BCI Better Cotton Initiative

BETTER COTTON 2012 HARVEST REPORT

Welcome to the Better Cotton 2012 Harvest Report.

Better Cotton is sown and harvested in different annual cycles all over the world. In some regions sowing and harvesting take place in the same calendar year, and in others these activities spread over two calendar years. For example in the southern hemisphere, cotton sown in the last months of 2011 is referred to as the 2012 harvest, whereas in other regions, cotton harvested in the last months of 2012 and the first few weeks of 2013 is also referred to as the 2012 harvest.

Here at BCI we wanted to simplify how we communicate, focusing on the harvest instead of growing seasons. So we have renamed our Annual Report as our 'Harvest Report' to give a clearer snapshot of the activities related to 2012. All of the data in this report refers to the 2012 harvest.

This means that you'll also find references to our 2013 thinking, as we learn from our previous experience and work to continually improve the Better Cotton System.

We hope you enjoy reading it.

Better Cotton training workshop, China

NOTE FROM THE CEO

2012 was a great year for Better Cotton. Reading through this report, I'm honestly surprised at how far Better Cotton has come since 2009, when we set our three year goals for 2012. I remember sitting with the BCI team (all five of us!), IKEA and WWF (Chair and Vice-Chair respectively at the time) and agreeing that if we hadn't made a real difference to the people and environment that grow cotton by 2012 then we should call off the whole initiative.

So it's hard to express the excitement and fulfilment I feel knowing that in 2012 Better Cotton made a real difference once more. Comparing Better Cotton and control farmers, we saw this year on national average a 14% higher yield in Pakistan for Better Cotton farmers, 19% less water use in China, 22% higher use of organic fertiliser in Mali, 14% less pesticide use for large farms in Brazil, and a 32% higher profitability for Better Cotton farmers in India. And importantly, after independent case studies in India and Pakistan found the same trends, we're confident that we're collecting really credible data.

"Now my farm is like a business to manage, while before I was simply doing routine activities. My records are like the meter of a car; they guide me in my activities."
Aijaz Ahmad, farming Better Cotton in Rahim Yar Khan, Pakistan

It's success like this that this makes all BCI members, partners and supporters feel as proud as I do – to know that Better Cotton really is creating positive change in the world. We've achieved this with an enormous amount of effort, belief, and positive attitude, and we exceeded both our production and farmer qualification targets for 2012. However, hitting targets is not enough.

We did a lot of work in 2012 to be Better as an organisation and enable the future expansion of Better Cotton. The improvements made are significant and lay solid foundations to expand the benefits and positive change that Better Cotton brings. The improved approach to assessing performance at farm level against the Better Cotton Standard has the potential to change the way sustainable standard systems measure compliance. It recognises that what we're really talking about is changing individual behaviour rather than a simple pass or fail.

I'm also excited to see the roll out of the Better Cotton Traceability System – designed to facilitate and improve the flow and uptake of Better Cotton by BCI members. I strongly believe it will make the lives of the industry much easier in delivering traceability in the long-term and enable members to meet their procurement targets. However, members also need to do their bit and work effectively with their suppliers and procurement teams to buy more of their cotton as Better Cotton. The future of the initiative, and the impact Better Cotton can have, depends on it.

As more and more consumers demand transparency about the impact of their purchases – from clothes, to food, to electronics – Better Cotton has an important demand from the world to fulfil. So now in 2013, as I leave BCI, I want to ask all cotton retailers and brands to buy buy buy Better Cotton; congratulate all BCI staff for their dedication and professional work ethic that gives Better Cotton the credibility and success it has today; and thank, with deeply felt gratitude, all the members and partners of BCI who make the Better Cotton world go round. We do it because of you, we do it for you, and we couldn't do it without you.

I have met so many fascinating, kind, enthusiastic and smart people. Thank you for inspiring me every step of the way.

Lise Melvin, CEO
(until 5th August 2013)

CONTENTS

THE BETTER COTTON INITIATIVE (click here)

THE BETTER COTTON COMMUNITY (click here)

IN THE FIELD (click here)

ACCOUNTS AND MEMBERS (click here)

THE BETTER COTTON INITIATIVE

Cotton field in China
Credit: zhuda at istock photo

BCI MISSION

The Better Cotton Initiative exists to make global cotton production **better for the people** who produce it, **better for the environment** it grows in and **better for the sector's future**.

BCI works with a diverse range of stakeholders to promote measurable and continuing improvements for the environment, farming communities and the economies of cotton producing areas.

BCI aims **to transform cotton production worldwide** by developing Better Cotton as a sustainable mainstream commodity.

Be part of something Better.

COTTON

Cotton is a globally important and widely grown crop. It is an industry that employs around 300 million people in the early production stages alone. For millions of people, in some of the world's poorest countries, cotton is a vital and unique link to the global economy.

Cotton is natural, renewable and highly versatile. It is a key raw material for clothing, beauty products, home furnishings and insulation. It is used by nearly every person on the planet on a daily basis.

Unfortunately, its cultivation often puts stress on the planet's natural resources and threatens to undermine the long-term sustainability of the cotton sector.

In some areas more attention is needed at the farm level to address inefficient irrigation techniques, poor management practices and improper use of pesticides and fertilisers, which threaten the availability of clean water, soil fertility, human health and biodiversity.

Many cotton farmers also suffer from low incomes, a lack of affordable finance, and often have difficulty overcoming financial barriers. Farm workers may experience arduous working conditions (particularly women), and in some regions, child labour and forced or bonded labour persist.

We have the potential to transform the cotton sector to be a force for positive environmental and social change. Retailers, brands, civil society, producers, governments and suppliers are now coming together to reduce the negative environmental and social consequences of cotton production on a scale never seen before.

BETTER COTTON

Better Cotton came to life out of the belief that we can transform this vital sector.

BCI brings together producers, ginners, traders, spinners, mills, cut & sew, manufacturers, retailers, brands and civil society organisations in a unique global community committed to developing Better Cotton as a sustainable mainstream commodity. By helping farmers to grow cotton in a way that reduces stress on the local environment and improves the livelihoods and welfare of farming communities, BCI aims to create long-term change.

It is a global approach that provides a solution for the mainstream cotton industry, including both smallholders and large scale farmers. All farmers can benefit from implementing Better Cotton and the development of a new and more sustainable mainstream commodity, Better Cotton.

Better Cotton is a product,
Better Cotton is a philosophy, achieving sustainability through continuous improvement,
And Better Cotton is a movement of like-minded organisations.

GLOSSARY

HA hectares

MT metric tonnes

SEED vs LINT COTTON
Seed cotton is cotton before it is cleaned ('ginned'). Lint cotton is cotton once the cotton seeds and any contamination have been removed, and is typically 30-50% of the mass of seed cotton.

IMPLEMENTING PARTNER
An organisation who supports Producer Units, and who is responsible for creating an enabling environment so that farmers can participate in the Better Cotton Standard System. These crucial partners are responsible for ensuring that capacity building happens based on the BCI Production Principles and criteria, and the collection of data at field project level.

PRODUCER UNIT
A collection of Learning Groups and/or large farms. It delivers support activities and reports to Implementing Partners and BCI.

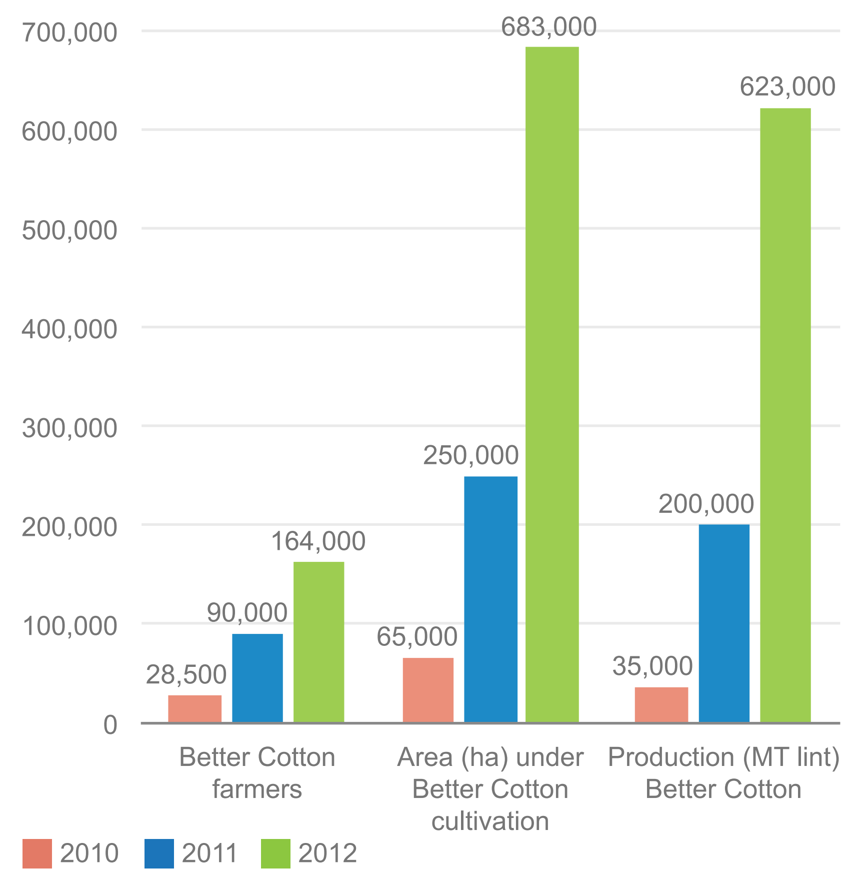
LEARNING GROUP
A group of farmers that meet to learn from each other and receive training on Better Cotton production principles and criteria.

GLOBAL NUMBERS

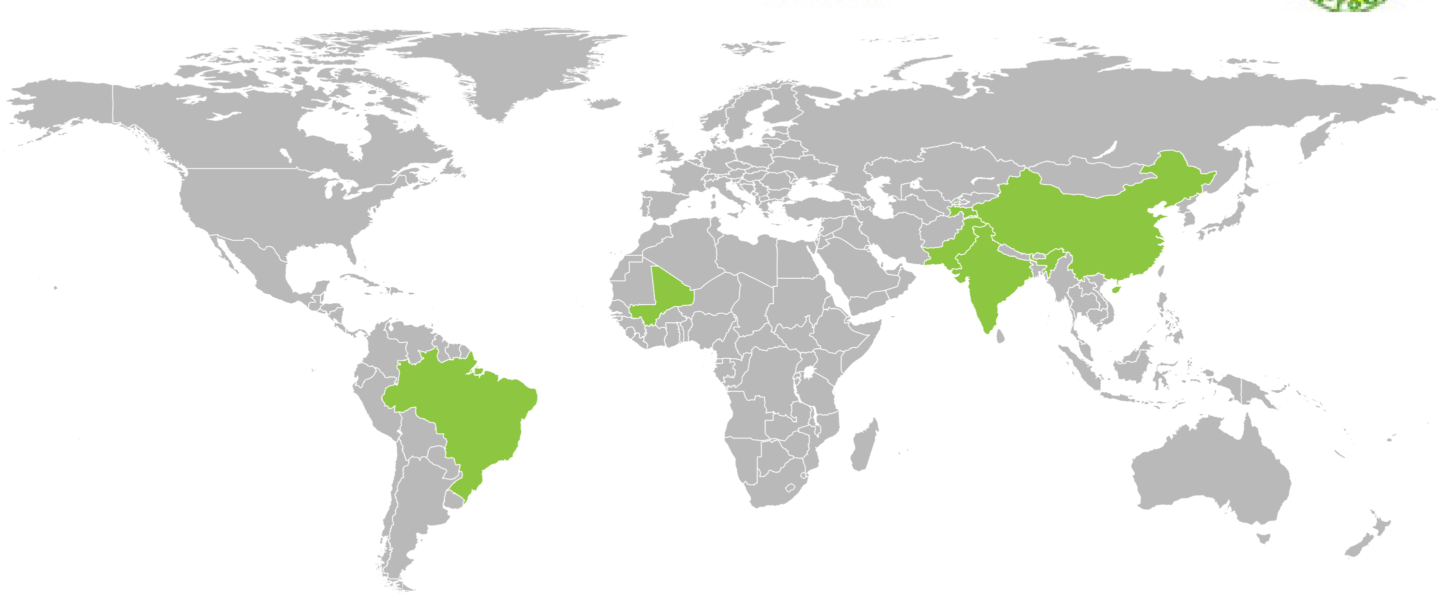
In 2012, **220,000 farmers** worked with **9 Implementing Partners** in 194 Producer Units, organised in 8,300 Learning Groups. Thanks to these farmers, **623,000 MT lint Better Cotton** was harvested in **5 countries** worldwide; a significant increase from the 2011 harvest season.

Only farmers who meet the Better Cotton requirements (i.e. are compliant with the BCI Minimum Production Criteria) get a one year license to sell Better Cotton.

In 2012, the global average compliance rate was 74% and 164,000 farmers produced Better Cotton out of 220,000 farmers in BCI projects. The global compliance rate was 42% in 2010 and 72% in 2011.



BCI IMPLEMENTING PARTNERS



FROM THE FARMERS

In 2012 BCI commissioned independent research to find out from the farmers and communities themselves their own perception of change since they joined the capacity building programs carried out by BCI's Implementing Partners in the field. Case studies were carried out with randomly selected Better Cotton farmers in six different regions in India and Pakistan. In total, focus group discussions took place with 26 Learning Groups and a total of 420 farmers.

The results are clear to see in the following diagram which shows the responses of the farmers. Better Cotton farmers are showing a clear recognition of the changes which have come about since capacity building efforts in the field.

Our researchers carried out semi-structured interviews with a group of around 15 farmers in discussions usually lasting between 1.5 to 3 hours. To guarantee the independence of the research, Producer Unit and Learning Group facilitators did not participate in the discussions.

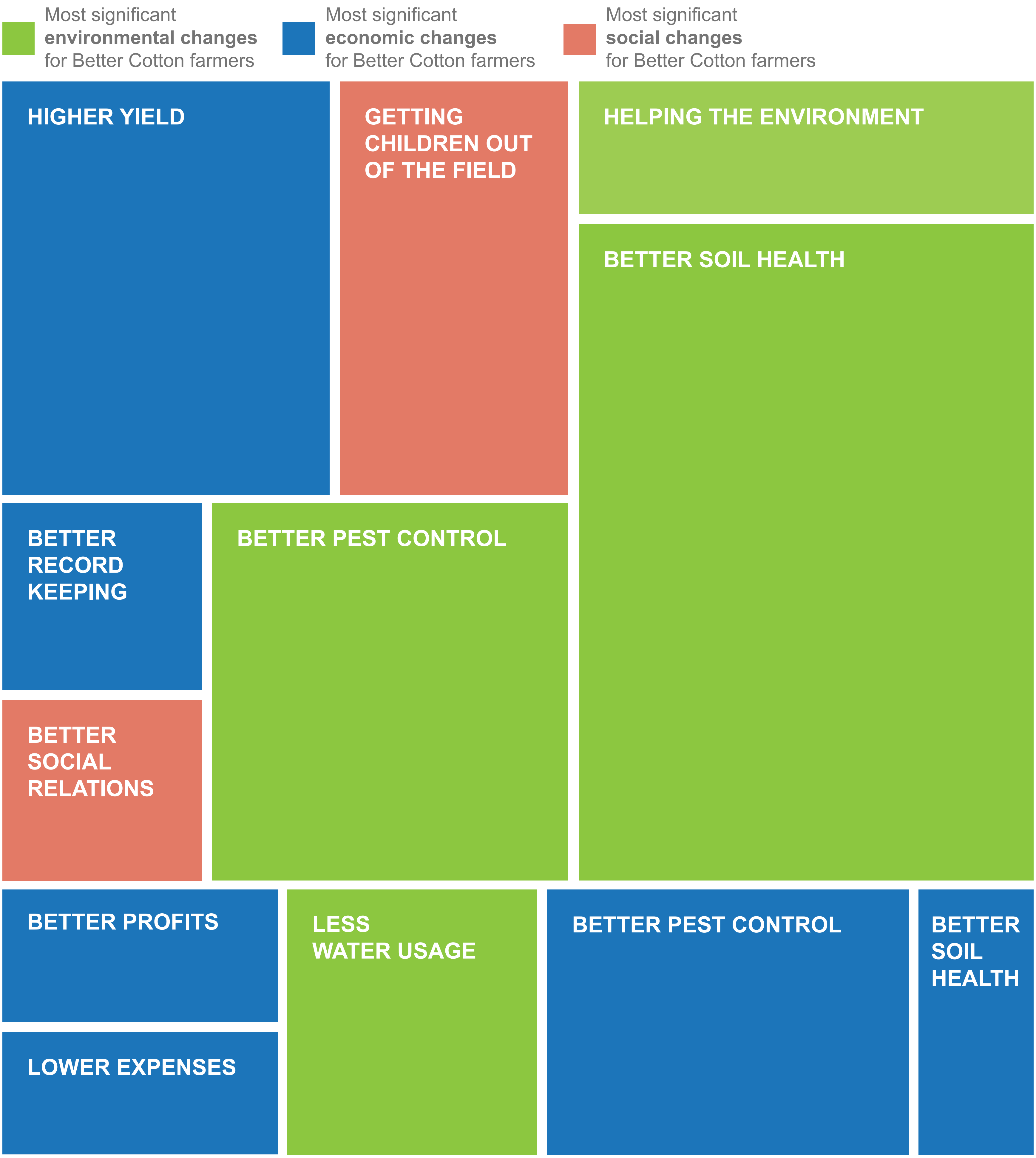
Because the objective of the discussions was to understand how participation in Better Cotton has affected farmers and workers, historical mapping exercises also took place to give the facilitator as clear an understanding as possible of how things have changed and, equally importantly, what these changes mean for farmers and workers. Priority ranking exercises, using ranking wheels and spider diagrams, were then used to prioritise all the different points raised by the farmers and helping to highlight the relative degree of importance of each point, helping us to see exactly which changes have been the most significant.

A report was then submitted by the researchers to BCI with detailed information about the focus groups, as well as first hand transcriptions of the farmers' own words. We then ranked the most common changes the farmers felt had taken place, and created the diagram for all our members and supporters to see the real perception of change taking place in the field.

Historical mapping workshop with Better Cotton farmers
© Better Cotton Initiative

FROM THE FARMERS

The size of each box below reflects the frequency of response from the farmers and communities themselves when we asked the question: **What do you feel has changed since you became part of the Better Cotton movement?**



THE BETTER COTTON COMMUNITY

Better Cotton farmer, Mali
© Better Cotton Initiative

MEMBERSHIP

OUR MEMBERS LEAD THE WAY

BCI has seen solid membership growth against targets.

BCI members continue to lead the way forward, with more than 100 new organisations joining the growing group of leaders in 2012, taking decisive action on cotton sustainability. We saw a 100% growth in total membership numbers, reaching almost twice the target set for 2012, and making us confident that we will reach our 2015 target of 600 members.

The strong interest in membership shows how attractive the value added by Better Cotton is to all kinds of organisations within the cotton sector, and forms the foundation for the success of Better Cotton as a mainstream sustainable commodity.

Interest from the supply chain has been especially promising and we now have suppliers and manufacturers from over 20 countries able to supply Better Cotton globally. With BCI Retailer and Brand members representing almost 10% of the world's total cotton consumption at the end of 2012, we are moving fast towards our expansion targets for mainstreaming.

Suppliers & Manufacturers make up almost 75% of the BCI Membership, with Retailers & Brands the second largest category at just over 11%. This broadly reflects the nature of the sector, with a high number of players through the global supply chain from gin to retailer.

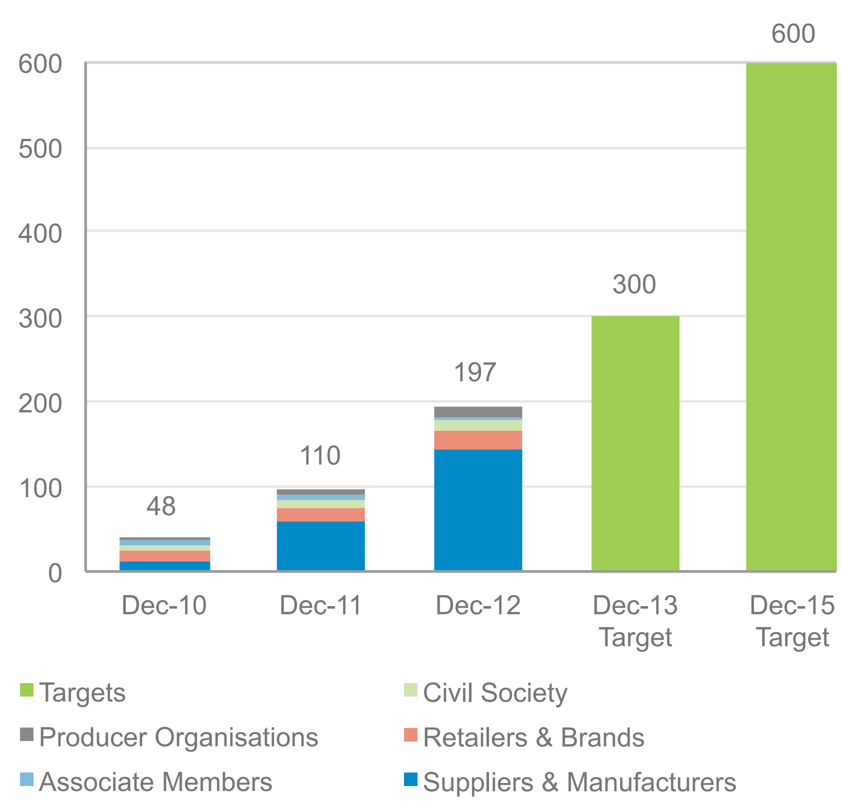
The small absolute numbers of producers and civil society in the community masks the full reach we achieve through working with several national or regional producer groups and national and international civil society groups.

As explained in the next section, a higher number of members in the wider community does not lead to higher levels of influence in the Council, where seats are equally distributed between membership categories.

"For the first time, I believe that the goals we set for 2020 are achievable."

BCI Member
2012 General Assembly

BCI MEMBERS



MEMBERSHIP

The majority of our members continue to come from Asia, with Europe making up the next largest group. In 2012, BCI welcomed members from more than 20 countries worldwide.

BCI is governed by a multi-stakeholder Council, elected by its membership. Elections take place every two years, and members from Civil Society, Producer Organisation, Supplier & Manufacturers and Retailers & Brands are eligible to stand for office. Each category holds three seats each, ensuring a balanced Council where no one type or organisation has more power than the others.

In the BCI Council, the voices of different BCI actors are balanced through a structure that gives three seats each to Civil Society, Producer Organisations, Suppliers & Manufacturers and Retailers & Brands. In 2012 we held our first General Assembly and three new Council members were voted in, bringing new voices to our decision-making.

2012 COUNCIL MEMBERS

Civil Society
- Pesticide Action Network UK, Keith Tyrrell (to 2016)
- WWF, Hammad Khan (to 2014)
- Solidaridad, Janet Mensink (to 2016)

Producer Organisations
- GuoXin Rural Technology Service Association, Gu Hong (to 2016)
- ABRAPA, Álvaro Dilli Gonçalves (to 2014)
- Farmers Associates Pakistan, Bilal Israel Khan (to 2016)

Retailers & Brands
- IKEA, Guido Verijke (to 2014)
- H&M, Henrik Lampa (to 2016)
- Levi Strauss & Co., Manuel Baigorri (to 2014)

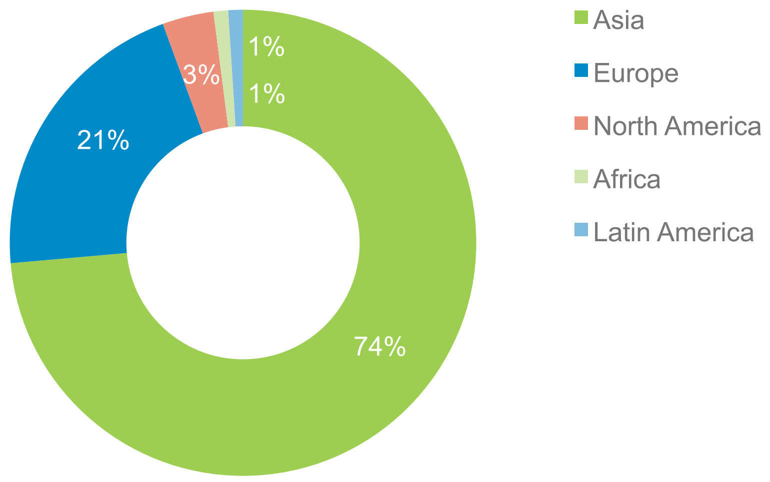
Suppliers & Manufacturers
- Olam International Ltd., Indranil Majumdar (to 2016)
- ECOM Agroindustrial Ltd., David Rosenberg (to 2014)
- Orta, Leon Picon (to 2014)

Independent
- Barry Clarke (to 2014)
- Joost Oorthuisen (to 2014)

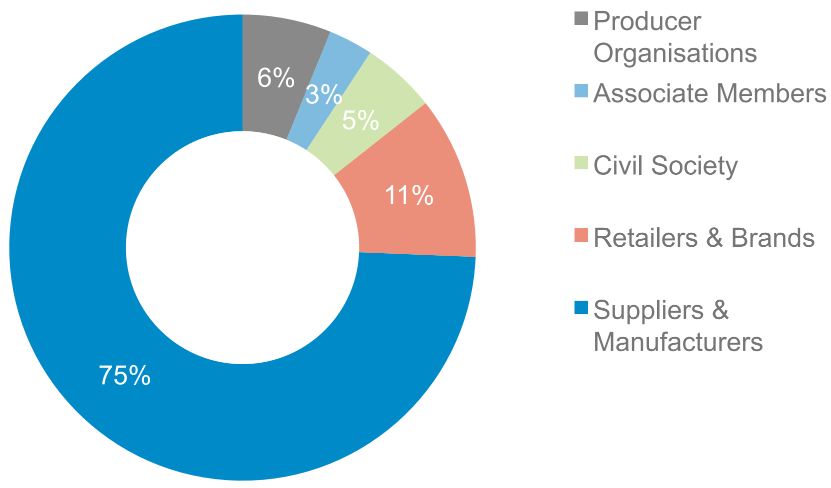
"'I am very excited to be voted onto the BCI Council and look forward to working with BCI as we expand into China. We will promote a decent life for farmers who plant Better Cotton, in turn ensuring the sustainable development of cotton."

Gu Hong
Guoxin Rural Technology Service Association

GLOBAL SPREAD OF MEMBERSHIP



2012 MEMBERSHIP CATEGORIES



MEMBERSHIP

ENSURING ACTIVE MEMBERSHIP

We worked hard in 2012 to encourage active membership.

Each year our members send us reports describing what they have been up to. The reports are both interesting and incredibly valuable to read, and are an excellent opportunity to reflect on what is going well and how we can improve. This year, for the first time, we collected our members' reports via an online survey to make it easier for all involved.

The results showed that in their opinion, the biggest benefits of being a BCI member are **access to information and knowledge** along with **achieving greater impact through collaboration.** At the same time, our members said they would like to see more of these, so we are now focusing on increasing our efforts in this area.

From the commercial members (retailers, brands, suppliers, manufacturers, traders) a clear signal came through that we need to work harder on diversifying supply, promoting existing supply sources and working closely to ensure everybody understands the traceability system. Our Supplier members are taking an increasingly proactive approach in sourcing and offering Better Cotton, and our Retailer & Brand members have encouraged us to identify leading supplier organisations and promote this approach.

In 2012 we ran a number of 'member groups': working sessions to look into key strategic challenges and work as a whole community to find the best solution. Our thanks to all the members who gave their time and thoughts to help us continue to improve our strategy.

We organised our first General Assembly since our foundation, and were delighted to welcome more than 100 members in Istanbul to what proved a successful and insightful two days.

"'We've made amazing progress; and we have a lot more work ahead."
"I liked the fact that all members of the whole value chain were included and competition was left outside the room."

Feedback from 2012 General Assembly attendees

AND MAINTAINING A ROBUST CAUCUS

BCI - and Better Cotton - are only as credible as its membership. That's why we monitor commitment and work closely with all our members to ensure everyone understands what it means to be a member.

For example, all members commit to remaining off the default lists for the sector. Two members were suspended during 2012 due to appearing on a default list. Three members also decided not to renew their membership with BCI in 2012. This represents a less than 3% attrition rate during 2012. The main reason for not renewing membership was a failure to trade due to national policies preventing exports.

All members sign a Code of Practice where they commit to supporting the mission of BCI. For breaches of this code, members are first given the opportunity to respond before being suspended, and ultimately expelled if that breach is not addressed.

	Producer Organisations	Associate Members	Civil Society	Retailers & Brands	Suppliers & Manufacturers	TOTAL
Dec 2011	8	6	8	17	58	97
New in 2012	4	0	2	5	92	103
Suspended in 2012	0	0	0	0	2	2
Non-renewed 2012	0	0	0	0	3	3
Dec 2012	12	6	10	22	145	195

PARTNERSHIPS

Strategic relationships and partnerships have been key to the success of BCI since the beginning. As a multi-stakeholder initiative, BCI works with a diverse range of actors to promote measurable and continuing improvements for the environment, farming communities and the economies of cotton-producing areas. These crucial relationships have made Better Cotton what it is today.

In 2012, BCI worked in Brazil, Mali and other African countries collaborating with the following partners:

» ABRAPA (Associação Brasileira dos Produtores de Algodão) in Brazil
» APROCA (Association des Producteurs de Coton Africains) and Solidaridad in Mali
» CmiA (Cotton Made in Africa) in other African countries (Benin, Burkina Faso, Cote D'Ivoire)

By leveraging the experience and expertise of the partners listed above, as well as of new partners in other cotton producing areas, BCI will reach its target of 5 million Better Cotton Farmers by 2015 without increasing its own staff size and efficiently balancing its cost structure.

In our work towards implementing worldwide partnerships in 2012 we have built both capacity and capability at BCI, and at the same time worked closely with partners to develop their role as Strategic Partners, taking on the leadership of Better Cotton in their geographical area. A lot of work has been done in assessing the readiness of partners to take over this crucial role, and joint projects between BCI and partners have been set up to make it happen.

The Partnership Team has also spent time exploring new potential partnerships in Australia and the USA, as well as finalising partnerships in Turkey and Tajikistan.

THE PARTNERSHIP FRAMEWORK

To enable BCI to achieve the robust objectives of the 2013-2015 Expansion Strategy, **a detailed partnership framework** was developed to optimise the process of scaling-up, by developing existing and new strategic partnerships. It was built in consultation with the BCI Leadership Team and individual Country Teams, as well as external stakeholders.

The new structured approach now put in place ensures that these relationships contribute in the best possible way towards expanding the worldwide production of Better Cotton, thus securing its place as a sustainable mainstream commodity.

We started building the framework by defining what a partnership means to BCI, helping to guide the kind of relationships Better Cotton will need in the future. Our working definition of a Partnership is "a collaborative relationship between two or more entities who work towards shared objectives through a mutually agreed division of labour".

To define this framework we analysed BCI's current relationships, to foster a common understanding of what partnerships are, which modalities they can take, how they contribute to positive outcomes for Better Cotton, and how BCI can respond to all the opportunities and challenges they present.

We then introduced our "Typology of Partnerships", to group our current highly diverse relationships, in order to better define and apply criteria for success as well as providing operational direction.

PARTNERSHIPS

Strategic Partners
Taking significant leadership for Better Cotton, typically in their specific geographical area.

Implementing Partners
Creating an enabling environment so that farmers can participate in the Better Cotton Standard System. These crucial partners are responsible for ensuring for capacity building on the Better Cotton Production Principles and Criteria, and the collecting data at field project level.

Knowledge Partners
Typically organisations that are recognised as global experts in specific fields. They contribute by sharing information, knowledge and technical materials with BCI.

Funding Partners
Organisations that fund farm-level implementation projects and/or provide financial support to the BCI Secretariat. More details are available on the Better Cotton Fast Track Program page, and our Funding Partners page.

To ensure a 'level playing field' for all our partners, and to safeguard the credibility of Better Cotton worldwide, a set of tools and management practices have been introduced to work with all partners which include clear objectives and goals and defined roles and responsibilities.

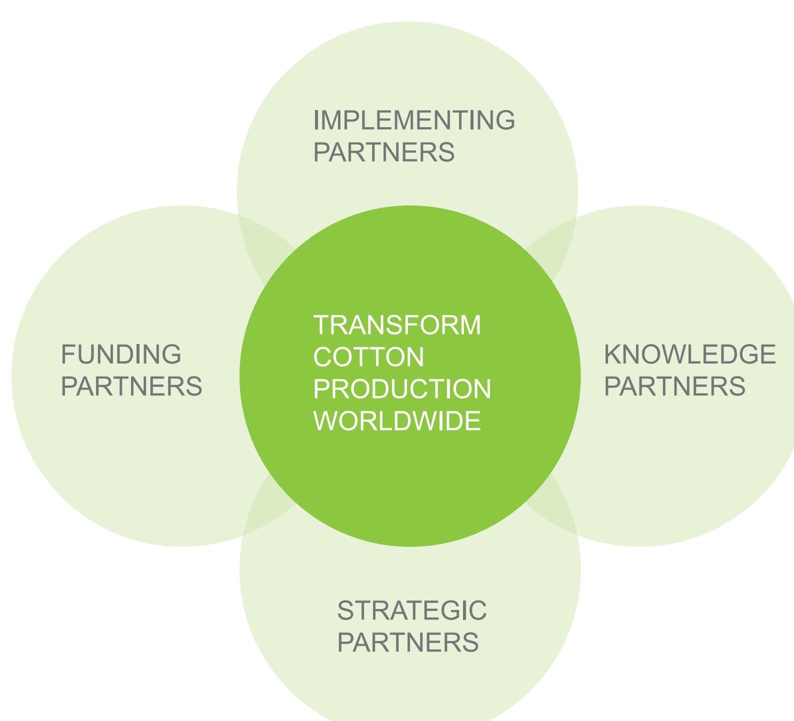
All partnerships between BCI and other organisations will follow a clear set of guidelines:

» Deliver measurable results;
» Ensure that the partnership is fully resourced;
» Maintain integrity and ensure mutual benefit;
» Ensure transparency and maintain a level playing field;
» Ensure continuous improvement of the relationship and the results achieved.

We are excited to continue working in 2013 and beyond to engage in the right partnerships for Better Cotton, and strategically evolve existing partnerships.

The work we do with all our partners will be crucial for BCI to strengthen its position within the sector and to be increasingly recognised as a reliable actor to transform the way in which cotton is produced worldwide.

HOW PARTNERSHIPS CONTRIBUTE TO THE BCI MISSION



FUNDING PARTNERS

Our funding partners are more than just financial supporters; they offer BCI valuable advice and guidance along the way. They are truly partners in everything we achieve and we are proud that they are part of the Better Cotton journey.

In particular, we would like to thank the following for their core funding of BCI, totalling €1,671,760 in 2012.

- The Better Cotton Fast Track Program
- SECO
- SIDA / WWF Sweden
- Swedish Postcode Lottery

We would also like to thank those organisations who supported specific project work in 2012, totalling €109,290.

- DEG, supporting our partnership development with AbTF/CmiA (Cotton Made in Africa)
- WWF Pakistan, supporting efforts to promote Pakistan as a source of Better Cotton
- IDH, for supporting the introduction of Better Cotton to Turkey
- Solidaridad, for supporting the making of a documentary film in Mali

We encourage a close relationship with all our funding partners, who while small in number are huge in terms of support. IDH and the Better Cotton Fast Track Program in particular support BCI and Better Cotton in so many ways beyond their financial contributions. Read more on the Better Cotton Fast Track Program page. As we enter our Expansion Phase from 2013-2015, we look forward to engaging further with all our supporters and together achieve more.

Achieving long-term financial resilience of BCI as an organisation means shifting away from significant funding partner support in the long-term to relying entirely on income from delivery of membership and farm level services. Funding Partner support is crucial during the Expansion Phase, to contiue developing scaleable systems and setting up the Secretariat for 100% financial self-reliance.

You can read more about donations to BCI in 2012 in our Money Matters pages.

"The education of over 164,000 cotton farmers in order to make cotton production more economically, environmentally and socially sustainable is a tremendous success. We are proud to support such an important initiative."

Josefin Carlring, General Manager, Swedish Postcode Foundation

"BCI is a credible multi-stakeholder platform which enables the definition of balanced sustainability criteria to which all stakeholders can commit. It is important to strengthen such processes in order to allow the development of sustainable value chains in cotton."

Hans-Peter Egler, Head of Trade Promotion, Economic Cooperation and Development, State Secretariat for Economic Affairs, SECO

BETTER COTTON FAST TRACK PROGRAM

ACCELERATING IMPACT AT SCALE

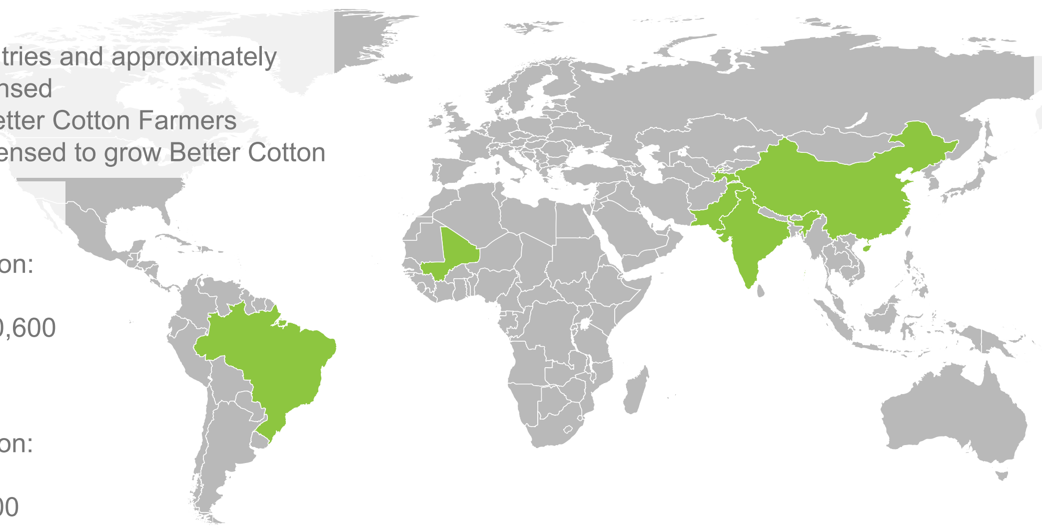
The Better Cotton Fast Track Program is a coalition of private and public organisations which channels funds directly to farmer training and improvement programs designed around the Better Cotton Standard. The program dramatically accelerates the implementation of BCI's mission, to transform cotton production worldwide by developing Better Cotton as a sustainable mainstream commodity.

2012 members of the program are:

» BCI Pioneer members: adidas, IKEA, Hennes & Mauritz (H&M), Marks & Spencer (M&S)
» BCI Retailer and Brand members: Levi Strauss & Co, Nike, Walmart, VF Corporation
» Public partners: ICCO, IDH, Rabobank Foundation, Solidaridad

The program is demand-driven, meaning that retailers and brands invest based on demand from their own consumers. Public partners then match fund the investment, and the total funds are ploughed into farmer capacity-building projects across the globe. Demand-driven also means that the program encourages the whole supply chain behind the retailers and brands to procure Better Cotton from these farmers. The Better Cotton Fast Track Program is an independent program managed by IDH, working closely with BCI towards reaching our global targets.

In 2012, more than €7,000,000 was invested in 31 projects, with over 163,000 Better Cotton farmers cultivating 675,000 hectares. Projects in Brazil, Mali, India, Pakistan and China produced just over 600,000 MT of Better Cotton lint (actual production compared to pre-harvest licensed volumes of 695,000 MT). The Better Cotton Fast Track Program investment represented more than 95% of total farm-level investment in 2012.



This graph is taken directly from the Better Cotton Fast Track Program 2012 Annual Report, and does not include every Better Cotton project.

In addition to their financial investments, Retailer & Brand members of the Fast Track Program commit to engage with their suppliers to enable procurement of Better Cotton

Membership of the Better Cotton Fast Track Program is open to committed organisations who want to take a leading role in developing Better Cotton as a mainstream sustainable commodity.

To learn more, contact chester@idhsustainabletrade.com

"Convened by IDH, the Better Cotton Fast Track Program has generated significant momentum since its inception. In an effort to mainstream Better Cotton as a standard for sustainable cotton, the Program has already been successful in increasing the share of sustainably produced cotton to 3% of the world cotton production in 2012. With a firm commitment to market transformation, IDH is actively looking forward to working with the Better Cotton Initiative in the years to come."

Joost Oorthuizen
Executive Director, IDH

LOOKING AHEAD

In 2012, we completed our strategic review together with representation from all parts of the supply chain, the BCI Council and other stakeholder groups. As part of this review, we finalised the BCI Expansion Strategy for 2013-2015, designed around the need to achieve scale while maintaining credibility. Four Transformational Aims were introduced with an eye on 2020, and we are pleased to report here on how we are doing towards the first targets in 2015.

LOOKING AHEAD

TRANSFORMATIONAL AIM 1
Increase commitment to and flow of Better Cotton throughout the supply chain.

By increasing the flow of Better Cotton through the supply chain, BCI can develop a truly sustainable model for continuing to support farmers to continually improve. The more Better Cotton our supply chain partners buy, especially retailers, the more funds we can generate for farmer support.

From 2013 onwards BCI will measure success in achieving this aim by calculating the volume of Better Cotton bought by spinners, using the Better Cotton Traceability System.

So in preparation, **BCI worked in 2012 to ensure that the Better Cotton Traceability System was extended to include ginners, traders, spinners and retailers.**

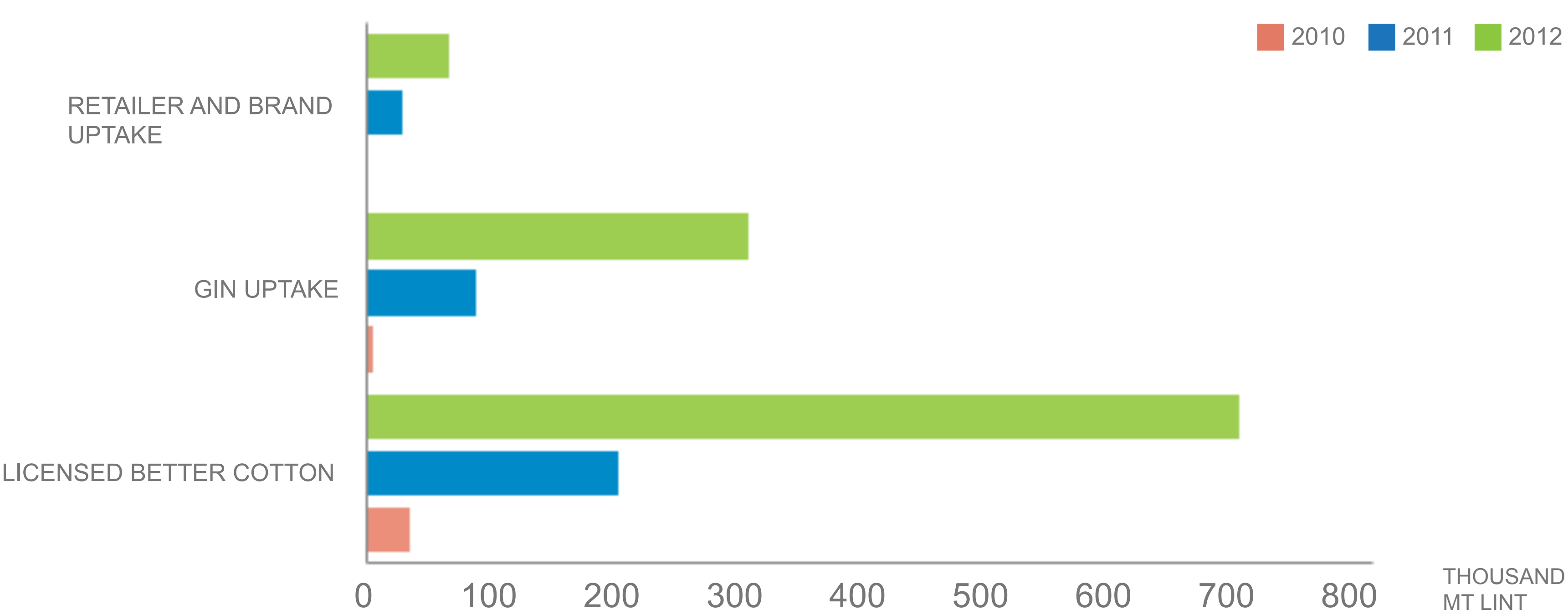
193 ginners signed up to use the system in China, India, Pakistan, Brazil and Mali. In addition, 13 traders and 70 spinners were registered to use the system in 2013 which indicates a greater number of supply chain actors being committed to Better Cotton. Mozambique, Tajikistan and Turkey were added as countries on the Traceability System.

BCI measures the uptake of Better Cotton at ginner and retailer levels. The Gin Uptake Rate (GUR), defined as the percentage of Better Cotton produced that is procured by gins, has remained consistent at approximately 40%. However, procurement by retailers has not kept up with the increased availability of Better Cotton. The Retailer Uptake Rate (RUR), defined as the percentage of Better Cotton available at gin level that is procured by retailers, has not grown proportionately (dropping from 35% in 2011 to 21% in 2012), as indicated in the chart below.

Increasing the Retailer Uptake Rate remains crucial for the success of the BCI.

Work began on a Demand Strategy in consultation with the Better Cotton Fast Track Program to significantly increase the Retailer Uptake Rate. BCI will particularly engage with civil society partners to create a ‘name and praise’ scorecard listing Retailers & Brands who are performing well, including procurement and investment. We will also ask members for time-bound procurement targets by the end of their first year of membership. These efforts - together with practical hand-holding support to develop relationships with suppliers (a consultant will be recruited funded by the Better Cotton Fast Track Program) - should lead to a significantly increased RUR in 2013 and 2014.

GUR AND RUR FOR BETTER COTTON AND CMIA (COTTON MADE IN AFRICA) COUNTRIES



LOOKING AHEAD

TRANSFORMATIONAL AIM 2
Improved livelihood and economic development in cotton producing areas.

From 2013 onwards BCI will measure success in achieving this aim by calculating: the total number of Better Cotton farmers and, at a local level, profitability; the number of women trained in Better Cotton Production Principles; and two indicators to measure progress towards the elimination of child labour (one related to improving understanding and awareness; and the other on leveraging partnership with local specialist organisations).

The number of Better Cotton farmers during the 2012 harvest season was 164,000 as compared to 90,000 farmers in 2011 and 28,500 farmers in 2010. Turkey, Mozambique and Tajikistan will be producing Better Cotton for the first time in 2013 and Senegal and Kenya are expected to start growing Better Cotton in 2014. The inclusion of new countries together with the long-term Partnership Agreement with CmiA (Cotton Made in Africa) in 2013, means that we are already on track to reach our target of 1 million Better Cotton Farmers by 2015.

Results indicators on profitability show a very encouraging trend: the average profitability of the Better Cotton farmers is higher than control farmers for in the 2011 and 2012 harvest season in each of the country growing Better Cotton. The 2012 figures indicate, for example, 32% higher profitability in India, 109% in Pakistan, and 16% in Mali.

Regarding the influence of women and elimination of child labour, BCI has defined, in 2013, new indicators on gender and child labour to be included in the Assurance Program applicable for 2014 harvest season. These indicators will have to be reported by all Producer Units and will complement the existing agronomic results indicators.

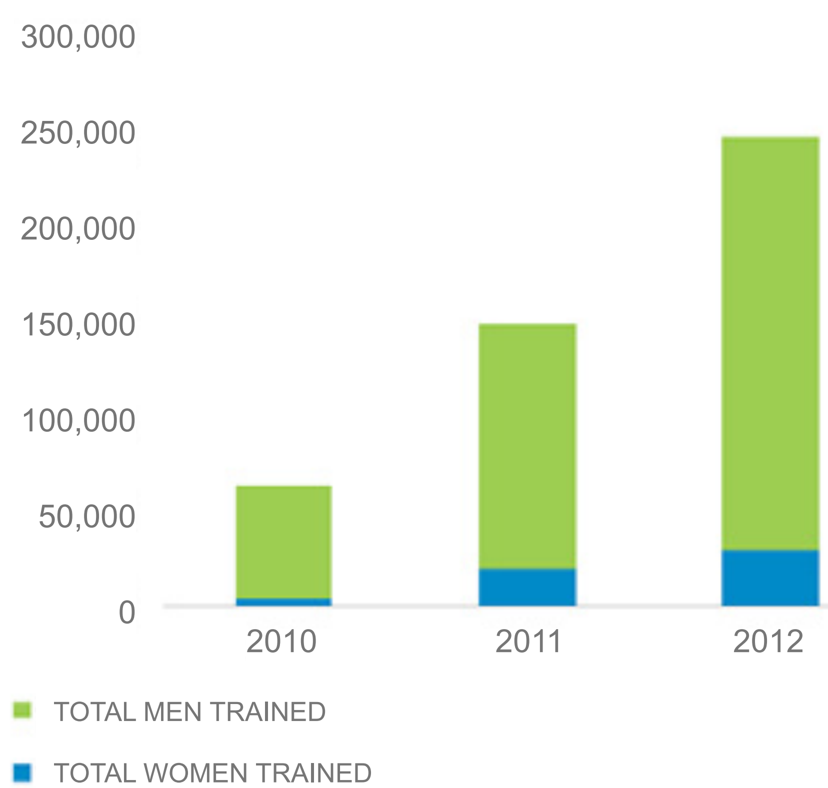
On gender, BCI will be measuring the number of women farmers and workers receiving BCI training. The following trend can already be observed and is shown in the graph:

» 4,000 women trained in 2010 (6% of the total number of people trained)
» 20,000 women trained in 2011 (13%)
» 30,000 women trained in 2012 (12%)

How profitability, gender or child labour results indicators translate into improved livelihoods needs further studies to assess the actual impact of Better Cotton. The independent study commissioned by IDH and BCI in 2013 in India, Pakistan and Mali indicates that: *"field research indicated that there have been positive development in all three countries, primarily with respect to incomes and livelihoods, health and safety and child labour. This is not surprising, given that these areas have been the focus of much Implementing Partners' activity on decent work. With respect to child labour, the evidence from field research mostly points to improvements in awareness, although stronger impacts have been achieved in Pakistan through a strategic partnership (…) Impact in other areas is less evident particularly with respect to outcomes for marginalised groups including workers, women, and forced/bonded labourers".*

Indeed, there is still a lot to be done on decent work and BCI will be working closely with its partners in the coming years to consolidate the results obtained so far.

COMPARATIVE TRAINING OF WOMEN AND MEN



LOOKING AHEAD

TRANSFORMATIONAL AIM 3
Reduce the environmental impact of cotton production.

From 2013 onwards BCI will measure success in achieving this aim by calculating the total number of Better Cotton hectares under cultivation, and at a local level the use of water, pesticides and fertilisers.

The number of hectares under Better Cotton cultivation has grown steadily from 65,000 ha in 2010 to 250,000 ha in 2011 and 683,000 ha in 2012.

Projections for 2013 indicate that BCI is on track to reach its target of 2 million hectares under Better Cotton cultivation by 2015.

Results indicators data on water use, pesticide use and fertiliser use collected for the past 3 years also indicate positive trends as already shown in the report.

As for Transformational Aim 2 which addresses improved livelihoods, impact assessment studies will be needed to indicate how those trends are translating into a long lasting reduced environmental impact.

Accordingly, in 2013, IDH commissioned a study with LEI-Wageningen University to evaluate the progress and impact of Better Cotton in India, Pakistan and Mali. Rather than starting with primary data collection, LEI was asked to assess whether the BCI Results Indicators data set (on agronomic indicators) would be suitable to be used as baseline for future Impact Assessment, and to conduct a first independent comparison of Better Cotton farmers with control farmers using the BCI data set. The initial analysis of the data has been completed and indicates that Better Cotton farmers differed significantly from control farmers in almost all agronomic indicators. The study also confirmed that the BCI Results Indicators data set is suitable to be used in impact assessment studies.

We are eagerly waiting to share the final outcomes of the study with our partners at the end of 2013.

TRANSFORMATIONAL AIM 4
Ensure organisational credibility and sustainability of BCI.

Our indicator for this aim is how much of BCI's income can be considered as 'earned', i.e. not grants or donations. This target only relates to the BCI Secretariat income and costs, and does not cover funding for farm-level implementation. Targets are that BCI reaches 75% earned income by 2015, and 100% by 2020.

The financial sustainability of BCI is key to ensuring the future of Better Cotton. So we are constantly reviewing and, when needed, adjusting our financial processes to make sure BCI is run as a financially lean and always credible organisation, whilst at the same continuing to attract investment for Better Cotton capacity building in the field.

For the full information on how we are doing towards this goal as well as our complete financial information for 2012, read our Money Matters pages towards the end of this report.

IN THE FIELD

Better Cotton plant, Brazil
© Better Cotton Initiative

WHAT DATA IS PRESENTED HERE?

2012 RESULTS INDICATORS

Results Indicators compare data of all Better Cotton farmers and control farmers during the 2012 harvest season in each country growing Better Cotton. Only national averages are presented, and all numbers are rounded off. Because of the possible differences in local conditions, we do not compare indicators between countries.

Better Cotton farmers record data in their Farmer Field Book (FFB) to support learning and continuous improvement. At the end of the season, Producer Units compile data from all farmers and submit the data to BCI. From 2010 to 2012, BCI collected Results Indicators data from the FFB of all participating farmers.

The BCI Results Indicators are:

» Yield: Production of Better Cotton (in lint equivalent) per hectare harvested
» Water use: Volume of water (in cubic metres) used per hectare irrigated
» Fertiliser use: Amount of fertiliser (in kg) applied per hectare and per type (organic and commercial fertiliser). 'Organic fertiliser' refers to manure, compost and any other bulk organic matter.*
» Pesticide use: Amount of pesticide (in kg of active ingredient) applied per hectare. During data analysis pesticides are categorised according to the WHO recommended classification of pesticides by hazard (2009)
» Profitability (for smallholders only): net income per hectare

Results can be affected by external factors - such as rain, pest pressure, or market price - and can vary, sometimes dramatically, from one year to another. To make comparisons within a given year possible, our partners are asked to collect data from control farmers: farmers who are not part of Better Cotton Capacity Building programs and who follow conventional practices. Control farmers have similar characteristics to Better Cotton farmers (such as number and type of workers, size of the farm, irrigation system, socio-economic profile, and location). The selection of the control farmers is the responsibility of Producer Units.

2012 INDEPENDENT CASE STUDIES

In addition to the data reported by farmers and Producer Units, each year BCI asks independent researchers to collect Results Indicators data from a sample of Better Cotton farmers (selected randomly) and control farmers. While these case studies are not fully representative of the population, it helps to validate the reported data from farmers and Producer Units and any major discrepancies can be identified and are investigated. During 2012 independent case studies were conducted in India and Pakistan. Other countries will be chosen for the 2013 harvest season.

The actual number of Better Cotton and control farmers taking part in the case studies are reported in the country pages.

As part of the case studies, researchers also collect qualitative indicators on farmers' perceptions of change. Different methods are used such as semi-structured group interviews with farmers, combined with historical mapping and ranking exercises to understand which changes are the most significant. More information on the methods used by independent researchers is presented in our From the Farmers pages.

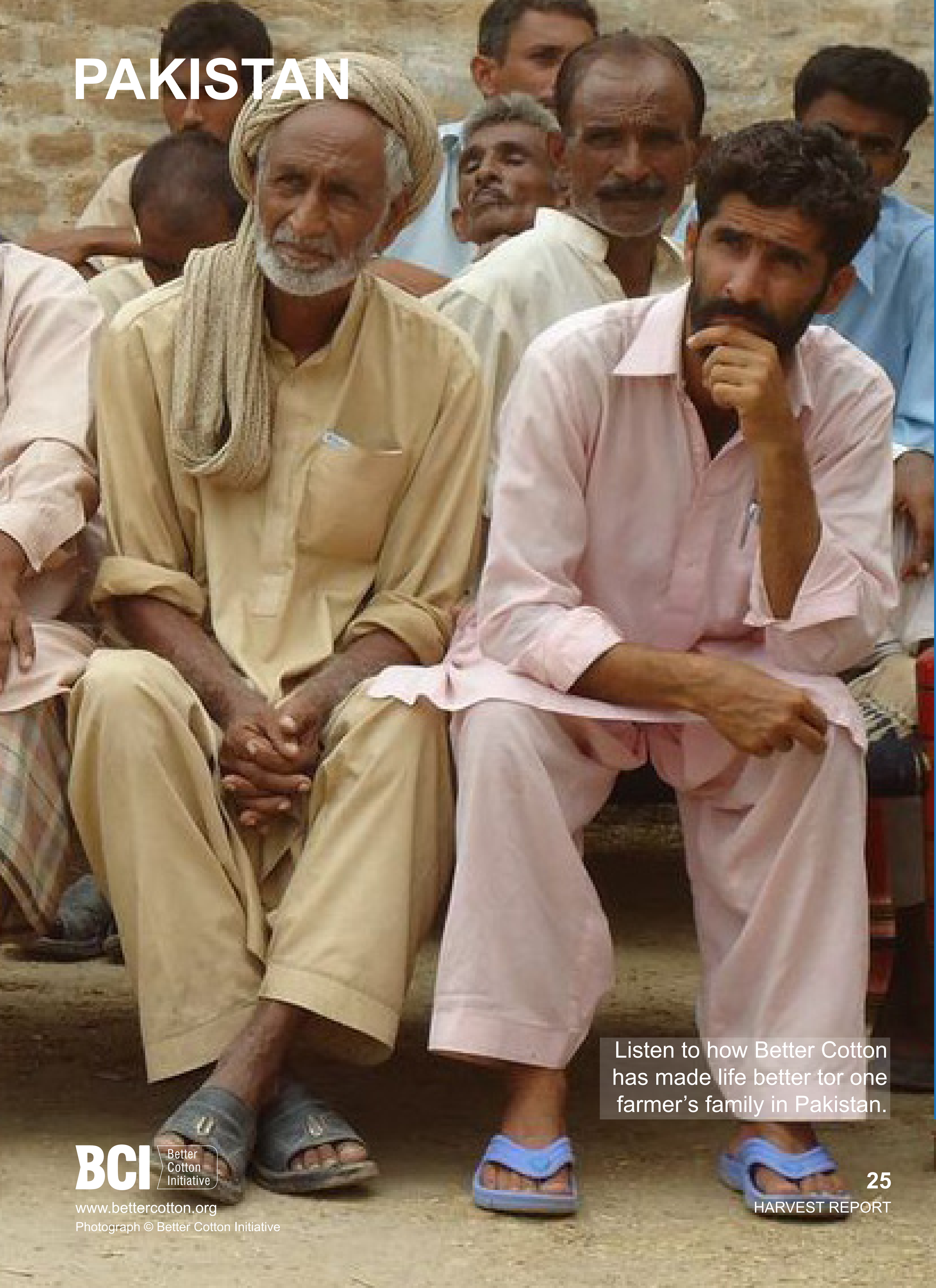
DISCLAIMER

BCI is very careful in communicating data in a simple and clear way.

To date, we haven't collected results indicators for long enough to be able to prove impact. For that we will need five years' worth of data. But we do have data which shows how Better Cotton farmers compare to control farmers who use conventional methods to grow cotton. As we collect an increasing amount of data year on year, further studies will be carried out to identify real impact.

* The long-term objective is to ensure that the application of nutrients should match the needs of the crop, to ensure that:
1) Money is not wasted on purchasing and applying nutrients that are superfluous to the needs of the crop; and
2) The risk of excess nutrients leaving the farm and causing off-farm pollution (especially eutrophication) is minimised. Locally-adapted better management practices need to be implemented to ensure that nutrients are applied effectively, and to mitigate and control the loss of these nutrients from the farm.

PAKISTAN

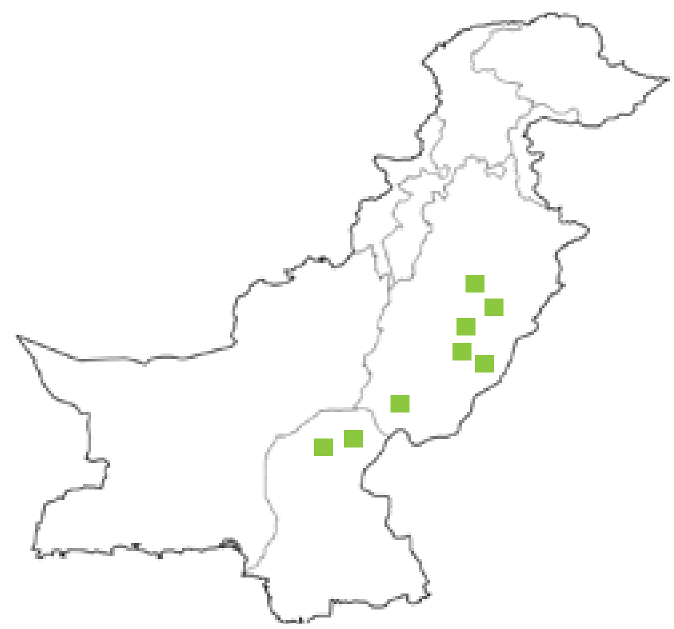


Listen to how Better Cotton has made life better tor one farmer's family in Pakistan.

PAKISTAN

IMPLEMENTING PARTNERS

BCI has worked with WWF-Pakistan as an Implementing Partner since 2010, on projects in Punjab and Sindh.



WHO GROWS BETTER COTTON?

In 2012, 59,000 Better Cotton farmers produced 185,000 MT of Better Cotton lint on 260,000 hectares, an increase from 2011 when 44,000 Better Cotton farmers produced the equivalent of over 115,000 MT of Better Cotton lint on 145,000 hectares.

Most of the Better Cotton farmers who WWF-Pakistan works with are smallholders. Three large farms were licensed in 2010, 60 in 2011 and 560 in 2012.

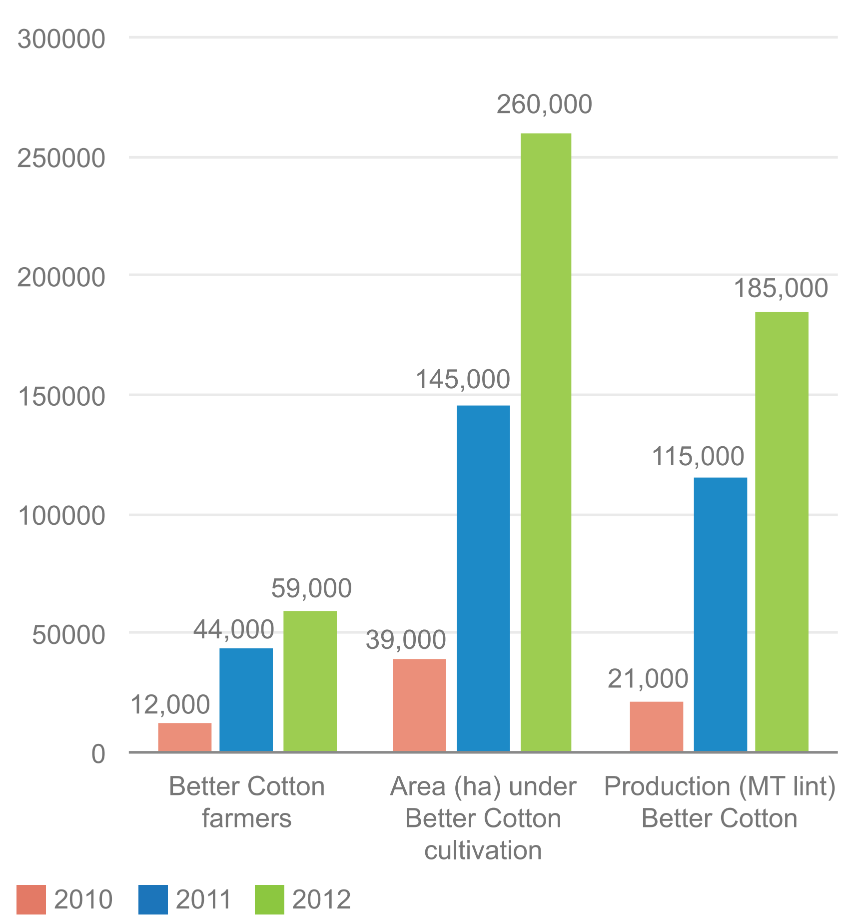
The data presented here compares the national averages of:

» 43,000 Better Cotton smallholders in 2012 (not all results indicators received could be validated by BCI and the Implementing Partners - this is why the number is lower than the actual number of farmers licensed)
» 2677 control farmers (smallholder conventional farmers) in 2012
» 44,000 Better Cotton smallholders in 2011

During 2012 harvest season, BCI also organised an independent case study to collect Results Indicators data from two regions (Sukkur and Bahawalpur). Therefore, the 2012 data reported by our Implementing Partner is compared with the 2012 data from the case study.

The sample number of farmers for the case study is:

» 310 Better Cotton smallholders
» 122 control farmers

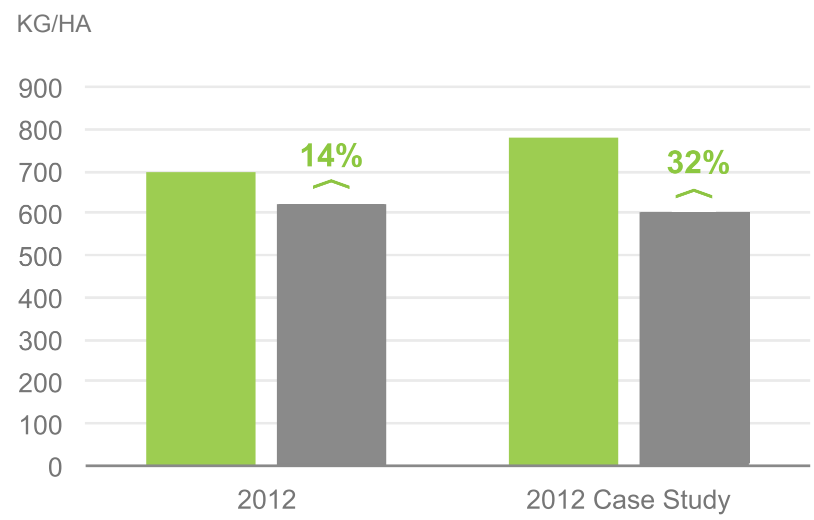


PAKISTAN

BETTER COTTON FARMERS
CONTROL FARMERS

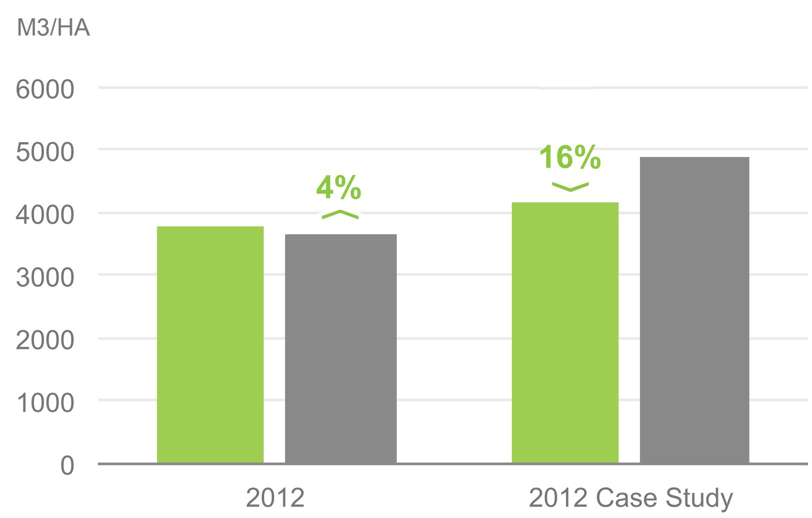
YIELD

Better Cotton farmers' average yield in 2012 was 700 kg lint cotton per hectare, 14% higher than that of control farmers. This overall trend is confirmed by the case study, which indicates that Better Cotton farmers had a 32% higher yield than control farmers in 2012.



WATER USE

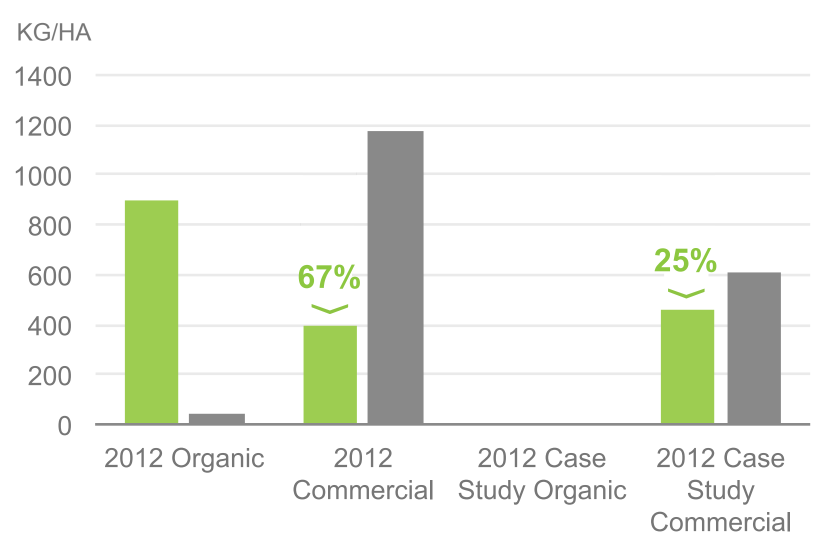
In Pakistan, Better Cotton is cultivated on irrigated land. The data reported by Producer Units indicates that, in 2012, Better Cotton farmers used approximately 4% more water than control farmers. However, the case study data shows that Better Cotton farmers use on average 16% less water than control farmers.



FERTILISER USE

Better Cotton farmers used 67% less commercial fertilisers than control farmers in 2012.

At the same time, Better Cotton farmers used much more organic fertiliser than control farmers. However, the case study shows no use for both Better Cotton and control sampled farmers. The case study data also indicates that Better Cotton farmers used 25% less commercial fertilisers than control farmers in 2012.

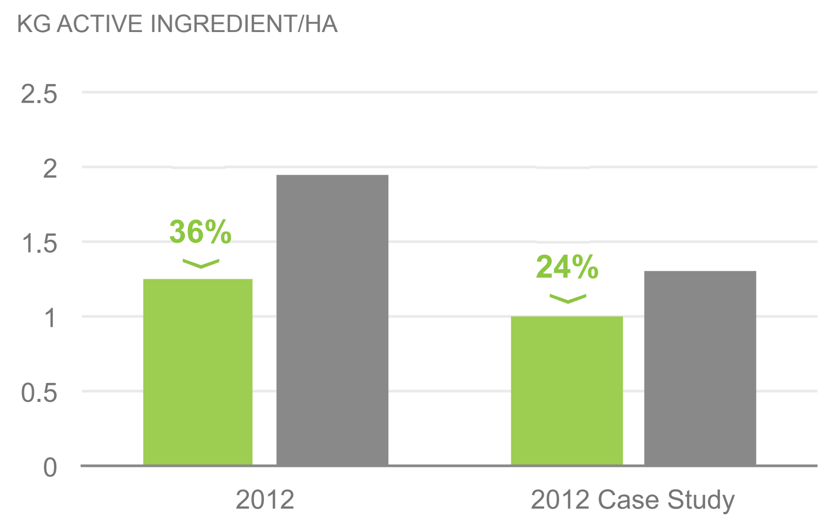


PAKISTAN

BETTER COTTON FARMERS
CONTROL FARMERS

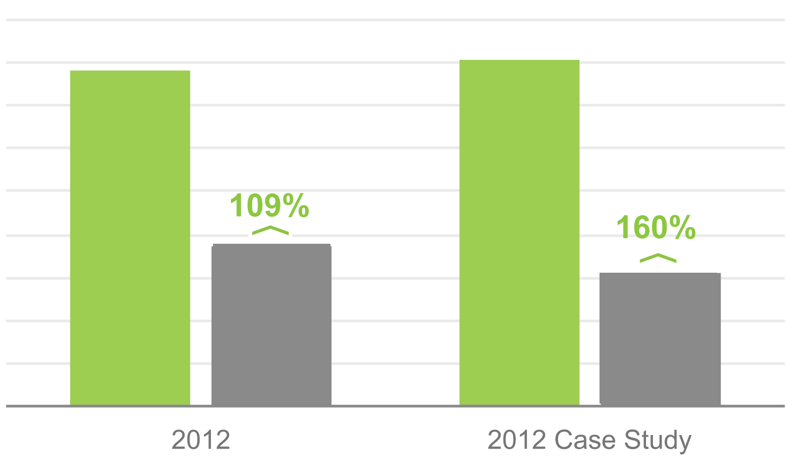
PESTICIDE USE

In 2012, the average volume of pesticide applied by Better Cotton smallholders was less than 1.25kg of active ingredient per hectare. Better Cotton farmers' average use of pesticide was 36% lower than that of control farmers. A similar trend is also found in the case study data which indicates that Better Cotton farmers used 24% less kg of active ingredient per hectare than control farmers.



PROFITABILITY

During the 2012 harvest season, profitability of Better Cotton farmers was 109% higher than that of control farmers. Case study data show profitability of Better Cotton farmers 160% higher than that of control farmers. This may be due to the ability of Better Cotton farmers to reduce their costs of commercial fertilisers, pesticides and water, while maintaining their yield, resulting in greater profitability.



VOICES FROM THE FIELD
Better Use of Water

Muhammad Ramzan farms Better Cotton on five sandy acres in Yazman, Pakistan, where finding enough water to grow cotton is difficult and expensive. After a very tough year where the yield dipped so much he had to take his children out of school, Muhammad started to make plans to switch to a crop which needed less water.

WWF, BCI's Implementing Partner in Pakistan, worked door to door in Muhammad's village to help farmers like Muhammad learn water management techniques and try to improve their yield. Using simple, cost-effective techniques like converting flat sowing to furrows and ridges, WWF helped Muhammad to halve the amount of time needed to irrigate his land: *"I acted upon their advice even though this was a new technique for me. This was a turning point in my cotton growing history. The irrigation efficiency of my farm doubled and I saved money and time and the most important thing - my children went back to school."*

Change is also starting to show at an institutional level in Pakistan: in 2012, the Agricultural Department Government of the Punjab incorporated irrigation management practices validated by BCI and WWF, and used to grow Better Cotton, into their cotton production plan for the year.

INDIA

BCI Better Cotton Initiative
www.bettercotton.org
Photograph © Better Cotton Initiative

INDIA

IMPLEMENTING PARTNERS

Seven Implementing Partners implemented Better Cotton projects during the 2012 harvest season, multiplying their efforts to reach out to the larger demand for Better Cotton. There are a total of 21 projects in 9 states. The Implementing Partners are:

» ACF (Ambuja Cement Foundation)
» AFPRO (Action for Food Production)
» Arvind
» Cotton Connect
» Solidaridad
» Trident Group
» WWF-India

WHO GROWS BETTER COTTON?

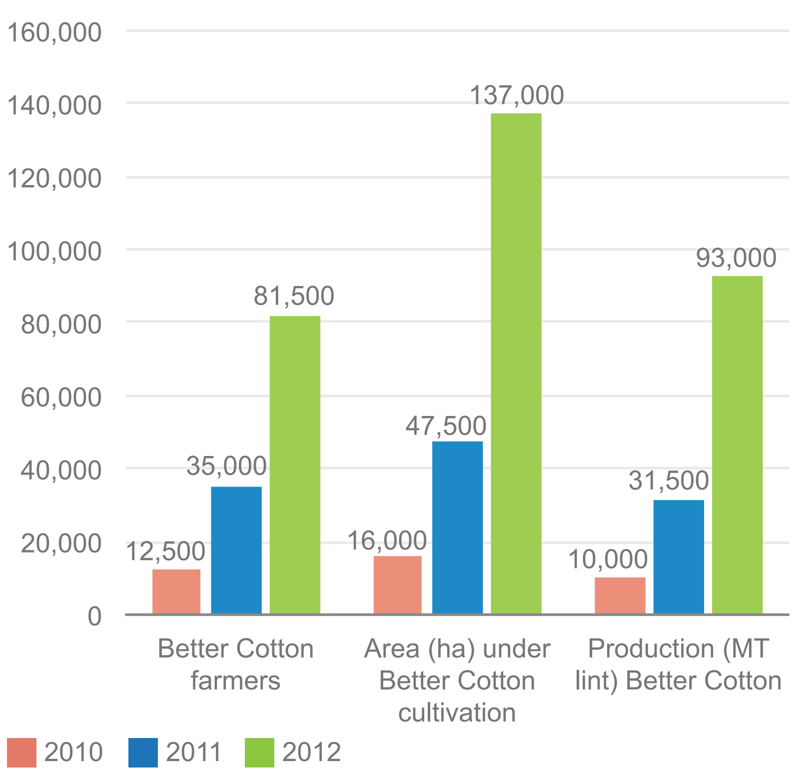
In 2012, 81,000 Better Cotton farmers produced 93,000 MT of Better Cotton lint on 137,000 ha. As compared to the previous season this represents a 241% increase in terms of number of Better Cotton farmers, 339% increase in production and 264% increase in area.

Better Cotton farmers are active in 9 different states in India. Local growing conditions vary widely from intensive agriculture with irrigation to rain fed farming. The figures presented here compare the national average of:

» 81,500 Better Cotton farmers in 2012
» 3354 control farmers (conventional farmers in 2012)

BCI also organised an independent case study in 2012 to collect Results Indicators data in 4 states (Punjab, Gujarat, Maharashtra and Tamil Nadu). Therefore, the 2012 data from Implementing Partners can be compared with 2012 data from the case study. The sample for the case study is:

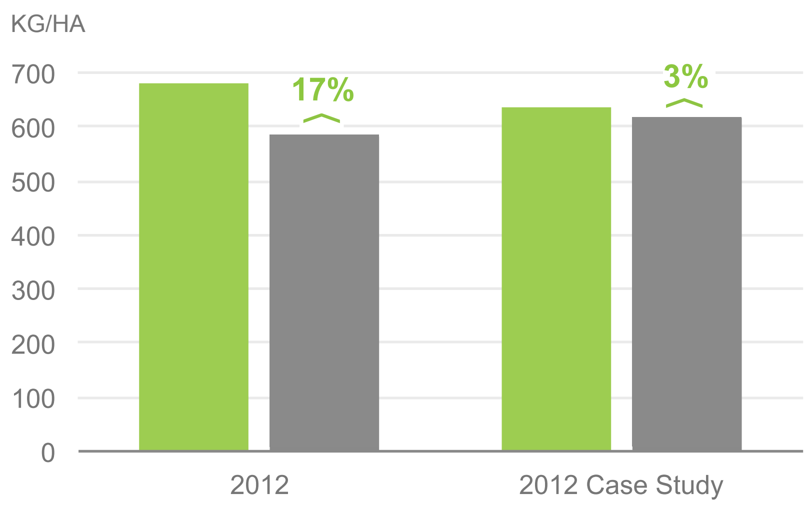
» 385 Better Cotton smallholders (182 farmers from Gujarat/Punjab; and 203 farmers from Maharashtra/ Tamil Nadu)
» 182 Control farmers (104 Control farmers from Gujarat/ Punjab and 78 control farmers from Maharashtra/Tamil Nadu)



INDIA

YIELD

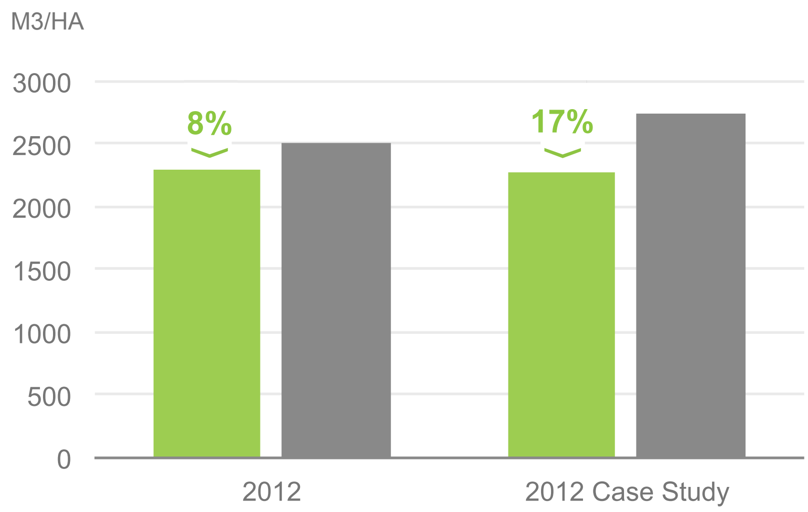
In 2012, Better Cotton farmers had on average a 17% higher yield than control farmers. The case studies show only a 3% higher yield for Better Cotton sampled farmers as compared to control farmers.



WATER USE

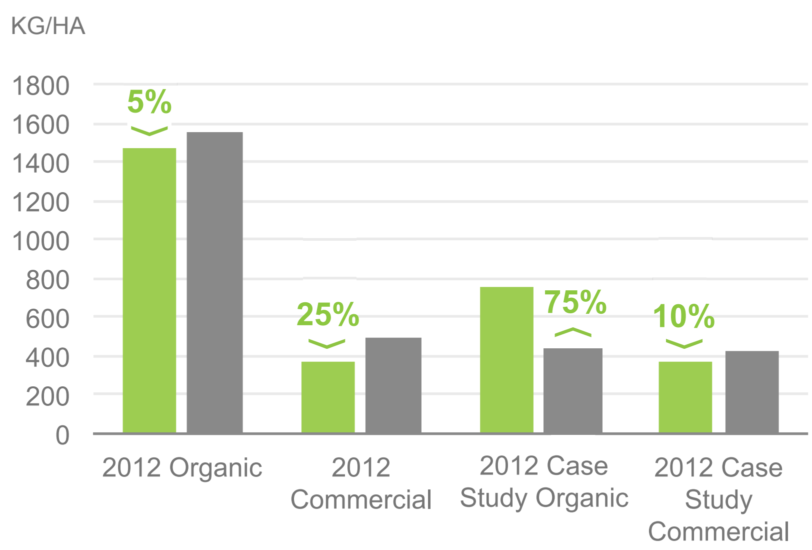
The 2012 data for water use is only based on irrigated projects, and does not include rain fed projects.

Better Cotton farmers continued to use less water than the control farmers by 8% in 2012. The case study results indicate that Better Cotton sampled farmers use 17% less water than control farmers.



FERTILISER USE

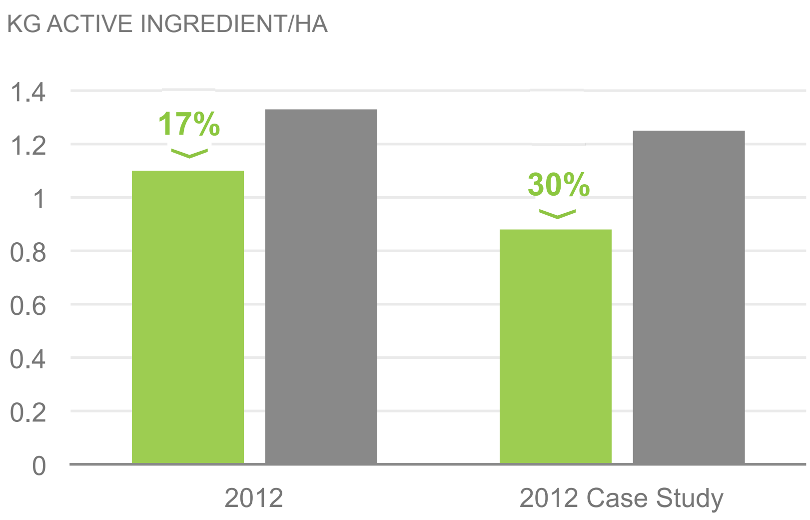
Better Cotton farmers used 5% less organic fertilisers than control farmers in 2012. The case study shows that Better Cotton sampled farmers used 75% more organic manure than control farmers. Better Cotton farmers used 25% less commercial fertilisers in 2012, than control farmers. Case study data indicates that Better Cotton sampled farmers used on average 10% less commercial fertiliser than control farmers.



INDIA

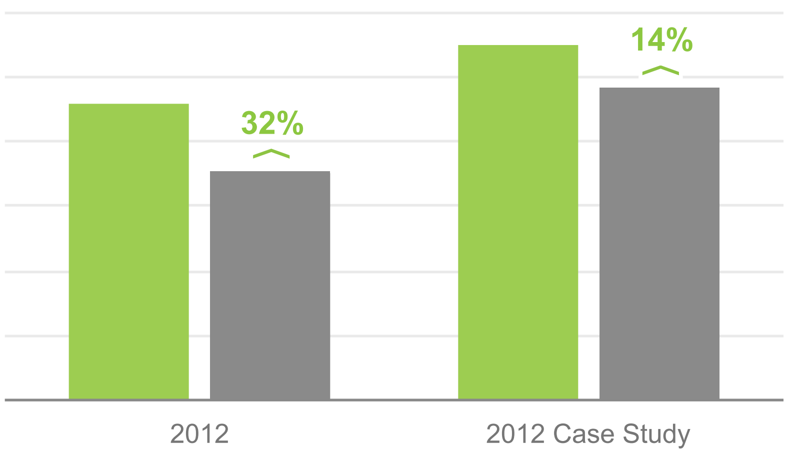
PESTICIDE USE

In 2012, Better Cotton farmers used on average 17% less chemical pesticides (in volume of active ingredient applied per hectare) than control farmers. The case study indicates that Better Cotton sampled farmers on average used 30% less pesticides than control farmers.



PROFITABILITY

In 2012, Better Cotton farmers' average profitability was 32% higher than that of control farmers. The case study indicates that Better Cotton farmers have a 14% higher profitability than control farmers.



VOICES FROM THE FIELD
Better Child Rights

Before BCI's Implementing Partner, Solidaridad, arrived in Rayagada, children were working in the cotton fields weeding and picking to help their parents. School attendance during cotton harvest season was almost zero.

BCI and Solidaridad have worked to instil Decent Work principles in the area, organising campaigns on child labour to help the children and the wider community to understand child rights. Local schools held debate competitions with prizes, and videos were broadcast to parents in the village. Specialist actors were drafted in to create street plays with storylines highlighting the negative effects of child labour.

The response to these campaigns has been described as 'unbelievable' inside the village and even spreading further afield. Parents have stopped sending their children to the fields, and send them to school instead. Almost all schools in the local area have recorded 100% attendance during cotton picking season.

PROUD
TO BE AN IP!

MALI

Click here to listen to this farmer on how Better Cotton is changing farming practices in Mali.

MALI

IMPLEMENTING PARTNERS

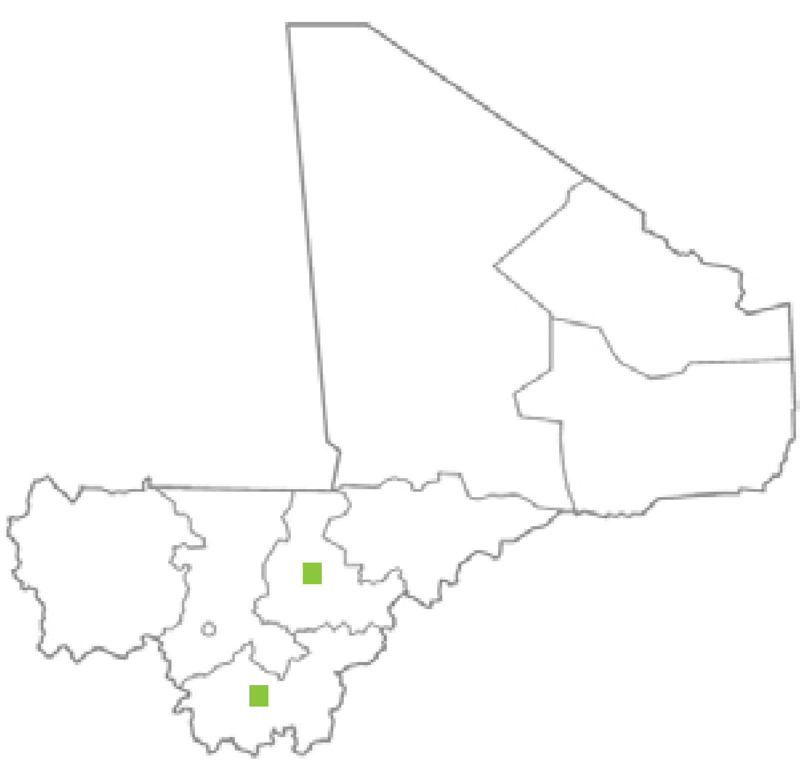
BCI has worked with Solidaridad and APROCA (Association des Producteurs de Coton Africains) as Implementing Partners in Mali since 2010.

WHO GROWS BETTER COTTON?

In the 2012 harvest season, 20,500 Better Cotton farmers produced the equivalent of over 24,000 MT of Better Cotton lint on 61,000 hectares, a scale-up from 2011, where 10,500 Better Cotton farmers produced the equivalent of over 12,500 MT of Better Cotton lint on 32,000 hectares.

The data presented here compares the national averages of:

- 20,500 Better Cotton farmers in 2012
- 1278 control farmers (conventional farmers) in 2012

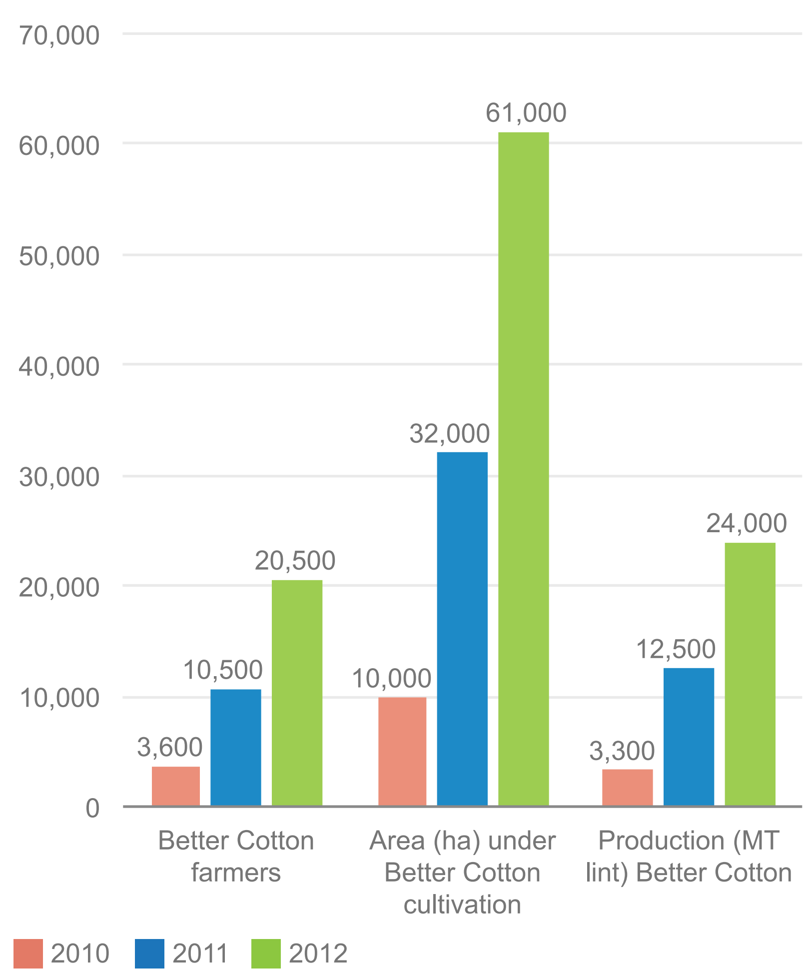


““We are committed to maintaining the improvements we have seen through the Better Cotton Initiative, using the resources of our cooperative. We have already organised funded literacy sessions after the leadership training which the project has brought.”

Brehima Coulibaly, Mali

“We will continue to apply everything we have learnt through the BCI project so that future generations can feel the benefits too.”

Teguezanga Sogoba, Mali

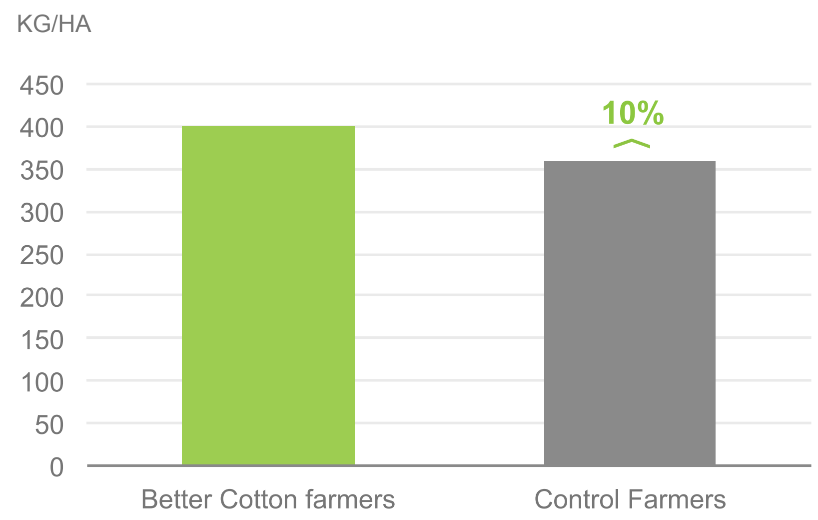


MALI

BETTER COTTON FARMERS
CONTROL FARMERS

YIELD

At 400 kilograms of lint cotton per hectare, Better Cotton farmers in 2012 had a 10% higher yield than control farmers.

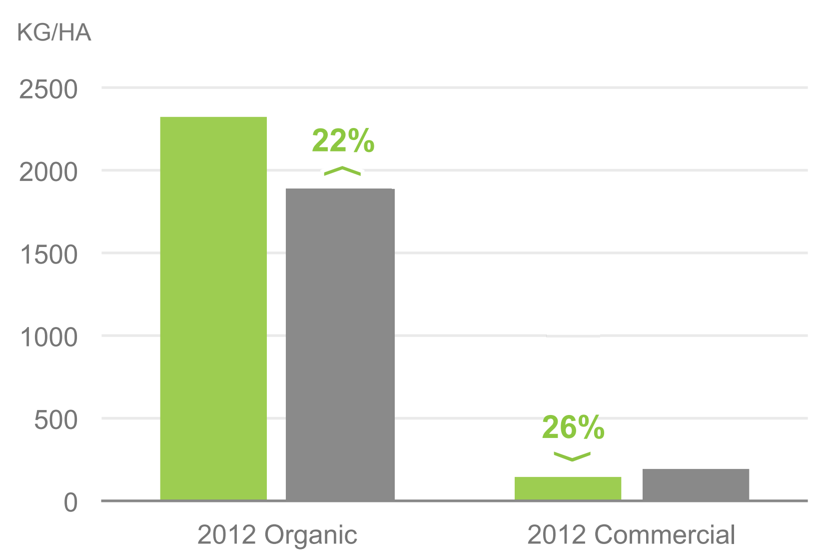


WATER USE

Cotton is grown as a rain-fed crop in Mali and so farmers do not record the use of water. However, Better Cotton farmers still maximise available water by using a variety of techniques adapted to rain-fed cotton production such as dry ploughing, partition ploughing and ploughing perpendicularly to the contour line.

FERTILISER USE

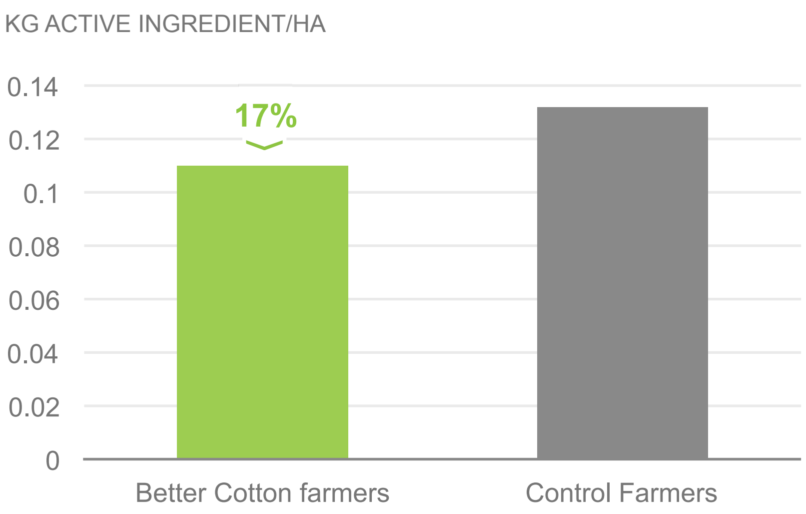
Better Cotton farmers used on average 22% more organic fertiliser (farmyard manure) and 26% less commercial fertiliser than control farmers during the 2012 harvest season.



MALI

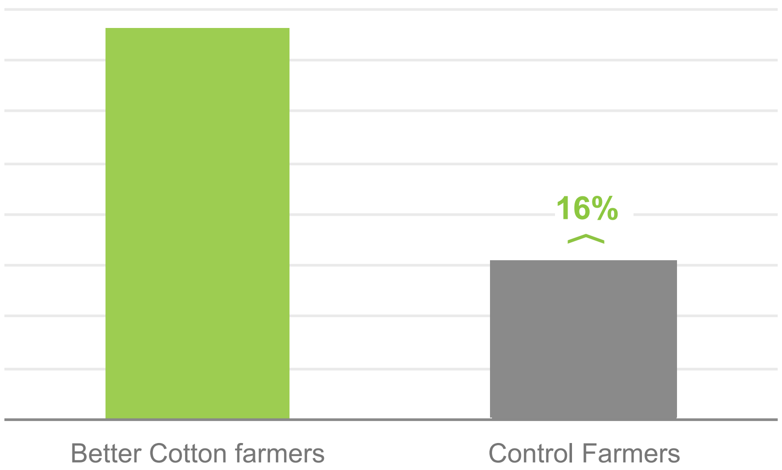
PESTICIDE USE

In 2012, Better Cotton farmers used on average 17% less pesticides (in volume of active ingredient applied per hectare) than control farmers. Neither Better Cotton farmers nor control farmers used highly hazardous pesticides during the 2012 harvest season.



PROFITABILITY

Better Cotton farmers in 2012 achieved 16% higher profitability than control farmers.



VOICES FROM THE FIELD
Improving Gender Equality in Mali

Together with Implementing Partner AProCA, BCI offers training for women living in isolated rural areas of Koutalia, Mali. Combined with working with the local men about equal opportunities, BCI is driving out gender prejudices from the community.

The training gives women in rural villages a chance to build vital skills in literacy, leadership and communication, to improve their daily lives and livelihoods. In one month alone, these sessions reached 300 Malian women from some of the hardest to reach rural communities, spreading the word about how to grow Better Cotton.

One participant, Rokiatou de N'Tonasso summed up the real impact in the community: "*We women, we now understand our essential role in achieving change in our villages. Before, we didn't know about the dangers of pesticide use. We didn't know that we could produce cotton with fewer or no insecticide sprays. We didn't know that women and children can be more sensitive to pesticides than men. We lacked self-confidence. That's why, we women, we will now mobilise to reach Better Cotton Standards in our fields.*

"We have learnt communication techniques which will help to make sure the community's cotton income is distributed fairly. Women are part of every stage of cotton production, but when it comes to selling it, they are silent. None of us knows the value of the cotton. Now, thanks to these techniques, we will work with the men in our community to claim our rights.

"I know now that if you want something, you can make it happen. Thanks to this training, we have more self-confidence. Now we are ready to change things for the better."

AProCA are the winners of our annual BCI 'Proud to be an IP' competition for the vital work they continue to implement in Mali.

Photograph © Better Cotton Initiative

CHINA

BCI Better Cotton Initiative

www.bettercotton.org

Photograph © Better Cotton Initiative

CHINA

As both the world's largest cotton producer and a major consumer of cotton, China is a key country for Better Cotton. Sustainable cotton production is a major challenge here, with 24 million farmers depending on cotton cultivation to earn a living and the environmental footprint this represents.

A BCI Representative Office was registered in Shanghai in May 2012 and is recognised in China as a Swiss Trade Association. This structure was chosen to help guarantee the success of Better Cotton in China.

IMPLEMENTING PARTNER

BCI works with Solidaridad China as our Implementing Partner in China. Solidaridad China worked in 2 states - Xinjiang and Hebei - with 4 large farms to grow the first Chinese Better Cotton crop in 2012.

WHO GROWS BETTER COTTON?

In the 2012 harvest season, 3,500 Better Cotton farmers in China produced 26,000MT of Better Cotton lint on 15,000 hectares.

Those farmers are organized into 4 large farms (Luthai, Huafu, Zhongliang, Guoxin) that are either renting land from the state or from rural collective economic organisation.

The data here compares the national average of:

» 3500 Better Cotton farmers
» 110 control farmers

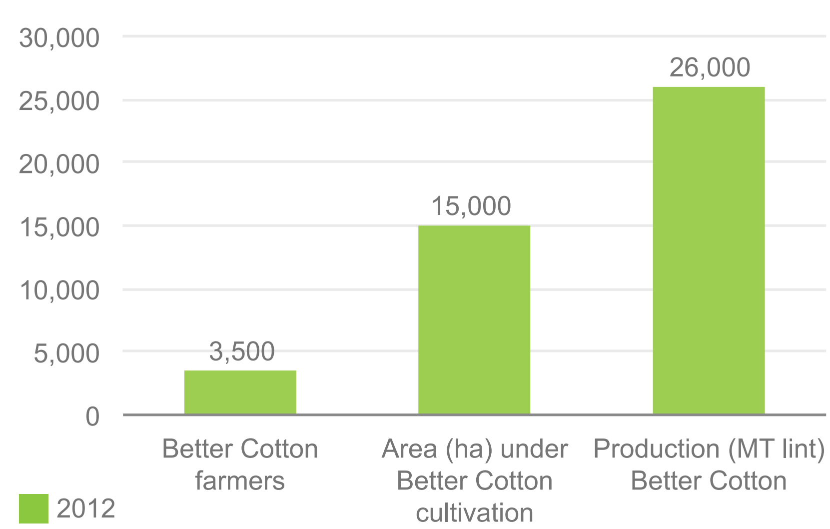
This dataset should be considered as baseline data as 2012 is the first harvest of Better Cotton in China. Independent case studies are planned in China for the 2013 harvest season.

"Since working with Better Cotton we have seen that, through training, smallholders have improved skills in field management such as soil testing for better fertiliser application."

Mr Li Jiazing
Zhongliang Cotton Industry, Xinjiang

"Since joining Better Cotton I have learned a lot about Decent Work principles, which makes me proud to be a Better Cotton farmer!"

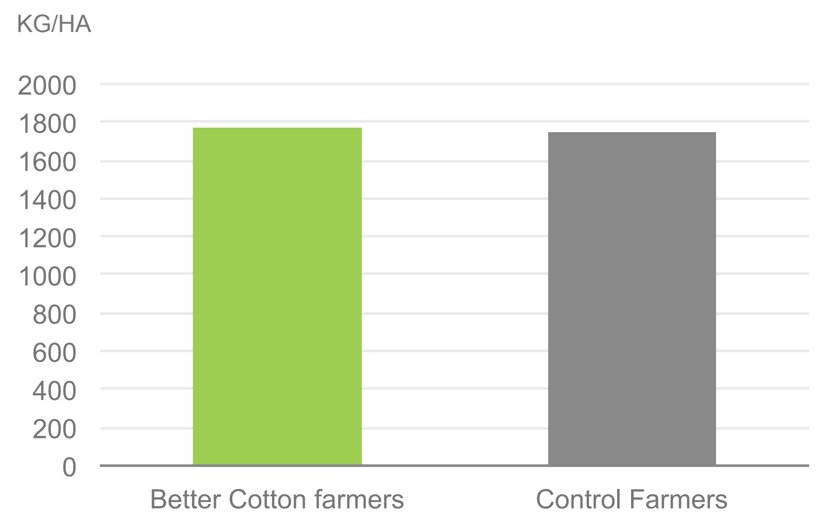
Mr Lu Haishen
Guoxin, Hebei



CHINA

YIELD

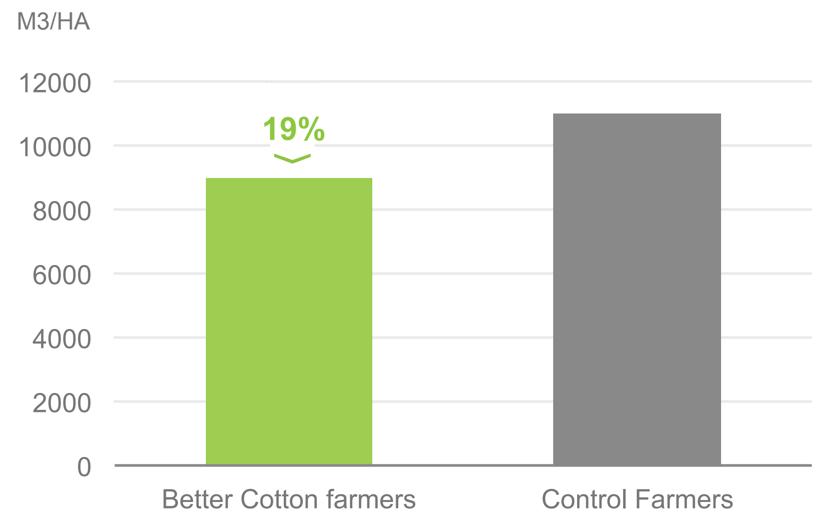
The average yield of Better Cotton farmers is 1,750 kg lint per hectare. No significant difference can be observed with control farmers.



WATER USE

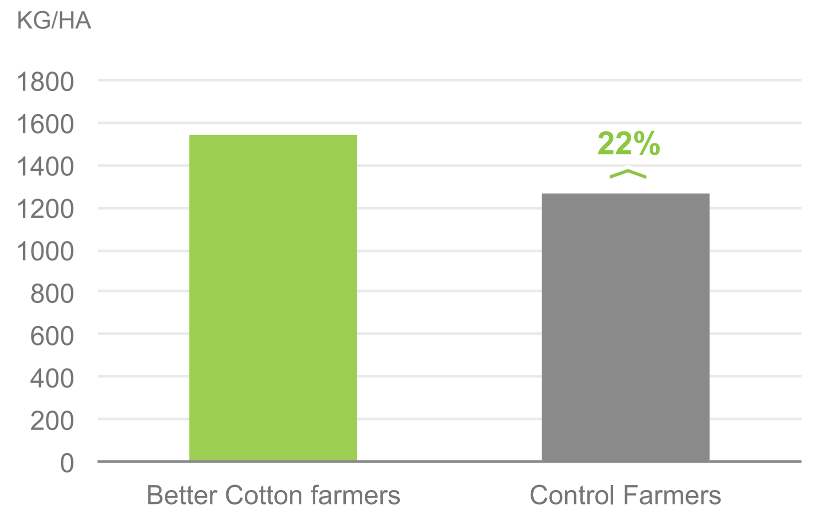
On national average, Better Cotton farmers used 19% less water than control farmers.

However, the volume of water used by Better Cotton farmers for irrigation is high at about 9,000 m3/ha. The BCI China office is actively working with Implementing Partners to further promote the use of drip irrigation in local projects. Meanwhile, BCI is also seeking collaborative opportunities with local government and NGOs to educate farmers on water saving practices.



FERTILISER USE

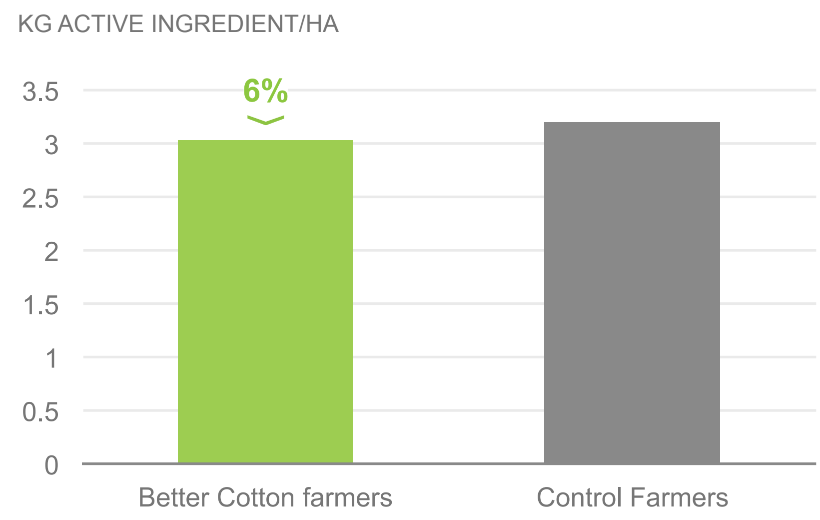
Better Cotton farmers used 22% more commercial fertilisers than control farmers. However no trend could be identified: while some Better Cotton farmers used more than control farmers, others used less. No organic fertilisers were used by either Better Cotton farmers or control farmers in Hebei. In Xinjiang, Better Cotton farmers used less organic fertiliser than control farmers. These figures should be considered baseline, however they indicate that there is considerable room for improvement in both commercial and organic fertiliser use in China. The BCI China team is closely working with Implementing Partners on these improvements.



CHINA

PESTICIDE USE

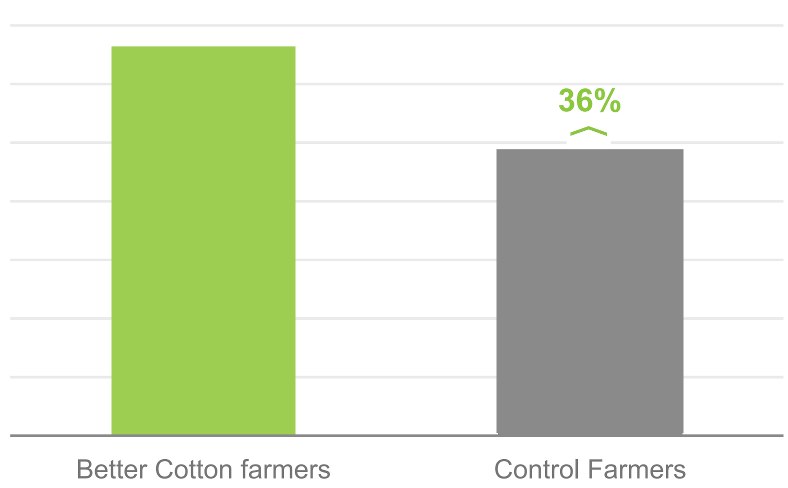
The average pesticide use for Better Cotton farmers is 3.03kg of active ingredient per hectare, 6% less than that of control farmers.



PROFITABILITY

During 2012 harvest season, Better Cotton farmers' national average profitability was 36% higher than that of control farmers.

While the results in terms of profitability in Xinjiang were encouraging, both Better Cotton and control farmers in Hebei incurred losses due to adverse external factors. The heavy rains and floods that affected the region in late August, when the cotton bols were already mature, greatly affected the quality of the cotton. As lower grade cotton is sold at a lower price, many farmers in the region did not generate any profit.



VOICES FROM THE FIELD
Getting Children Back to School

The children of Zhongliang farmers in Xinjiang used to have walk a very long way to attend school. And if their parents were not registered as long-term workers, the local schools weren't always able to let them in at the end of the walk. A family's difficult choice was to either send their children away, back to their hometowns to go to school, or keep them at the farm and deny them an education.

Solidaridad China ran training sessions on Better Cotton Standards and Decent Work with the senior team at Zhongliang farm, who committed to finding a solution for the children of the farm. After this training, the senior team at the farm worked together with the local education bureau to accept all the children of the Zhongliang cotton farmers. What's more, a new dedicated shuttle bus sends them off in the morning and picks them up after class.

BRAZIL

Click here to listen to this farmer and others talk about Better Cotton in Brazil.

BCI Better Cotton Initiative

www.bettercotton.org

Photograph © Better Cotton Initiative

BRAZIL

JAN DEC

Sowing NOV - FEB | Harvest APR - SEP | Sowing NOV - FEB

IMPLEMENTING PARTNER

BCI has worked with ABRAPA (Associação Brasileira dos Produtores de Algodão) as the Implementing Partner in Brazil since 2010.

ABRAPA and its state-based associations represent 99% of all the cotton grown in Brazil.

WHO GROWS BETTER COTTON?

Between 2011 and 2012, the number of Better Cotton farmers more than doubled from 50 to 107. Collectively, they produced about 295,000 MT of Better Cotton lint on 210,000 hectares.

In 2011, 80% of Better Cotton farmers were smallholders, cultivating less than 10 hectares, while most large farms produced Better Cotton on areas of between 1,000 and 2,500 hectares.

During the 2012 harvest season, Better Cotton was grown in the states of Bahia, Goias, Mato Grosso, Minas Gerais and Mato Grosso do Sul.

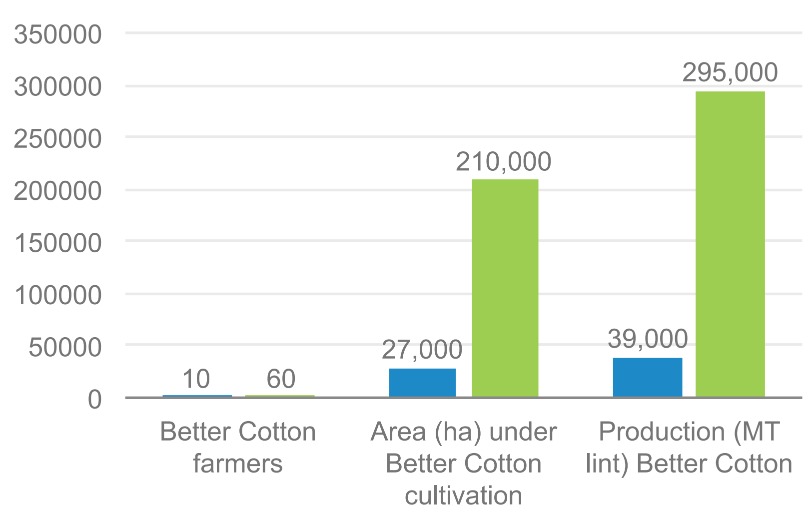
The data presented here for the 2012 harvest season compares the national average of:

Smallholders:
- 47 Better Cotton farmers
- 14 control farmers

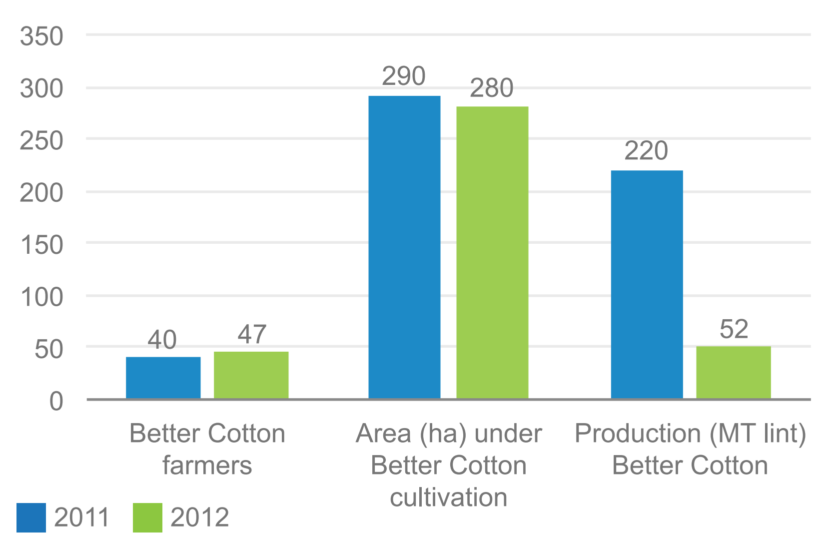
Large farms:
- 60 Better Cotton farmers
- 15 control farmers

Data used in the 2011 Annual Report represented the licensing figures from the 2011-2012 growing season. The data which is presented here is the final information from the 2012 harvest season.

LARGE FARMS



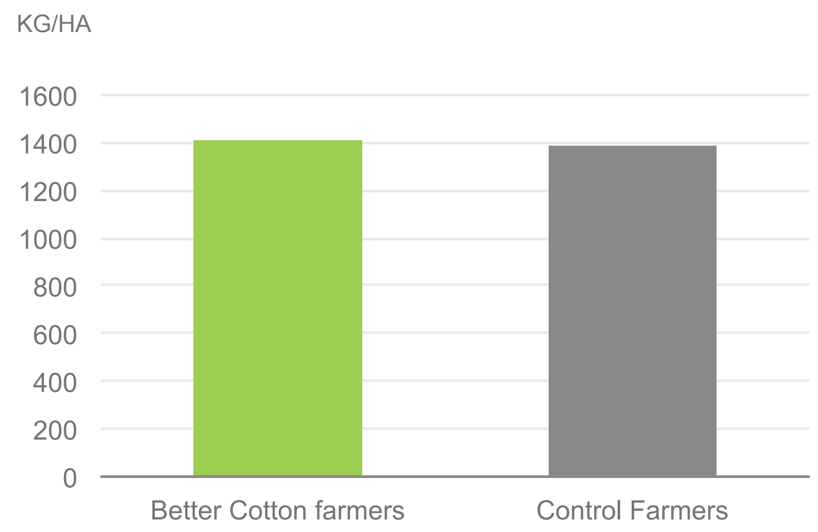
SMALLHOLDERS



BRAZIL

LARGE FARMS: YIELD

The average yield for large farms growing Better Cotton was around 1400 kg cotton lint per hectare during 2012. Better Cotton large farmers had a marginally higher yield than control farmers during this season.

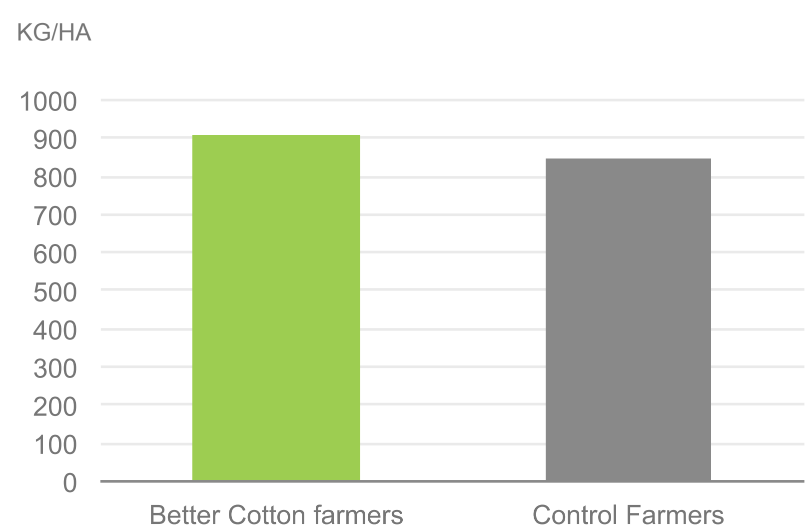


LARGE FARMS: WATER USE

Better Cotton in Brazil is produced mostly in a rain-fed system, so the total use of water for irrigation is not representative (less than 1% of the total area uses irrigation). Brazilian Better Cotton farmers use different strategies to guarantee high yields in the rain-fed system. These include the time of sowing, the use of appropriate varieties, tillage, terracing, level curve and sub soiling (when needed) to maintain rain water in the soil.

LARGE FARMS: FERTILISER USE

Many Better Cotton large farmers use precision agriculture, where all areas of the farm are mapped and their soils are classified and analysed. This allows farmers to identify the correct fertilisers and apply only the amount necessary for the crop. In the 2012 season, large farmers used an average of 900 kg/ha of commercial fertilisers.

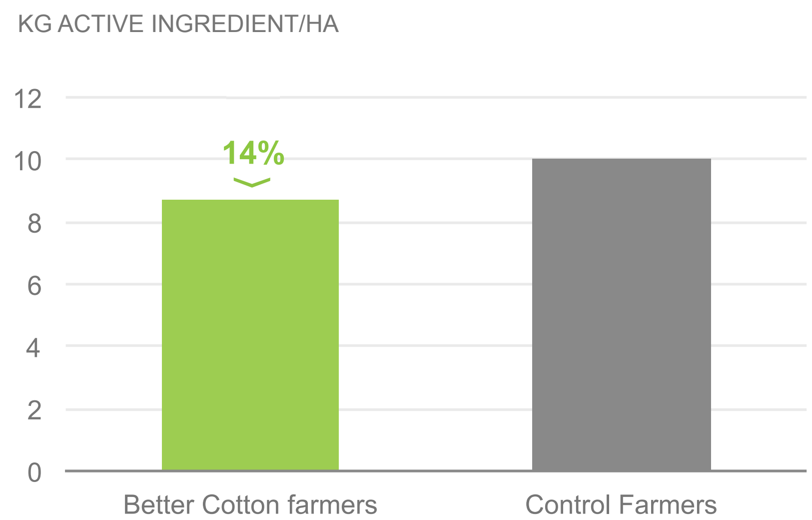


BRAZIL

LARGE FARMS: PESTICIDE USE

Better Cotton large farmers used on average 14% less pesticide (in volume of active ingredient applied per hectare) than control farmers.

On-going high pesticide usage in Brazil has been identified as one of BCI's priority issues. As referenced in the report from the Expert Panel on Social, Environmental and Economic Performance of Cotton Production (SEEP) in August 2010, ABRAPA is taking measures to effectively establish a control/eradication program (especially relating to the bollworm problem) which can help in reducing the level of pesticides being applied.



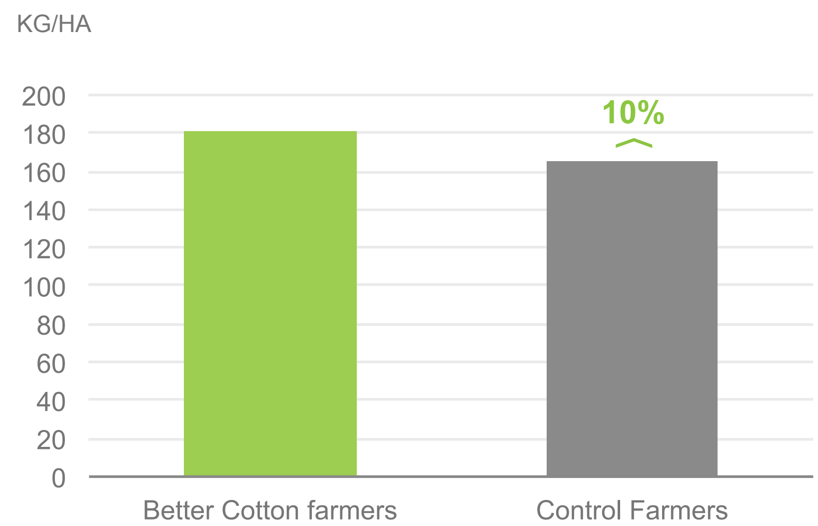
Large farms are not required by the Better Cotton Initiative to report on profitability.

During the course of 2012, considerable work has been undertaken by both BCI and ABRAPA to strengthen and develop the adoption of Better Cotton in Brazil. It has been agreed that ABRAPA and BCI will embark upon a program of benchmarking the respective standards of ABR (the standards seal owned by APRABA) and Better Cotton in 2013. It is anticipated that this will lead to a process of aligning the two standards, such that ABR standards can ultimately be recognised as Better Cotton.

BRAZIL

SMALLHOLDERS: YIELD

During 2012 the Catuti Region (Minas Gerais), where smallholders are located, was subjected to a severe drought that caused high losses in the field and led to a drastic overall reduction in cotton production. Despite the negative impact of drought, Better Cotton smallholders still managed to achieve a yield which was 10% higher than control farmers, primarily due to the use of good soil management practices.



SMALLHOLDERS: WATER USE

Smallholders do not irrigate their land and are dependent on rainfall. Soil management is the most important practice to retain water in the soil. Unfortunately, and despite the application of best practices, the drought severely impacted all cotton farmers.

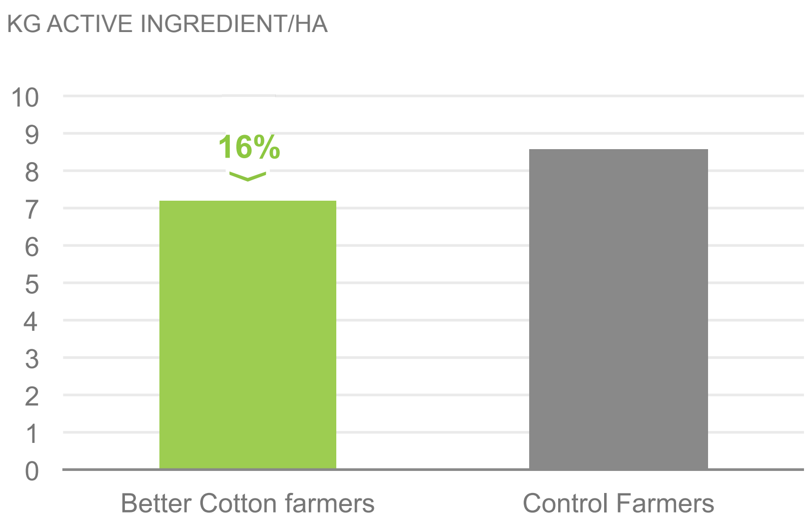
SMALLHOLDERS: FERTILISER USE

Better Cotton smallholders used only 3.8 kg of commercial fertiliser during the 2012 season, while control farmers didn't apply anything. This was a direct consequence of the severe drought during the crop cycle. As Better Cotton smallholders had better soil conditions, and consequently more water for the plants, they were able to use small amounts of foliar fertilisers, but refrained from the application of fertilisers directly into the soil to avoid problems with salinisation due to the lack of water.

BRAZIL

SMALLHOLDERS: PESTICIDE USE

Better Cotton smallholders adopted integrated pest management practices in their routines in the field that helped them to reduce pesticide use by 16% when compared to control farmers.



SMALLHOLDERS: PROFITABILITY

The losses caused by the drought in the Catuti Region did not allow any profit to be made by smallholder farmers. All of them incurred losses in 2012. However, the degree of loss incurred by Better Cotton farmers was 15% lower than that of control farmers.

As can be seen from the above data, while Better Cotton farmers have better indicators than control farmers regarding aspects of yield, pesticide use and profitability, the results of the 2012 harvest season are not encouraging. Again, this was due to severe drought conditions pervading in the Catuti region. Consequently, ABRAPA is conducting a technical study to evaluate the economic viability of cotton production for the farmers in this region, and thus ensure that it can be sustainable for them in the long-term.

VOICES FROM THE FIELD
Seeing real change in farming practices

"In the three years that I've been working as a BCI local partner in the Mato Grosso state, I've seen a lot change. Better Cotton farmers have seen so many improvements, such as better infrastructure of the farms, better record-keeping of field activities, an increased concern to preserve the environment, proper use of pesticides on crops, and a real care for their employees' welfare and health.

"For me, these changes have happened for two reasons: firstly, producers are more aware and conscious of how important it is to adopt sustainability standards of production, which are requirements to be part of the Better Cotton system. But also, they really believe that this way of working will mean a better market position, a better quality of life for workers, and a long-term prospect of sustainable production on their land."

Marcelma Maciel
Agronomist
Working with BCI Implementing Partner ABRAPA

PROUD TO BE AN IP!

BETTER COTTON AND DECENT WORK

Decent work is integral to Better Cotton.

It relates directly to one of BCI's specific aims: to improve livelihood and economic development in cotton producing areas. Production Principle 6 at the heart of the Better Cotton Standard also states that: "Better Cotton is produced by farmers who promote Decent Work, which includes specifics regarding: Freedom of Association; Health and Safety; no Child Labour; no Forced Labour; and Non-discrimination."

Essentially, Better Cotton is not Better Cotton if the principle of decent work is not upheld.

When we work with smallholder farms, BCI has to promote and uphold these internationally recognized labour principles even when there are historically complex social, economic, and cultural factors. Despite positive national legislation in most countries, many rural communities with age-old practices often don't consider child labour, forced labour, and gender or group discrimination as unfair. In these cases their economic model has traditionally depended on low-wage or no-wage labour including children, women, and bonded workers. So introducing the concept of decent work is a challenge on many fronts. Monitoring and evaluating impact is even more so.

THE BETTER COTTON APPROACH

Since its beginnings, BCI has integrated decent work into the Better Cotton Production Principles and Criteria. BCI has created decent work policies and awareness-raising information and training materials to support the work of our Implementing Partners in the field. They in turn interact locally and adapt materials and activities to be locally relevant. Through a wide range of informative and strategic activities the Implementing Partners help local communities to comply with the decent work criteria. The first step is awareness-raising and knowledge sharing, always in the context of the production of Better Cotton and improved livelihoods for farmers, their families, their workers and their community. By linking labour standards to improved harvests and livelihoods, producers gain an understanding of how this benefits them directly.

INHERENT CHALLENGES

Entrenched cultural and economic practices among cotton growing communities remain the biggest challenge. A number of other factors also hinder immediate and full compliance:

- the vast number of dispersed communities that Implementing Partners work with;
- a realistic time frame required to see real change occur;
- Implementing Partners who understandably specialise in agronomic and environmental expertise, not social and cultural knowhow;
- varied educational infrastructure to encourage the schooling of children;
- entrenched gender inequalities such as access to education and land tenure;
- and the constant economic uncertainty, often poverty, facing many smallholder farmers which discourages efforts to improve wages and reverse the practice of debt bondage.

MEASUREMENT AND EVIDENCE

BCI shares the challenge of defining meaningful indicators with other organisations doing similar work particularly in rural communities. Given the complex set of challenges, change is not easy to verify, and measurement is not easy to quantify. As one of our Implementing Partners in India has said: *"We can show clear results in agronomy, where there are very clear indicators and it is relatively easy to collect data. Decent work is much blurrier… this hinders our ability to show impact in this area."*

Similarly, showing real evidence and attribution has to take into account all the other social, economic and cultural dynamics that could influence heightened awareness and any change. Defining exactly what impact can be attributed to Better Cotton interventions requires both realism and caution.

BETTER COTTON AND DECENT WORK

PROGRESS TO DATE

A recent review commissioned by BCI and IDH of BCI activities over the last three years to promote decent work in India, Mali and Pakistan noted that *"the scale of the challenge is daunting, but the BCI approach is the right one"*. Although Better Cotton is still in its early stages, field research points to positive developments in all three countries in the areas of incomes and livelihood, health and safety and child labour.

The review reports that a wide range of activities is taking place across the three countries, which work to not only share information but also leverage existing community structures and leadership to encourage strategic interventions. Some of the activities are:

» Training for Implementing Partners and producers;
» Awareness raising: wall posters in villages, children's rallies;
» Partnerships with issue-specific international and local organisations;
» Policy and research: participating in studies on child labour and government policy processes;
» Linking communities to vocational training initiatives;
» Access to credit: linking producers to responsible micro-finance institutions and alternative income programs;
» Providing personal protective equipment at subsidised rates for producers.

Less evident was impact on non-discrimination, gender equality, forced/bonded labour, migrant workers, and freedom of association. Although the review states that *"the very existence of the BCI decent work criterion is helping to change attitudes about hired labour in cotton production and to recognise the role and significance of hired labour on cotton farms, even smallholdings"*, improving the livelihoods of all within the farming communities, including the wages of workers who do not own land, remains a distinctive challenge for BCI to live up to. Since most field workers tend to be women, gender considerations also need particular attention.

Some Implementing Partners are already showing how to achieve broader impacts going beyond training and awareness raising. There are strong indications that:

» Partnership and strategic alliances help to maximize impacts: Implementing Partners will invariably have greater impact when they act with others, particularly where there are resource constraints and lack of expertise on specialist aspects of decent work, such as child labour and women's empowerment.
» Activities have the greatest impact where they harness existing structures, services or resources: Implementing Partners emphasised that the most effective activities do not 'reinvent the wheel' but build on existing structures, services and resources.

WHAT WE'VE LEARNT FOR THE FUTURE

A number of actions are already ongoing or planned to consolidate the results from the past 3 years:

As well as our existing agronomic results indicators, the new Better Cotton Assurance Program will include indicators about 'increased influence of women' and 'elimination of child labour' measured annually by Producer Units.

A manual of good practice to promote Decent Work in cotton has recently been prepared as part of the study commissioned by BCI and IDH. It aims to create a practical resource for BCI Partners on promoting decent work, and provide answers to some common questions:

» What does it mean to promote Decent Work?
» What is the best way to get started?
» What have other Implementing Partners done? What works best?
» How can we make best use of limited resources?
» How do we go beyond awareness raising?

As part of the BCI Capacity Building strategy for 2013-2015, BCI plans to conduct more specific and practical training on gender and decent work.

We know that achieving decent work standards for all farmers and workers in cotton is a long journey, and reaching the most marginalised groups is a critical challenge: underpaid women workers, bonded labourers or migrant labourers remain hidden, whilst they are the groups most impacted by lack of decent work standards. Since BCI will not succeed alone, we will continue to engage urgent collective action towards the goal of universal decent work.

ACCOUNTS AND MEMBERS

Better Cotton agreements being made in India
© Better Cotton Initiative

MONEY MATTERS

BCI is pleased to share our annual account information here, as well as some highlights to show the financial health and progress we've made over the last year. These accounts are a means of transparency and accountability and help to provide a more complete overview of our work.

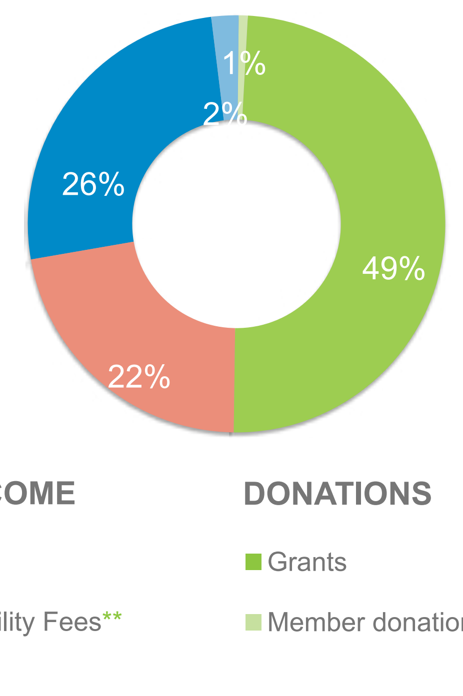
The BCI accounts only include income and expenditure for the BCI Secretariat and do not cover farm-level implementation projects. Support for projects falls outside the BCI budget. In 2012, almost €7,000,000 was invested directly into farm level projects.

Income for the BCI Secretariat (not including any farm-level investment) amounted to €3,609,000 in 2012. Of this, €2,862,000 was spent on delivering the annual business plan. In accordance with governance guidelines, a 3 month operating reserve was set aside and the remaining €247,300 surplus was re-invested into 2013 operations.

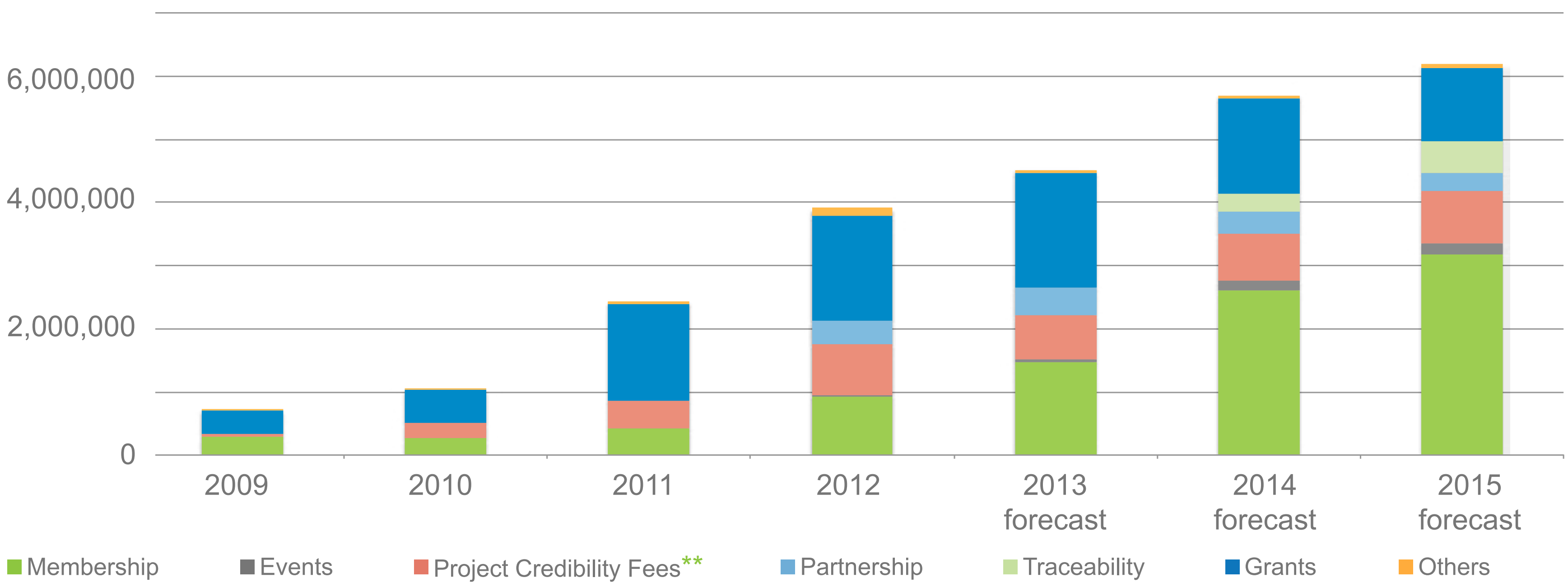
As part of the 2013-2015 Expansion Strategy, we've set ourselves financial targets aiming to be fully self-financing by 2020 at the latest. This means phasing out donor income and relying on only earned income* to sustain the BCI Secretariat.

We're well on track to achieve our goals of 75% earned income for 2015, with 50% earned income achieved in 2012.

INCOME



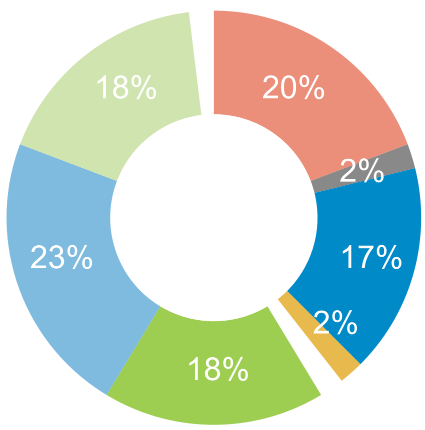
BCI REVENUE BY INCOME STREAM (€)



*Earned income is made up of membership fees, event and partnership fees, and fees for delivering farm-level services such as verification and fibre traceability.
**Project Credibility Fees: verification, credibility checks, data collection and analysis, results and impact reporting.

MONEY MATTERS

EXPENDITURE



- Management & Governance and Operations
- Fundraising
- Communication and Membership Outreach
- Financial transaction costs

FIELD SUPPORT

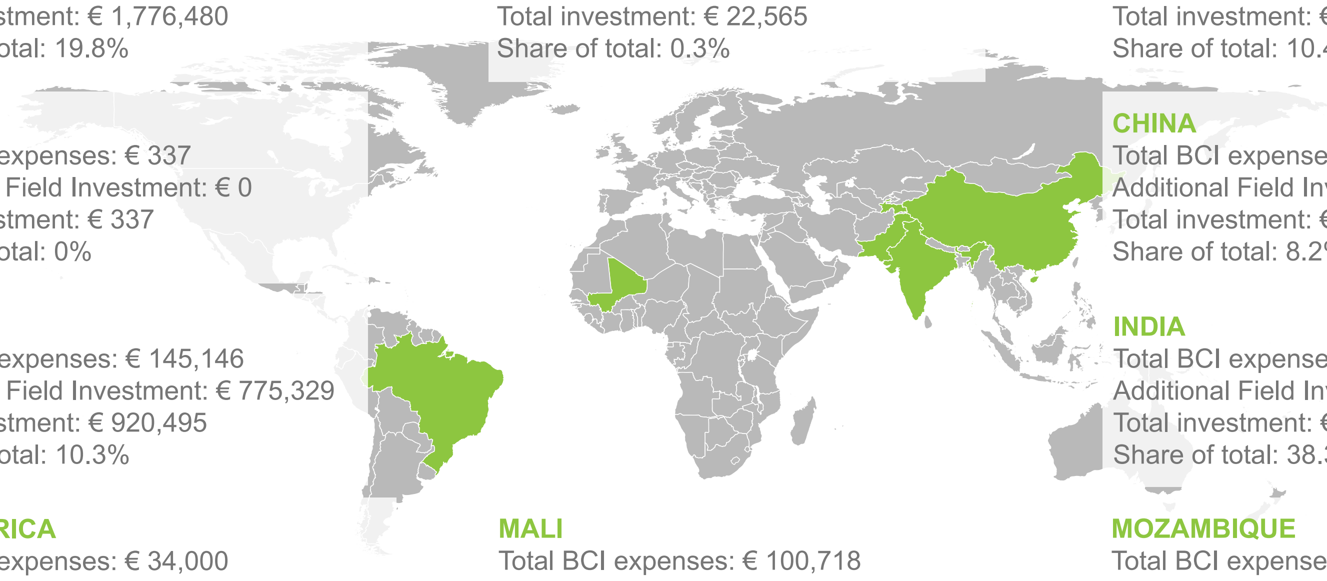
- Farm Assessment and Monitoring, Evaluation & Learning
- National Project, Assessment and Supply Chain Coordination
- Coordination / Expertise

BCI expenditure is made up of three types of activities:

1. Delivery of farm-level enabling services, including farm monitoring visits, provision of third party verification, training Implementing Partners, data collection and analysis and results reporting.
2. Delivery of global-level enabling services, including membership services, traceability services and communications support.
3. Delivery of good governance and management practices to ensure BCI is an efficient and attractive workplace.

The BCI expenditure budget only covers these expenses as directly incurred by BCI. It does not include global investment into farmer capacity building. The illustration below specifies field investment made outside and in addition to the BCI organisational expenditure. The total BCI organisation expenditure in 2012 was €2,862,000.

COUNTRY EXPENDITURE including BCI, Better Cotton Fast Track Program, and other investment



GLOBAL
Total BCI expenses: € 1, 776 480
Additional Field Investment: € 0
Total investment: € 1,776,480
Share of total: 19.8%

TURKEY
Total BCI expenses: € 22,565
Additional Field Investment: €0 (from 2013)
Total investment: € 22,565
Share of total: 0.3%

PAKISTAN
Total BCI expenses: € 166,900
Additional Field Investment: € 762,391
Total investment: € 929,291
Share of total: 10.4%

USA
Total BCI expenses: € 337
Additional Field Investment: € 0
Total investment: € 337
Share of total: 0%

CHINA
Total BCI expenses: € 307,366
Additional Field Investment: € 427,634
Total investment: € 735,000
Share of total: 8.2%

BRAZIL
Total BCI expenses: € 145,146
Additional Field Investment: € 775,329
Total investment: € 920,495
Share of total: 10.3%

INDIA
Total BCI expenses: € 259,718
Additional Field Investment: € 3,173,576
Total investment: € 3,433,293
Share of total: 38.3%

CmiA AFRICA
Total BCI expenses: € 34,000
Additional Field Investment: not applicable
Total investment: € 34,000
Share of total: 0.4%

MALI
Total BCI expenses: € 100,718
Additional Field Investment: € 441,479
Total investment: € 542,197
Share of total: 6.1%

MOZAMBIQUE
Total BCI expenses: € 48,505
Additional Field Investment: € 515,723
Total investment: € 564,228
Share of total: 6.3%

In total, the investment in Better Cotton in 2012 amounted to almost €9,000,000.

BCI MEMBERS IN 2012

PIONEER MEMBERS

- adidas AG
- Ikea Supply AG
- Marks & Spencer
- Hennes & Mauritz AB

ASSOCIATE MEMBERS

- All Pakistan Textile Mills Association (APTMA)
- Cotton Connect
- Cotton Incorporated
- SGS Société Générale de Surveillance S.A.
- Uster Technologies AG

CIVIL SOCIETY

- Action for Food Production (AFPRO)
- Action for Social Advancement (ASA)
- Ambuja Cement Foundation
- CAB International Regional Office Pakistan
- International Labor Rights Forum
- Organisation for Social Development Initiatives
- Participatory Rural Development Initiatives Society (PRDIS)
- Pesticide Action Network UK
- Solidaridad
- WWF International

PRODUCER ORGANISATIONS

- Associação Brasileira dos Produtores de Algodão (ABRAPA)
- Akesu Kintian Farm Co. Ltd.
- Association des Producteurs de Coton Africains (AProCA)
- Farmers Associates of Pakistan
- Kassan-Dost Association
- Kissan Welfare Association
- Kissan Dost
- Kashtar Developing Organisation
- Guoxin Rural Technical Service Association
- Khargoane Oroducer Co.
- Nimad Farmers Producer Company
- Xinjiang Luthai Fengshou Cotton Industry Co. Ltd.

RETAILERS & BRANDS

- Axstores
- Bestseller
- Federation of Migros Cooperatives
- Gina Tricot AB
- Hemtex AB
- Inditex
- Jackpot
- KappAhl Sverige AB
- Levi Strauss & Co.
- Lindex AB
- MQ
- Nike, Inc.
- Oxylane/Natimeo
- Sainsburys Supermarkets Ltd
- Stadium
- Tchibo GmbH
- Tesco Clothing
- VF
- Walmart Inc. (Home/joint ASDA)

SUPPLIERS & MANUFACTURERS

- Abishek Industries Ltd./ Trident
- Addchance Ltd.
- Agrocel
- Ahmed Fine Textile Mills
- Al-Abid Silk Mills Ltd.
- Alkaram Group (Alkaram Textiles Mills and Amna Industries)
- Alok Industries Ltd.
- Amin Textile Mills
- Arik Bey Tekstil
- Artistic Denim Mills Ltd.
- Artistic Fabric Mills
- Artistic Milliners
- Arvind Ltd.
- Ashima Group
- Awami Cotton Industries
- Azgard Nine Ltd.
- Basyazioglu Tekstil Sanayi Ve Tic AS (AKA Bamen)
- Beirholms Væverier A/S. (Creadore)
- Berto Industria Tessile SRL
- Best Corporation (P) Ltd.
- Bimeco Garnhandel

BCI MEMBERS IN 2012

- Birla Cotsyn (India) Ltd.
- Birpas Birlik Pamuk A.S.
- Bombay Rayon Fashions
- BOSSA
- Bros Eastern
- Carona Industries Private Ltd.
- Central Fabrics Ltd.
- Changzhou Corduroy Co. Ltd.
- Cresox Private Limited
- DAKOTA INDUSTRIAL COMPANY Ltd.
- Dalian Shenzhou Textiles Co. Ltd. Group : (Flying Deer Textiles Co.) and (Shanghai Flying Dragon Textiles Co.)
- Deltex
- Deniz Tekstil Sanayi Ve Ticaret A.S.
- Din Textile Mills
- Eastman Exports Global Clothing
- ETF Tekstil
- Far Eastern Industries (WuXi) Ltd.
- Far Eastern New Century Corporation (Taiwan)
- Fazal Cloth Mills Ltd.
- Feroze1888 Mills Ltd.
- Gapsan Tekstil Sanayi ve Ticaret A.S.
- Garg Acrylics Ltd.
- Ghazi Fabrics International Ltd.
- GID Textil
- GTN Industries
- GTN Textiles/Patspin India
- Gul Ahmed Textile Mills
- Hantex
- Hateks Hatay Tekstil
- Hero Fashions
- Huafu Top Dyed Mélange Yarn Co. Ltd.
- Hursan Havlu
- Hussain Mills
- IMTEKS GİYİM SAN.TİC A.Ş.
- Indus Group of Companies
- INSAF Cotton Ginniers & Oil Mills
- Iskur Tekstil Enerji Ticaret Ve Sanayi A.S.
- Karacasu Tekstil
- Kasim Textile Mills
- Kipas Mensucat
- Loknayak Jayprakash Narayan Shetkari Sahakari Soot Girni Ltd.
- Machiyara Group (Fashion Knit Industries and Kassim Textiles)
- Mahmood Group: Masood Spinning Mills; Masood Fabrics Ltd.; Mahmood Textile Mills; Roomi Fabrics Ltd.; Khawaja Muzaffar Mahmood Muhammad Masood (KMMMM)
- Malwa Industries Ltd.
- MANDHANA INDUSTRIES LIMITED
- Master Textile Mills Ltd.
- Matrix Sourcing
- Maydin
- Menderes
- Mustaqim
- Nagina Group of Industries
- Nagreeka Exports Ltd.
- Nahar Group of Companies (Nahar Spinning & Nahar Industrial Enterprises)
- Naveena Exports Ltd.
- Naveena Group of Industries (Naveena Industries and Ahmed Oriental)
- Nishat Chunian Ltd.
- Nishat Mills
- NSL Cotton Corporation
- NSL Textile Ltd.
- Ocean Sky Global (S) Pte Ltd.
- Omax Cotspin
- Orta Anadolu
- Patel Cotton
- Precot Meridien Ltd.
- Rajvir Industries Ltd.
- Ramatex Private Ltd.
- Reliance Weaving Mills Ltd.
- Robintex (Comptex Bangladesh Ltd.)
- S A Aanandan Spinning Mills Pvt Ltd.
- S.S.V. Textiles Exim Private Ltd.
- Sadaqat
- SAF Mensucat San. TIC A.S.
- Saif Textile Mills
- Sambandam Spinning Mills Ltd.
- Sanko Tekstil
- Sapphire Group (Sapphire Textile Mills, Sapphire Fibres Ltd., Amer Cotton Mills Ltd., Sapphire Finishing Mills Ltd., Diamond Fabrics Ltd.)
- SEL Manufacturing Co. Ltd.
- Shandong Huitong Textile Co. Ltd.
- Shangtex YuFeng
- Shree Ambica
- Shreeram Fibers India Ginners

BCI MEMBERS IN 2012

- Siddiqsons Ltd.
- Sirikcioglu Mensucat
- Sociedade Algodoeira do Niassa, JFS, Sarl
- Soorty
- Sri Ram Spinning Mills Ltd.
- Sunrise Group: Sunrise (Shengzhou) Textiles, XinJiang
- Youngor Cotton Textiles
- Super Spinning Mills
- Suryajvoti Spinning Mills Ltd.
- Thapar Group / JCT Ltd.
- Top Star Textiles
- Topkapi Iplik San.ve Tic. A.S.
- TRC Candiani
- Umer Group (Blessed Textiles, Faisal Spinning and Bhanero Textiles)
- US Denim
- Vaibhav Laxmi industries
- Vardhman Textiles
- Vicunha Europe Sarl
- Viyellatex Spinning
- Win Hanverky Textile
- Winnitex
- Winsome Textile Industries Ltd.
- Winsome Yarns Ltd.
- Yesim Tekstil SAN. VE TIC. A.S.
- Zhejiand Saintyear Textile Co. Ltd.
- Zhengzhou Zhaoge Cotton Yarn Co. Ltd.
- Zorluteks

SUPPLIERS & MANUFACTURERS : TRADERS

- Anandi Entreprises
- Basil Group
- Cargill
- CGG Trading B.V.
- Dadasons Private Limited
- Devcot S.A.
- Ecom Agroindustrial Corp, Ltd.
- Gill & Co Private Ltd.
- ICT Cotton Trading Ltd.
- Lesha Impex Private Ltd.
- Louis Dreyfus Commodities Suisse S.A.
- Meezan Enterprises (PVT) Ltd.
- Navjyot International Trading Pvt. Ltd.
- Olam International Ltd.
- P.D. Sekhsaria
- Paul Reinhart AG
- Plexus
- S Raja Exports
- Sree Tirmumala Cotton Corp.
- Sunny Trexim

BCI Better Cotton Initiative