Experts on the Application of Conventions and Recommendations has stated that a minimum membership requirement of 1,000 members could still hinder the establishment of organizations, and has requested the Government, in full consultation with the social partners, to lower the threshold further, both in the LPA and the Regulations on the Procedure for State Registration of Non-Governmental Non-Commercial Organizations.

Engagement with international buyers

In line with experience from other country contexts, Better Work expects the programme's factory-level activities and work with sector stakeholders in Uzbekistan to increase levels of compliance with international labour standards and national labour laws. As international brands and retailers looking to source from Uzbekistan seek assurance that enterprises comply with these standards, BWU has a critical role to play in providing insights into industry developments and progress.

Brands headquartered in Europe and North America have started assessing sourcing capacities and compliance with other requirements for production in Uzbekistan. Particularly notable was the Walt Disney Company admitting Uzbekistan on its permitted sourcing countries as of 2023, under the condition that any authorized production facility participates in the Better Work Uzbekistan programme. Since 2023, several buyer-focused webinars have been hosted by BWU, tailored to address buyers' questions and interest in sourcing from Uzbekistan.

Moreover, enterprises that have been partnering with BWU have reported positive expansion of their business. Enterprises have anecdotally reported a rise in their exports, with some of these enterprises recruiting more sewing operators in their facilities from local communities to meet demand. Additionally, factory managers have reported receiving inquiries from Better Work brand partners. In sum, the iterative model of engagement and learning between Better Work and enterprises portends an increase in firm competitiveness and the ability to attract more business from Europe and US markets.

Compliance assessment summary 2024

Enterprise compliance assessments are a key component of Better Work's factory engagement. Better Work Uzbekistan conducts compliance assessments to monitor factory compliance across a range of working conditions. Compliance assessments summarized in this section were conducted from April to October 2024.

Methods and data

During assessments, factories are considered as non-compliant if they do not adhere to national labour law or international labour standards. The compliance assessment tool and collected data is divided into eight clusters. Five clusters are based on international labour standards, and the three other clusters are assessed based on national law and regulations. While individual assessment reports allow Better Work and the enterprise to identify and understand non-compliance in factories, this annual report enables an opportunity to present aggregate results for all enterprises participating in the programme.

COMPLIANCE CLUSTERS AND THEIR BASIS FOR ASSESSMENT

Fundamental international labour standards

- ▶ Child labour
- ▶ Discrimination
- ▶ Forced labour
- ▶ Freedom of association and collective bargaining
- ▶ Occupational safety and health

National labour legislation

- ▶ Compensation
- ▶ Contracts and human resources
- ▶ Working time

Core labour standards: The ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998 and amended in 2022, calls upon Member States to respect and promote principles and rights in five areas, whether or not they have ratified the relevant conventions. These categories – or clusters for the purpose of the Better Work compliance assessment – include: freedom of

association and the effective recognition the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; the elimination of discrimination in respect of employment and occupation; and the right to a safe and healthy working environment.²

The declaration designates ILO conventions No,29 (and its 2014 Protocol), C87, C98, C100, C105, C111, C138, C155, C182 and C187 as fundamental. These conventions form the basis for assessing factory compliance with fundamental rights for all the Better Work country programmes. For some issues, such as minimum legal working age, provisions in national law specify requirements for the application of international conventions. If national law is not consistent with international standards pertaining to fundamental rights, the international standards are applied. Uzbekistan has ratified all ten fundamental Conventions as well as the Protocol to Convention No 29, and with the latest Occupational Safety and Health Convention (No155)entering into force as of 19 December 2025.

Working Conditions: The three other clusters assess conditions at work, including compensation, contracts and human resources, and working time. The areas covered in these clusters are largely consistent across Better Work countries; however, specific compliance questions may vary from country to country due to differences in national legislation. National legislation is used as a reference point even if it is not in accordance with the international conventions that have been ratified by the country. In countries where national law either fails to address or lacks clarity around a relevant issue regarding conditions at work, Better Work establishes a benchmark based on international standards and good practices.

The eight compliance clusters are subdivided into 38 compliance points, detailed in the table below.

COMPLIANCE CLUSTERS AND COMPLIANCE POINTS

Fundamental international labour standards

Child labour

- ▶ Child labourers

² ILO 1998 Declaration on Fundamental Principles and Rights at Work and its Follow-up, ILO (2022)

- ▶ Documentation and protection of young workers
- ▶ Hazardous work and other worst forms of child labour

Discrimination

- ▶ Gender
- ▶ Race and origin
- ▶ Religion and political opinion
- ▶ Other grounds

Forced labour

- ▶ Bonded labour
- ▶ Coercion
- ▶ Forced labour and overtime
- ▶ Prison labour

Freedom of association and collective bargaining

- ▶ Collective bargaining
- ▶ Freedom to associate
- ▶ Interference and discrimination
- ▶ Strikes
- ▶ Union operations

Occupational safety and health

- ▶ Chemicals and hazardous substances
- ▶ Emergency preparedness
- ▶ Health services and first aid
- ▶ OSH management systems
- ▶ Welfare facilities
- ▶ Worker accommodation
- ▶ Worker protection
- ▶ Working environment

National labour law

Working time

- ▶ Leave
- ▶ Overtime
- ▶ Regular hours

Contracts and human resources

- ▶ Contracting procedures
- ▶ Dialogue, discipline and disputes
- ▶ Employment contracts
- ▶ Termination

Compensation

- ▶ Method of payment
- ▶ Minimum wages/piece rate wages
- ▶ Overtime wages
- ▶ Paid leave
- ▶ Premium pay
- ▶ Social security and other benefits
- ▶ Wage information, use and deduction

In this report, Better Work discloses aggregate non-compliance in participating enterprises. Non-compliance is reported for each subcategory (compliance point) of the eight labour standards clusters. A factory is reported as non-compliant in a compliance point if it is found to be out of compliance on any one question or issue addressed within the subcategory.

Assessment process³

After registration with BWU, factories receive advisory services for approximately 100 days. An unannounced compliance assessment is then conducted, and an individual factory report is produced within one month. Based on assessment findings, each factory, with the support of a Better Work Enterprise Advisor, works on the development of an improvement plan. Better Work develops periodic progress reports for the factory, where achievements and challenges during the year are captured.

Better Work Uzbekistan conducts factory-level assessments using a Compliance Assessment Tool comprised of 240 compliance questions. Enterprise Advisors gather data through document review, workplace observations, and interviews with managers, union representatives, bipartite committee members, and

³ The Better Work assessment report is based on the issues identified during compliance assessment performed at the enterprises and may not adequately capture the certain concerns that are sensitive in nature or rely on voluntary disclosure.

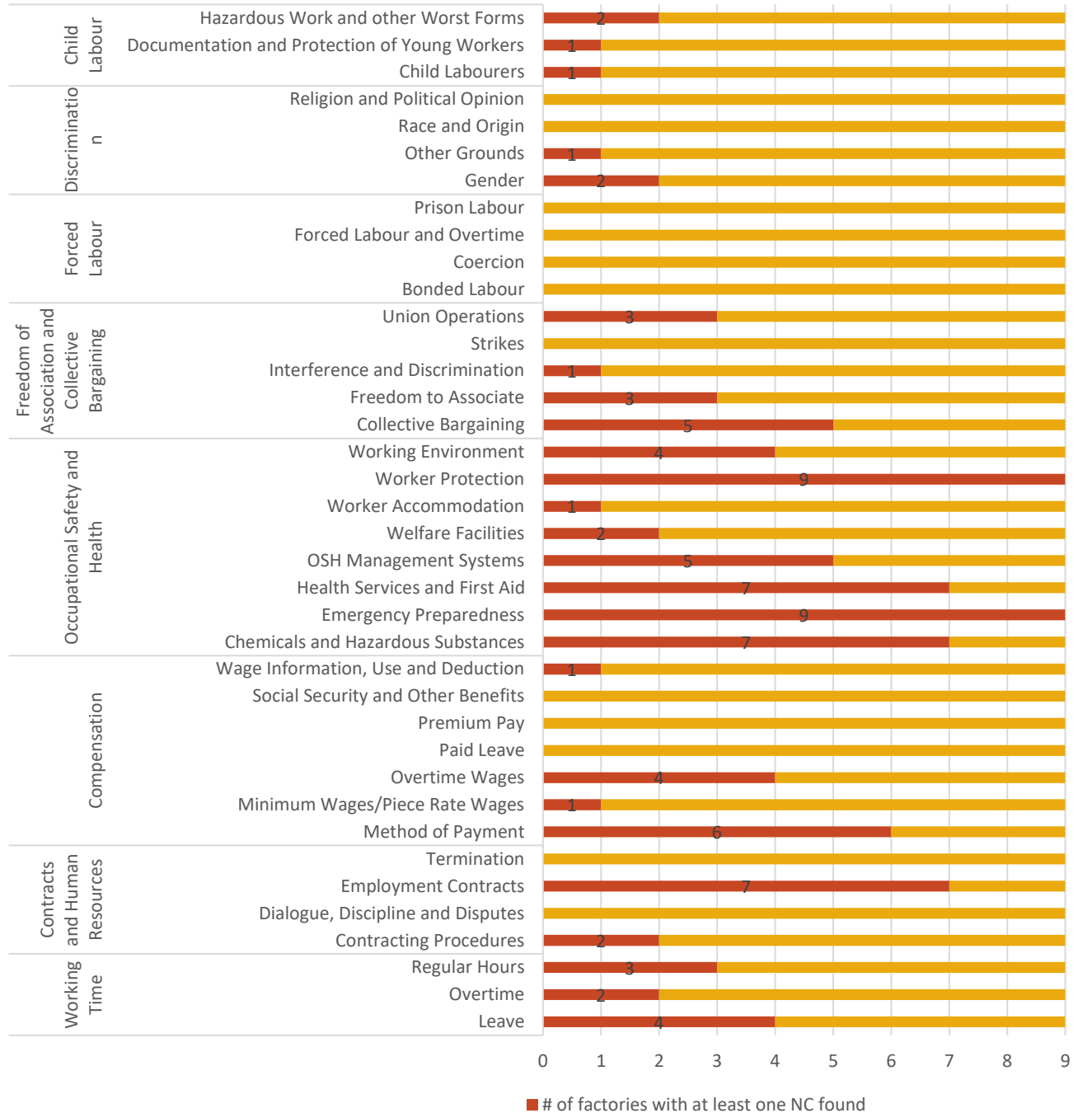
factory workers. Worker interviews conducted during the assessment process are held onsite, either in a private room within the factory building or outside the building (yard, eating area), and take place either in small groups or individually. The compiled information is analyzed to create a detailed report. Factories have seven days to provide feedback before the reports are finalized.








Compliance assessments are typically conducted by two EAs over two days. As these compliance assessments capture one specific moment in time, some situations that might lead to non-compliance in the future may not be initially reported as a non-compliance. On the other hand, non-compliance issues might be identified during the advisory cycle through the self-diagnosis process. Better Work assists factories in strengthening their capacity to conduct self-diagnosis and develop an improvement plan that includes points beyond the Better Work assessment. For all issues included in the improvement plan, additional information is provided, such as specified action to be taken. This information, along with remediation efforts, is documented in progress reports.

Compliance assessment findings overview

Figure 1 summarizes the count of factories found in non-compliance with at least one question within each of the 38 compliance points for the nine factories assessed by BWU from April to October 2024. While Better Work normally reports the percentage of factories found non-compliant, given the modest sample in this report, the count of factories is reported below. A discussion of these findings and detailed observations for a subset of compliance areas follows.

Figure 1: Non-compliance by Compliance Point - April-October 2024



Forced labour		0	No factories with evidence of forced or compulsory labour practices
Child labour		0	No factories with workers found under 15 years of age
		2	Young workers (under 18 years) in two factories found working more hours than allowed by law
Discrimination		2	Two factories found with discriminatory practices related to pregnancy status
Freedom of association and collective bargaining		8	Eight of nine factories had zero non-compliances found related to interference with union operations
		6	Non-compliance related to effective collective bargaining agreements found in six factories
Occupational safety and health		9	All nine factories assessed had at least one non-compliance related to emergency preparedness and worker protection
Compensation		5	Five factories failed to pay workers on time
Contracts		2	Only in 2 factories did workers have sufficient knowledge of the provisions in their employment contract

Working time



7

In an industry characterized by excessive working hours, 7 in 9 factories operated within legal limits for regular hours and overtime

Detailed findings

CORE LABOUR STANDARDS

In four of the five clusters assessed against core labour standards, few compliance violations were found in the current reporting period.

For example, non-compliance pertaining to **forced labour** was not found in any of the assessed factories. Nevertheless, Better Work does not certify compliance; rather, the programme has deemed through the current assessments that there is not sufficient evidence to make a non-compliance determination across any of the 13 questions that comprise the forced labour cluster. These questions include issues related to whether the employer restricts workers from leaving the workplace, forces overtime work under the threat of penalty, or delays wage payments in order to coerce work, among others. There was not sufficient evidence to make a non-compliance determination in any of these areas.

The **child labour** cluster covers nine questions across three compliance points. Two factories in the current assessment period were found to have non-compliance related to child labour. In one factory, despite having a recruitment procedure that includes verification of the age of workers prior to hiring, based on observations and workers interviewed, assessors noted that two 15-year-old workers in the cutting section were hired without proper employment contracts or age verification, resulting in non-compliance with the question: Does the employer have a reliable system in place to verify the age of workers prior to hiring?

Workers aged 15 can legally be employed under certain conditions, but systems to document and protect such young workers must be in place and used without exception. In this case, management stated that they in fact did not verify the workers' age, and that the workers were employed as apprentices for after school-hours work without proper registration. Other non-compliances found in this cluster related to young workers (under 18) working past legal

limits, including in one factory an instance of an 11-hour shift in one day and a working schedule six days per week. Under international labour standards and according to national labour legislation, workers aged 16 and 17 may not work more than six hours per day in a six-day workweek, or 7.5 hours per day in a five-day workweek, or 36 hours per week.

The **discrimination** cluster consists of 64 compliance questions. Two factories were found non-compliant in five of these areas. Despite a written policy in compliance with regulations, in one factory EAs documented that the usual practice of management was to not hire women over a certain age, nor to hire applicants with young children, a discriminatory practice related to a job applicant's age and gender, respectively. In a second factory, pregnancy tests were required as part of recruitment, which is a violation of non-discrimination as detailed in international standards and national labour law. (ILO Convention No C183, C111)

Several violations were found in the **freedom of association and collective bargaining** cluster, which covers 17 issues related to these fundamental rights. The most common area of non-compliance found in this area relates to workplace collective bargaining agreements (CBAs). Factories are found non-compliant with in the area of CBAs if provisions in the agreement are less favourable for workers than those provided for in law, if the employer fails to acquaint workers with the collective agreement, or if the employer fails to implement provisions in the collective agreement. Three of the nine factories were found non-compliant in the area of union operations due to automatically deducting union dues from workers without their prior knowledge and written consent. Related, in two instances factories were found non-compliant in requiring workers to join a union.

The fifth area covered by core labour standards, Occupational Safety and Health, recorded the highest levels of non-compliance among clusters in the reporting period.

The highest levels of compliance violations in BWU assessed factories relate to **occupational safety and health**, a pattern consistent across other Better Work country programmes. Part of this dynamic is attributed to the high number of areas assessed – 71 individual compliance questions – as well as the evident physical nature of certain OSH violations. For example, in emergency preparedness, eight of the nine factories assessed failed to have sufficiently marked and posted emergency exits and escape routes – a violation EAs can

identify upon touring factory facilities. Similarly, seven of the nine factories failed to adequately store chemicals and hazardous substances and failed to maintain adequate fire-fighting equipment. Worker protection, including providing all necessary personal protective equipment (PPE) and providing training for safe machine and PPE use were also common non-compliance findings. In sum, all factories assessed had at least one non-compliance finding in the areas of emergency preparedness and in worker protection. Past experience from Better Work operations in other countries has shown that the high prevalence of OSH violations can present an opportunity. Such violations are often the first to be addressed in worker-manager dialogue processes, and addressing these issues can build trust and momentum for such dialogue to address more entrenched or sensitive issues at the workplace.

WORKING CONDITIONS CLUSTERS

In the cluster of **compensation** that covers 25 questions, the most common non-compliance finding related to the question: Are wages paid regularly and on time? Five of the nine factories assessed were non-compliant in this area, with the most common reason being wages paid on a monthly basis, rather than twice per month as required by national law. A few factories also cited issues with cash flow to fulfil payroll on time. Enterprises in the apparel and textile industry globally can frequently face asymmetries in business relationships in supply chains, with manufacturers facing cash flow issues when fulfilling orders. Four factories were found non-compliant in the correct payment of overtime wages. In these cases, workers were frequently asked to work during a portion of their break times – in such cases, workers should be paid an overtime rather than regular rate, according to national law.

Within the cluster of **contracts and human resources**, the bulk of non-compliance findings among 24 questions are found in the compliance point covering employment contracts. Workers in seven of the nine factories assessed lacked knowledge of the terms and conditions of their employment contracts. Interviews with workers revealed they were not aware of provisions in their contract related to, for example, paid leave or termination payments. By law, workers should be familiar with and understand the terms and conditions of employment.

Excessive working hours are a common attribute in the global textile and apparel industry. The **working time** cluster of the BWU compliance assessment uses 17 questions to examine compliance with regular working hours, overtime hours, and leave provisions at the workplace. National regulations stipulate that

regular working hours are seven hours per day for six working days and must not exceed 40 hours per week. However, in at least two of nine factories assessed, this limit was regularly exceeded, according to review of attendance records and triangulation of management and worker interviews. Moreover, one factory was cited for lacking proper time records to reflect actual working hours. Excessive overtime hours were also found in two factories, with the national legal limit of four hours of overtime over two consecutive days being regularly surpassed. A number of factories were also cited as non-compliant in providing for legally mandated annual leave, as well as legally mandated leave of four days per year for workers with caregiving responsibilities for multiple young children or children with disabilities.

Next steps

This Annual Report highlights key developments of Better Work Uzbekistan since the programme's inception, highlighting the state of compliance in 2024 in a subset of participating firms in the country's textile and apparel sector. Initial patterns of non-compliance are seen to reflect dynamics found in other Better Work country programmes, with significant numbers of violations in the areas of occupational safety and health and employment contracts, and relatively fewer violations detected in areas of discrimination, child labour, and freedom of association and collective bargaining. As mentioned above, a lack of a definitive finding of non-compliance does not certify compliance. The assessments serve as a basis for ongoing engagement with enterprises through advisory and training to continuously improve performance.

Crucially, efforts to improve compliance and competitiveness are supported by high-level political buy-in from national Uzbek constituents, who provide support to implement the Better Work programme and achieve a culture of compliance in the textile and apparel sectors while also increasing exports. National tripartite constituents have committed to instituting reforms that can further support compliance with international standards and improve working conditions. Commitments made by these partners include reforms related to improving the enabling environment provided by the full realization of the rights of freedom of association and collective bargaining and also include improving procedures related to labour inspection in line with international standards, among other priorities. A key opportunity for the industry remains the vertically integrated supply chain from cotton to ready-made garment

production. Key among the challenges ahead for the industry and the BWU programme include the voluntary nature of firm enrolment in Better Work. Support from supply chain actors with leverage to encourage firm participation will be required to ensure enterprise enrolments increase to a critical level. Industry actors will also need to invest more in skilling-up workers to meet the efficiency and management standards expected from influential international buyers.

Better Work remains committed to furthering the progress made by sector stakeholders in 2024. By providing assessment, advisory, and training to enterprises and sector stakeholders, Better Work seeks to simultaneously promote both better working conditions and more competitive firms. Fulfilling this objective will in turn continue to bolster the attractiveness of Uzbekistan as a dynamic, emerging sourcing destination for the global textile and apparel sector.

Annexes

a. Enterprises included in this report

MIRISMOIL TEX INVEST

Fergana Global Textile LLC

IDEAL TEKSTIL ORZU LLC

INDORAMA KOKAND TEXTILE LLC

Jizzakh Toshtepa Textile

JV Bukhara Cotton Textile LLC

Parvoz Xumo Ravnaq Trans LLC

Navbahor tekstil MChJ

Samarkand Apparel

b. Methodology and limitations

Factory Assessments: Better Work conducts factory assessments to monitor compliance with fundamental international labour standards and national labour law. Assessment reports highlight non-compliance findings, which are then used to help factories identify areas in need of improvement. Collecting and reporting these data over time help factories demonstrate their commitment to improving working conditions.

Better Work organizes reporting into eight clusters. The first five clusters cover the ILO's fundamental labour standards – Child Labour, Discrimination, Forced Labour, and Freedom of Association and Collective Bargaining, and Occupational Safety and Health. These standards protect the fundamental rights at work under the ILO's ten fundamental conventions. The remaining clusters – Compensation, Contracts and Human Resources, and Working Time – fall under Working Conditions. The compliance points for these areas incorporate differences in national legislation depending on the country of operation. Better Work establishes a benchmark based on international standards and good practices in areas where national laws do not cover or sufficiently address an issue regarding working conditions. The eight clusters are then divided into compliance points, and each CP includes a number of questions, which may vary by country.

Calculating Non-Compliance: Better Work calculates non-compliance rates for each factory and reports them in individual factory reports. The non-compliance rate is reported for each compliance point (CP), and a CP is reported as non-compliant if one or more of its questions show evidence of non-compliance.

Limitations of Better Work Assessment: Detailed factory assessment reports are based solely on what is observed, investigated, and analysed during assessment visits. Before the reports become official, factories are given a period to provide feedback and clarifications, which in some cases impacts the language in the final report. Certain issues remain difficult to assess and verify independently. The low literacy level of a large percentage of workers can affect the integrity of documentation related to workers' consent for overtime work, storing personal documents, disciplinary procedures and employment rights. To overcome such limitations to some extent, information provided by workers and management are crosschecked through representative interview samples and various documents maintained at the factory.

Limitations of Calculating Non-Compliance: The binary 'yes or no' structure of the answers to compliance limits the ability of Better Work to numerically present the severity of non-compliance and is not conducive to capturing the 'levels of non-compliance'. For example, a factory may significantly improve in a particular area but may still not qualify as compliant. While an aggregate and strict indicator, the non-compliance rate is useful for Better Work to compare data across countries and have a general idea of areas of non-compliance in the industry. It is often beyond the capacity of such numbers to fully capture the specific issues observed during factory assessments. Accordingly, it is important to examine the Clusters and CPs in further details to create a more comprehensive understanding of the industry and the overall non-compliance rates, and to understand the specific reasons for violations (as presented).



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