

Better Cotton Growth & Innovation Fund

ANNUAL REPORT

2017-18



In partnership with

idh the sustainable
trade initiative





The Better Cotton Growth and Innovation Fund (GIF) is a global programme designed to support the Better Cotton Initiative (BCI) in its goal of reaching five million farmers in key cotton-producing countries and have Better Cotton account for 30% of global cotton production by 2020.

Launched by BCI and its partners in 2016, the Fund identifies, supports and invests in field-level programmes and innovation while fostering adoption of the Better Cotton Standard System by governments, trade associations and other national-scale entities.

In this annual report, we highlight the challenges, innovations and accomplishments of the Better Cotton GIF across seven cotton-producing countries in the second year of programme implementation, along with field-level success stories from our projects.

It is imperative to mention that all this would not have been possible without the growing support of farmers, our partners and funders. We would like to take this opportunity to thank them all for their contributions and their belief in our work.

Alan McClay
BCI CEO

Joost Oorthuizen
IDH Executive Director

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From the Secretariat

More than 250 million people across the world depend on cotton cultivation and processing for their livelihoods. Owing to a large number of people employed in the cotton sector, it is one of the world's most important fibres and cash crops.

The UN Agenda for Sustainable Development outlines the duties of governments, businesses and civil society to promote sustained, inclusive and equitable economic growth to create greater opportunities for all. Aligned to this agenda, the Better Cotton GIF addresses vital sustainability issues such as pesticide use, water efficiency and working conditions including child labour, gender inequities and poverty in cotton farming through its support of the Better Cotton Standard System (BCSS).

The implementation of the BCSS, the backbone of BCI, contributes to Sustainable Development Goals (SDGs) that call for an end to poverty, protection of the planet and promoting prosperity.

BCI launched the GIF in 2016 to continue the work started under the Better Cotton Fast Track Programme (BCFTP), which was facilitating production of nearly two million MT of Better Cotton lint.

In its second year, the GIF directly invested €6.4 million (from Retailers and Brands, public donors and IDH) in field-level programmes and mobilised an additional €3 million in co-funding from Implementing Partners and supply chain partners (social enterprises, ginners, spinning mills and garment manufacturers) – creating a total portfolio value of €9.4 million. These investments enabled us to reach out to more than one million cotton-growing farmers in the 2017-18 cotton season. This is a remarkable milestone, which would not have been possible without the steadfast commitment of BCI Retailer and Brand members, Implementing Partners and public donors. The growth of the programme over the last two years establishes the success of the programme by increasingly reaching out to farmers and promoting sustainability in the cotton supply chain.

We thank all contributing funders for supporting our work and we are eager to invite new public and private investors to join us in this journey and help in improving the environment and the lives of millions of cotton farmers around the world.

We look forward to reaching out to a larger number of farmers and increasing our impact on creating sustainable supply chains in the cotton industry. We plan to share more results with you over the coming years and hope that this report inspires you to be part of the change.

Sincerely,

Lena Staafgard

Chief Operating Officer, BCI

Pramit Chanda

IDH Programme Director - Cotton, IDH

A close-up photograph of a cotton plant. In the foreground, a cluster of white, fluffy cotton bolls is in focus. To the left, a green cotton boll is still attached to the plant. The background shows more green leaves and bolls, slightly out of focus. A blue rectangular box with the word "INTRODUCTION" in white capital letters is positioned in the center-right of the image.

INTRODUCTION



Introduction

The Better Cotton GIF is a global project portfolio managed in partnership with businesses, civil society partners and governmental bodies. The Fund supports training and capacity building of cotton farmers to ensure that cotton production is better for the people who produce it, better for the environment it grows in and better for the cotton sector's future.

The Fund provides a mechanism for retailers and brands to make investments that can lead to a tangible impact at the field level, which cannot be achieved alone. Its governance model provides contributing partners an active voice in driving the success of their investments and creating a more sustainable future for the farmers, businesses, brands and consumers that are involved in the cotton industry. The Fund also enables public-private cooperation on an unprecedented scale - laying the foundation for successful long-term implementation.

BCI aims to reach five million farmers in key cotton-producing countries and have Better Cotton account for 30% of global cotton production by 2020.

Our Strengths:

ENABLING PUBLIC AND PRIVATE COOPERATION

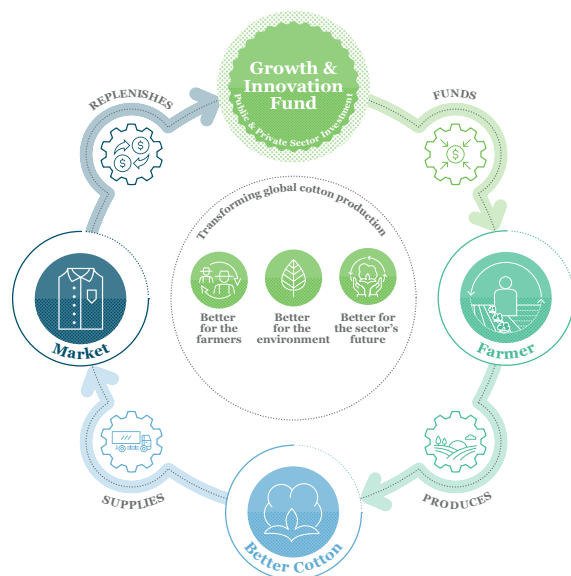
The Fund's public and private partners help maximise results by combining investments, knowledge and networks. To enable mainstream sustainable change, the Fund facilitates cooperation with international and local civil society organisations, governments and other sustainability initiatives. It also builds connections throughout the supply chain, linking farmers to cotton businesses.

EFFECTIVE SERVICE DELIVERY MODELS FOR IMPACT AND CONTINUOUS IMPROVEMENT

The Fund works in collaboration with its Implementing Partners, taking significant leadership in implementing the programme in their specific geographical area. The Implementing Partners are responsible for building the capacity of farmers to participate in the Better Cotton Standard System through field-level training and outreach activities. The Implementing Partners also collect data to provide evidence of the impact of Better Cotton on the environment and the lives of farmers and farm workers.

SUPPORTING KEY MARKETS TO ADOPT THE STANDARDS

Our retail and brand partners are committed to support the production of Better Cotton, which is produced by licensed Better Cotton Initiative (BCI) Farmers. To enable this, the Fund supports BCI in its work of reaching out to key cotton producing countries to adopt the Better Cotton Standard System as a national system.



Matching Contributions: How the Public-Private Partnership Works

BCI Retail and Brand Members contribute to the Better Cotton GIF through a volume-based fee that is utilised for the cost of training farmers on the Better Cotton Standard System. This fee is based on the volume of Better Cotton that a member declares as sourced on the Better Cotton (online) Platform. The GIF then invites global institutional donors and government agencies to match the fees contributed by these Retailers and Brands.

By matching the funds from the brands with the funds from the donors, the Better Cotton GIF is able to increase the capacity of its portfolio and encourage other stakeholders such as the Implementing Partners and the supply chain partners to invest in the programme, ensuring that the projects under the Fund are cost-efficient and scalable.

How the Fund Works:

The BCI Council, in partnership with BCI Retailers and Brands, civil society members and government bodies, governs the GIF. IDH, the Sustainable Trade Initiative, is the strategic partner for the Fund, under which it has taken up the role of the fund manager in addition to being an important funder.

Representatives from IDH and BCI form the GIF Secretariat that proposes and implements the GIF strategy, manages and processes project applications, promotes knowledge sharing and manages a growing innovation pipeline.

Companies that contribute more than €150,000 per year or make public commitments to source over 50% of their total cotton supply as Better Cotton by 2020 are invited to join the Better Cotton GIF committees and participate in the development of its investment strategy.

The Better Cotton Growth & Innovation Fund capitalises on the expertise of its members through two multi-stakeholder committees that set the annual investment programme:

THE BUYER AND INVESTOR COMMITTEE (BIC): The BIC is in charge of linking the demand and supply of Better Cotton and proposing new strategic investments to further increase the programme impact. The Retailer and Brand members in the committee share information about their sourcing regions to shape geographic priorities for the Fund. They also share the lessons learned on their approach towards successfully working with their supply chains on Better Cotton.

Buyer and Investor Committee*



* GIF BIC members in 2017-2018

THE FIELD INNOVATION AND IMPACT COMMITTEE (FIIC): The FIIC is responsible for running the annual application process and seeking out new approaches towards improving the effectiveness and efficiency of its implementation.

Field Innovation and Impact Committee*



The Better Cotton volume-based fee has increased substantially over the years. The fee contributed €1.3 million to the GIF in 2016; €3.5 million in 2017 and is projected to contribute €7.5 million in 2018.

BCI Implementing Partners (IPs) Funded by the GIF

The Fund Secretariat, along with the BIC and FIIC runs an annual funding cycle that reflects BCI's strategic priorities and makes progress towards the Fund's 2020 goals (a subset of BCI 2020 goals). Strategies are tailored by country to ensure geographical differences are being captured while striving towards the same vision.

Only BCI-endorsed Implementing Partners¹ are eligible as fund recipients. They are supported from the start of the application process until the final submission to the FIIC. The FIIC reviews the project applications and builds a global portfolio for endorsement and ratification by the BIC and BCI's Councils.

* GIF FIIC members in 2017-18

¹ https://bettercotton.org/wp-content/uploads/2014/01/External-Guidance-on-the-Implementing-Partner-Endorsement-Process_Final_July-2013_ext.pdf



Programme Report

One Million and Counting

In 2017-18, more than one million cotton farmers in India, Pakistan, China, Mozambique, Turkey, Senegal and Tajikistan received training and support from the Fund through regional Implementing Partners.

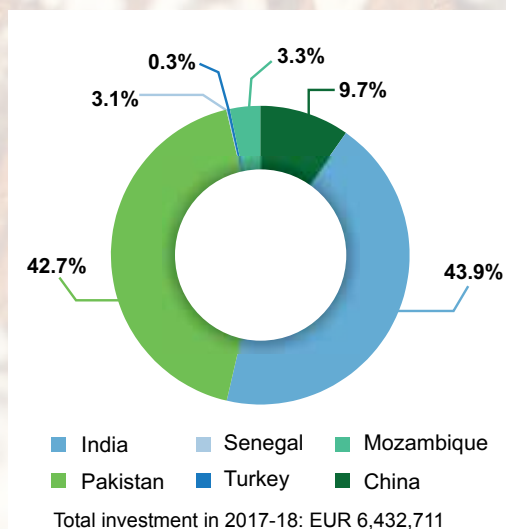
The GIF directly invested €6.4 million (from Retailers and Brands, public donors and IDH) in field-level programmes and mobilised an additional €3 million in co-funding from Implementing Partners and supply chain partners (social enterprises, ginners, spinning mills and garment manufacturers) - a total portfolio value of €9.4 million in the year.

The Fund operates with BCI's model of continuous improvement at its core. Farmers who participate in the programmes are evaluated against core criteria. Based on their qualification, they are provided a license to sell their cotton as Better Cotton. For more information about BCI's Assurance Programme visit: www.bettercotton.org/about-better-cotton/better-cotton-standard-system/assurance-program/

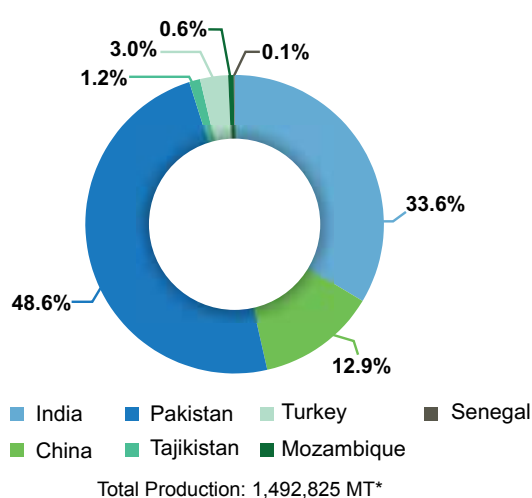
The GIF strategy focuses on supporting farmers in major cotton-producing countries while also exploring new opportunities to cater to farm-level needs and strategic sourcing requirements of BCI supply chain actors. For instance, in 2017-18, the GIF commissioned a scoping study in Greece to support national stakeholders in their efforts to grow Better Cotton.

The following pages outline how BCI Implementing Partners adapt to their local contexts and address the challenges of training farmers to adopt more sustainable production practices.

Better Cotton GIF Investment



Better Cotton Production under the GIF*



*Figures are subject to change once the post-harvest license cancellations are confirmed.



India

Programme Results 2017-18

Fund investment	Participating farmers	Better Cotton production	Area covered
€2,824,649	546,264	501,639 MT*	776,797 ha*

India is the largest cotton producer in the world and accounts for 25% of the global cotton producing area. It is also the second largest textile exporter in the world and has the largest value of mid-stream supply chain actors. Currently producing about 6.5 million MT and engaging 9 million cotton farmers, cotton is a vital cash crop to the economy.

India has a high number of smallholder farmers with limited support. This makes the country crucial to achieving BCI's 2020 Better Cotton goals. However, these farmers constantly deal with pest and irrigation-related issues and are highly vulnerable to climate variations that are beyond their control. Child labour is another pressing challenge to farming in India. Children are often employed on the farms and are exposed to hazardous working conditions that include applying pesticides and using sharp tools.

To meet these challenges, the Fund invested almost 50% of the total funding allocation in its second year to India to work with 15

Implementing Partners on 21 projects across the country.

The Convergence of Agricultural Interventions in Maharashtra (CAIM), a programme under the Government of Maharashtra, is currently implementing a Better Cotton project in Maharashtra. The project's reach has grown from 75,000 farmers in 2016-17 to 150,000 farmers in 2017-18, making it the largest project under the Fund globally. In addition, CAIM is also contributing 68% towards the total project fund.

Going forward, India will continue to be an important region for the Fund in terms of reaching out to more farmers and further increasing Better Cotton production in the country.

Implementing Partners

AMBUJA CEMENT FOUNDATION | AFPRO | BASIL COMMODITIES | BHARAT COTTON FACTORY | CAIM | COTTONCONNECT
| DESHPANDE FOUNDATION | KK FIBERS | LUPIN FOUNDATION | MYKAPS | PRATIBHA SYNTEX | PRDIS | SPECTRUM |
UDYANSH | WWF INDIA

**Figures are subject to change once the post-harvest licenses are confirmed.*

Partner Spotlight: Lupin Foundation

Lupin Foundation joined the Better Cotton GIF as an Implementing Partner in the 2017-18 season. The organisation rolled out a project in the Dhule and Nandurbar districts of Maharashtra, where it trained more than 11,000 farmers on the Better Cotton Standard System.

Farmers from these regions are mostly smallholders, and Lupin Foundation has deployed several methods to motivate them and increase their participation in the project activities.

Agrochemical management has been a challenge for the project as there was a lack of awareness on pesticides and proper pesticide application, amongst farmers in the region.

The farmers in the region have reportedly been using a cocktail of pesticides without maintaining a proper schedule. Awareness about using Personal Protective Equipment (PPE) while spraying pesticides in the fields is also low amongst these farmers.

Lupin Foundation has developed Information, Education and Communication (IEC) materials in the local language to improve awareness of the appropriate use of pesticides. In addition, activities such as village-level training, demonstration plots, field visits, farmer rallies and programmes with the local farm science centres such as Krishi Vigyan Kendra (KVK) and State Agriculture Universities are being implemented to engage with farmers for promotion and adoption of the Better Cotton Standard System.

One of the farmers trained by Lupin Foundation shares his experience.

Increased Earnings with Reduced Input



Kishor Bharat Singh Rajput
BCI Farmer
Dhule, Maharashtra

Kishor Bharat Singh Rajput is a smallholder farmer from Shindkheda Taluka of Dhule district in Maharashtra. He owns five acres of land in which he grows cotton every year.

Kishor participated in the Better Cotton GIF project in the 2017-18 season and attended training sessions on 'Better Cotton Principles and Criteria'.

Sharing his experiences on becoming a BCI Farmer, he says, "I have been harvesting the cotton crop every year from my five-acre land. I attended BCI training in the year 2017, in which I learned about the selection of early variety of crop, reducing spacing, intercropping, avoiding calendar spray, use of bio-pesticides and sowing of refuge/

border crop. I started incorporating these practices into my work, which helped me in improving the quality of yield, as well as cut costs."

Before the training, Kishor had to weed his farm up to four times in one season. Now, with intercropping, the weeding requirements have been reduced to two sessions, resulting in savings of Rs. 3000-4000 for him in a season. He uses botanical preparations for controlling sucking pests, which helps him to save another Rs. 3000 per year. The produce from intercrops also adds to his overall income. Through adopting an alternate furrow method for irrigation, Kishor has saved on water and power consumption.

In 2017, Kishor got an average yield of five quintal cotton per acre, which was the same as the previous season. However, by reducing his cost of cultivation and the additional income earned from the green gram used as an intercrop, his income has increased substantially.



PAKISTAN

Programme Results 2017-18

Fund investment	Participating farmers	Better Cotton production	Area covered
€2,752,115	290,973	725,380 MT*	810,977 ha*

Pakistan is the fourth largest cotton producer in the world – producing 2.38 million MT in the 2016-17 season. More than 1.5 million farmers are engaged in cotton farming in the country. It has the third largest spinning capacity in Asia (after China and India).

With a strong government support to the sector and a high concentration of ginning and spinning mills, along with the vertical integration of its market structure, Pakistan has always been an important country for the Fund.

About a quarter of all farmers in Pakistan grow cotton. The cotton sector (including textile) contributes highly to the GDP and accounts for 60% of the total export value.

However, pests and cottonseed quality, along with poor climatic conditions, are perpetual challenges faced by the sector. In addition, in many cotton-growing areas, women face serious challenges and have access to fewer opportunities. For instance, women tend to be underrepresented in learning groups, yet are extensively involved in field labour, including picking. Moreover, women workers tend to earn less than men for doing the same work. To address some of these challenges at the field-

level, the Fund invested in 15 projects and worked with six Implementing Partners in the country in 2017-18. In addition, over the past years, BCI has been working with Pakistan's Ministry of Textile Industry to explore avenues for channeling government funding to local projects.

Further, the Australian Government, Cotton Australia and BCI collaborated to support the training of nearly 200,000 cotton farmers in Pakistan, commencing with the 2017-18 cotton season. A key success factor for the partnership was the technical support provided by Cotton Australia, which resulted in technology transfer around Integrated Pest Management and other best practices that can be adopted by farmers.

In the next cotton year, the Better Cotton GIF aims to increase the BCI farmer base in the country by looking at improving the supply chain participation and continuing to address farmer livelihood through productivity and water management.

Implementing Partners

CABI | COTTONCONNECT | LOK SANJH | WWF PAKISTAN | REEDS SOCIETY | SWRDO

**Figures are subject to change once the post-harvest licenses are confirmed.*



Partner Spotlight: Centre for Agriculture and Biosciences International (CABI)

CABI joined the Better Cotton GIF programme in 2016. Earlier, it was also an Implementing Partner for the BCFTP project for two years. In 2017, it successfully trained more than 22,000 cotton farmers and 50,000 farm workers on the Better Cotton Standard System in the Sindh province.

Apart from agricultural extension work undertaken under the project, CABI has also supported procurement of qualified seed cotton from farmers of Better Cotton projects. This was implemented through effective coordination, information sharing, facilitation to supply chain actors and development of linkages with farmers. During the 2017 crop season, more than 95% of seed cotton produced under CABI's Better Cotton projects was sourced by BCI supply chain.

After a series of experiments, CABI has developed the Natural Enemies Field Reservoir (NEFR) technology, which is a mass rearing technique to biologically control pests.

CABI introduced a new approach of NEFR in which a safe habitat is provided to the already existing natural enemies of the target pests by manipulating the existing environment on the farmer's field.

CABI has trained other BCI IPs in Pakistan - WWF Pakistan, Lok Sanjh, CottonConnect, SWRDO and REEDS Pakistan - on the NEFR technology through practical demonstration of the technology and training of the Implementing Partners' field staff.



NEFR technology implementation at a smallholder's farm.

BCI Farmers Ahmad Khan Mari and Ali Nawaz talk about their experiences being associated with the project:

Fighting Pests with Bio-Preparations



Ahmad Khan Mari

BCI Farmer

Tando Allahyar, Sindh

Ahmad Khan Mari is a cotton farmer from Tando Allahyar district in the Sindh province of Pakistan. Pest management was a serious challenge for him on his cotton farm. He lacked awareness of integrated pest management techniques and was unable to differentiate between beneficial and harmful insects. He was amongst the farmers who adopted and benefitted from Natural Enemies Field

Reservoir (NEFR) technology recommended by CABI.

He says, “Before getting associated with the Better Cotton project, I believed that all insects are harmful to my crops. At the beginning of the cotton farming season last year, the CABI team informed me about beneficial insects that can be reared at farms. With their guidance, I established NEFR at my farm in 2017 crop season after which I did not have to apply pesticides to my crops and was able to control mealybugs through the application of Kala jet (*Aenasius bambawalie*), which is a biological pesticide advised by the project officials”.

Improving Yield with Better Irrigation Practices



Ali Nawaz

BCI Farmer

Sanghar, Sindh

Ali Nawaz is a cotton farmer from Khipro Tehsil of Sanghar district, Sindh, Pakistan. Before adopting Better Cotton Principles, he was facing challenges in regulating irrigation for his crops, which were often over-irrigated, resulting in reduced yield and increased input expenses.

He shares, “After the training (on the Better Cotton Standard System) I realised that I had not been making optimum use of water in our farm. I used to irrigate my crop on a calendar basis and often irrigated excessively. It not only reduced the farm-yield but also increased my expenses. Water management practices that I learnt during BCI training sessions helped me to enhance water-use efficiency and improve the yield”.

Partner Spotlight: WWF

WWF-Pakistan is one of the founding members of the Better Cotton Initiative and has been actively involved in promoting the Better Cotton Standard System. WWF-Pakistan's engagement with Better Cotton began in 2010.

During the 2017-18 cotton season, WWF-Pakistan worked with around 150,000 cotton farmers, cultivating cotton over 470,000 hectares.

WWF-Pakistan works closely with the Pakistan Government's Agriculture Extension Department (AED) to ensure all cotton farmers in the Rahim Yar Khan area have adopted the Better Cotton Standard System. These AEDs are engaged as local partners for project implementation at Sukkur, Rahim Yar Khan, Bahawalpur and Khanewal districts in the state.

The AEDs worked with four Producer Units with 7,000 farmers in 2016. In the 2017-18 cotton season, 100% off-field implementation was undertaken by the AED in Rahim Yar Khan, where WWF-Pakistan is an Implementing Partner. The project is working with the Farmers to 'train them on Better Cotton Principles and Criteria. Muhammad Sohail describes his experiences as a BCI Farmer:

Responsible Pesticide Management Leading to Improved Returns



Muhammad Sohail
BCI Farmer
Pakistan

Muhammad Sohail has been a smallholder farmer for the past 20 years. Before being associated with BCI programme, his awareness of pest management on farms was limited. He faced challenges in optimizing the timing and quantity of pesticide application, which led to poor crop yields.

Sharing his story on becoming a BCI Farmer, he says, "Prior to the training, I was spraying pesticides just after 15 days of sowing. I did not know about beneficial insects and intervals at which I should be applying pesticides. After BCI training, I delayed spraying of the pesticides, which resulted in beneficial insects getting attracted to the crops. Now, I conduct regular field observations and apply pesticides only when required - using the Personal Protection Equipment while doing so. My cotton yield has increased from 20 mounds per acre in the last year to 35 mounds per acre in this year. Reduction in input cost has also resulted in a substantial profit for me this year".



CHINA

Programme Results 2017-18

Fund investment	Participating farmers	Better Cotton production	Area covered
€626,300	73,279	192,390 MT*	105,625 ha*

As the second largest producer, the largest consumer and the largest importer of cotton, China is one of the most important sourcing hubs for many BCI Retailer and Brand Members.

About 10-20 million farmers and farm workers in the country depend on cotton cultivation in China as a source of livelihood. However, the current landscape reflects that cotton farming is becoming increasingly more challenging for smallholder farmers in the country.

Due to changes in political priorities and incentives for shifting year-on-year, smallholder farmers are less dependent on crop farming as a single income-generating activity. As a result, they are looking at diversifying crop production depending on the price dynamics.

Additionally, a rapidly aging population is leading to a supply shortage of qualified workers, making it more difficult for businesses to fill in-demand roles.

This has created challenges at the field-level for cotton farmers as well as farm workers.

To address some of these challenges, the Fund worked with five Implementing Partners on five projects in the country in 2017-18 to support the training of cotton farmers on the Better Cotton Principles and Criteria. The Fund also strengthened its engagement with local governments, international non-governmental organisations (NGOs) and local cooperatives through various partnership models, which enabled scaling of the programme in the country.

Implementing Partners

COTTONCONNECT | XPCC | KETENG TRADING | NONGXI COOPERATIVE | SONGZI AGRICULTURAL EXTENTION CENTER

**Figures are subject to change once the post-harvest licenses are confirmed.*

Partner Spotlight: Nongxi

Binzhou Nongxi Cooperative (Nongxi) is an Implementing Partner in China. It has been associated with Better Cotton since 2014 and has made constant efforts to improve engagement with smallholder farmers under the project. In the 2017-18 season, Nongxi engaged with a professional trainer to give centralised technical training to smallholder farmers in the project. It also organised a large-scale technology and skill training session for smallholder cotton farmers in partnership with the Agriculture Bureau of China and the Professional Cotton Research Institute.

Nongxi has supported additional income-generating opportunities for the farmers by training them in handcrafting cotton quilts and decoration work.

Nongxi supported training of the farmers in handcrafting and decoration work, which kept the farmers economically engaged during their spare time in the winter months. This initiative led to the development of a local value chain for cotton and cotton products.

BCI Farmer Yuzhen Liu shares her experience:

Decreased Input Costs Resulting in Improved Profits

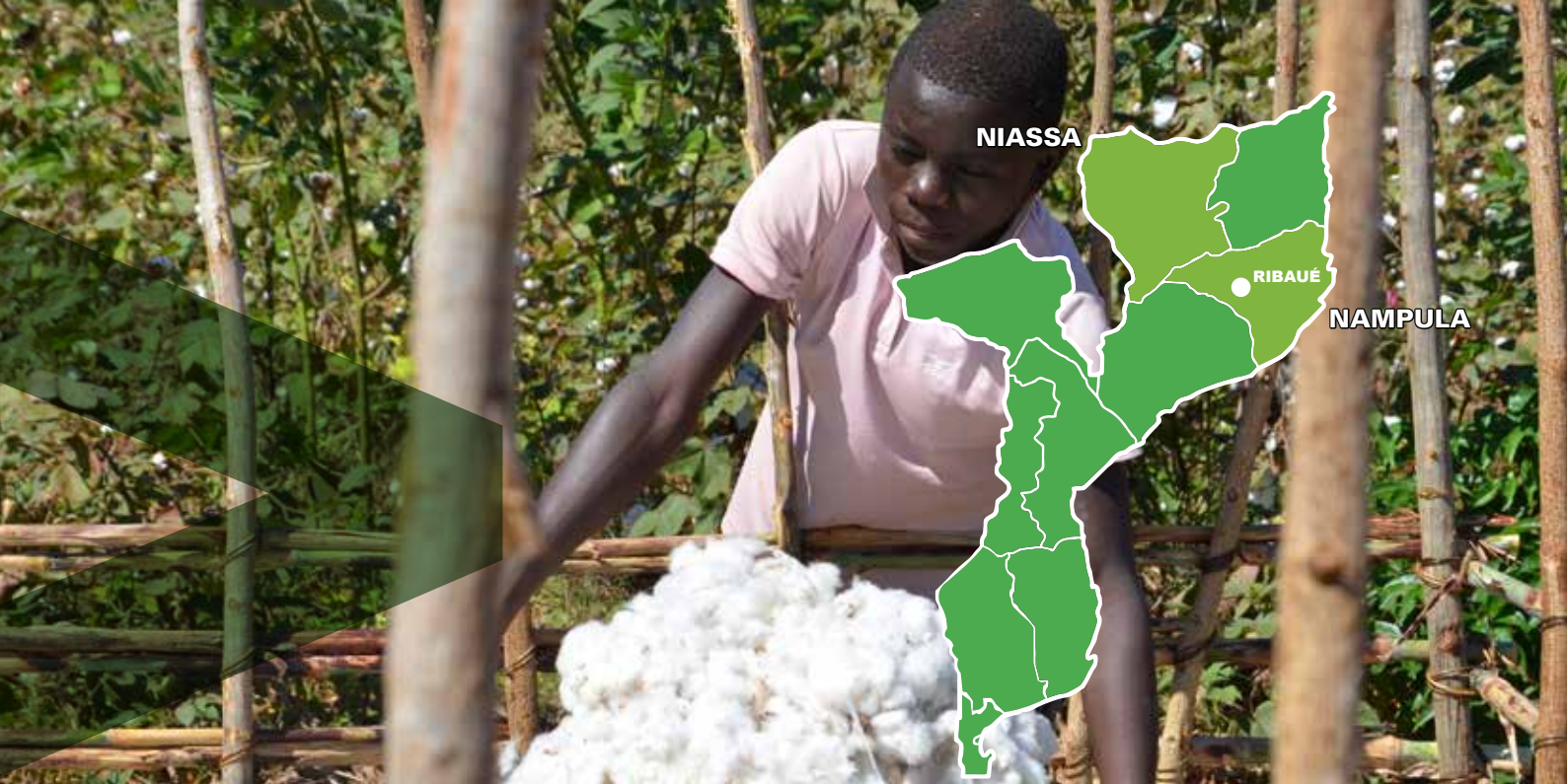
Yuzhen Liu

BCI Farmer

Qinhuangtai County, Binzhou

Yuzhen Liu is a 55-year-old cotton farmer from Shahuli village, Qinhuangtai county in Binzhou. She owns 25 hectare of land on which she cultivates cotton. Becoming a BCI Farmer has helped her in bringing down her input costs, resulting in improved profits.

She mentions, "I have benefitted immensely from BCI training. It helped me gain valuable knowledge and skills in cotton farming. With the learnings, I have been able to reduce the amount of fertilizers and pesticides that I use on my farms. This has helped me in bringing down my input costs, thereby increasing my profits. Now, I also follow safety precautions while working on the farm. By implementing Better Cotton practices on my farm, I have improved my economic stability which is helping me in leading a better life".



MOZAMBIQUE

Programme Results 2017-18

Fund investment	Participating farmers	Better Cotton production	Area covered
€130,964	100,038	9,040 MT*	59,446 ha*

Cotton is a major agricultural crop in Mozambique involving 100,000 farmers in the country. However, most farmers cultivate less than one hectare of cotton and the yield is amongst the lowest in the world (estimated at 200 kg per hectare), mainly due to extreme climatic conditions and rising water insecurity risks. The cotton sector is also adversely affected by social challenges such as poor literacy rate among farming communities and weak public health.

To meet these challenges, the Better Cotton GIF worked with three IPs to implement three projects in the country. Farmer training and extension works in the projects are enabled by a concessionaire type of model. Under this, the ginners are given a license to operate and gain exclusivity to procure better cotton in exchange for providing extension services, seeds and planting inputs. BCI has been working with three

ginners who have included Better Cotton into their extension service training programme.

The Better Cotton Principles are embedded in the national guidelines for cotton growing in Mozambique since 2013. The Cotton Institute of Mozambique (IAM) anticipates that the country will soon make 100% of its cotton production Better Cotton by embedding the Better Cotton Principles into the national legislation.

Implementing Partners

OLAM | SANAM | SAN JFS

**Figures are subject to change once the post-harvest licenses are confirmed.*



Partner Spotlight: Olam

Olam has been working with farmers in Mozambique for around 20 years and has been a part of the Better Cotton GIF in the country since 2016. It has been extensively involved in working towards securing livelihoods for the 30,000 cotton farmers with whom it is engaged within the country.

Olam provides mechanisms to help farmers cover the wider issues they face such as income insecurity and gaps in their nutritional needs.

Olam has identified horticulture as a way to support the farmers' nutritional needs and also diversify their income. A livelihood project by Olam is under implementation, which includes building a water reservoir to be used in horticulture irrigation and providing training to smallholder farmers to work in a collaborative manner.

A BCI Farmer in the project shares his story of adopting the practices:



Better Agricultural Practices Improving Cotton Yield

Mavhuto Taio

BCI Farmer
Moatize, Tete

Mavhuto Taio is a 41-year-old cotton farmer living in Nhamitalala village of Moatize district in Tete province. He has been producing cotton on his farm since 2004. In the initial years of his farming, his cotton yield was very poor. However, since being associated with Better Cotton, Mavhuto has been able to increase his cotton yield fivefold, which has resulted in a substantial increase in his income from cotton farming.

“When I started cotton production in 2004, my cotton yield was just 250 kg per ha. In 2009, I started working with Olam and increased my cotton growing area to 1.5 ha and attained a yield of 400 kg per ha. I joined BCI programme in 2015 and with technical assistance from Olam, my yield further increased to 750 kg per ha. Access to such training, particularly on crop rotation, integrated pest management, and proper use of fertilizers helped me improve my knowledge on good agriculture practices. In 2017, I cultivated cotton on four ha of land, and the yield estimation shows that my cotton yield for this year is expected to be around 1250 kg per ha.”



Photo credited: Orta Anadolu

TURKEY

Programme Results 2017-18

Participating farmers	Better Cotton production	Area covered
1,155	45,430 MT*	20,765 ha*

Turkey is one of the largest cotton trading hubs in the world. The country is also the seventh biggest cotton producing country – producing 705,000 MT of cotton in 2016-17. In recent times, production has been encouraged in Turkey in an attempt to reverse the difficulties farmers have faced due to political instabilities at the border, along with other challenges such as overuse of pesticides and fertilizers.

Cotton is the primary source of income for millions of people in Turkey - home to age-old cotton production practices. BCI started working with its Strategic Partner, the Good Cotton Practices Association (IPUD), in the country in 2011 when leading actors in the Turkish Cotton Sector approached BCI with an aim to start Better Cotton production in their country.

Given the importance of Turkey in the textile supply chain, the GIF is collaborating with IPUD to explore how Better Cotton production can be scaled to a national level. Over the course of 2016, BCI also began scouting for potential Implementing Partners through the Fund to ensure it can scale successfully. The Fund aims to expand Better Cotton production to all four cotton-producing regions in the country, covering 25 provinces.

Implementing Partners
IPUD

*Figures are subject to change once the post-harvest licenses are confirmed.

Partner Spotlight: İyi Pamuk Uygulamaları Derneği (IPUD)

IPUD signed a Strategic Partnership Agreement with BCI in 2014 to act as a Strategic Partner and Implementing Partner in Turkey for the implementation of Better Cotton Standard System. It aims to elevate sustainable cotton production in Turkey by reaching a wide array of stakeholders including cotton farmers, cotton traders, yarn manufacturers and textile producers.

For IPUD, one of the biggest challenges has been to implement the project in a persisting unstable political situation in the country. The social and political instabilities in the region bring complexities to the labour conditions. As a result, IPUD has had to limit its operations to regions where it has strong relations with local communities. Keeping these in mind, IPUD has developed special training modules on Decent Work with the help of the Fair Labour Association.

In 2016, IPUD had prioritised the dissemination of training modules amongst the Producer Units, farmers and workers. It continues to reach out to an increasing number of people every year.

Improving Working Conditions for Field Workers



Mustafa Bülbül
BCI Farmer
Turkey

BCI Farmer, Mustafa Bülbül, was invited to BCI's Annual Global Cotton Conference in 2017 to talk about the changes on his farm after he received the Decent Work training from IPUD.

Following his training, Mustafa organised field-level training for his workers and other farmers. The workers were trained separately from farmers and labour intermediaries and the sessions were

performed in the native language for the Syrian workers.

He says, "Earlier on our farm, there was no age verification system in place; the health and safety measures were inadequate; we did not sign any contracts with workers or worker intermediaries; worker records were not maintained; and no adequate training was provided to the workers. After attending the Decent Work training, we have now implemented an age verification and a recordkeeping system. We are providing appropriate equipment and training to the workers, and proper contracts are signed with them. Each year, we take one step further to improve the conditions in our field".

SCOPING STUDY IN GREECE

Greece is an important cotton sourcing area for Turkey. About 50% of the cotton produced in Greece is exported to Turkey.

The Better Cotton GIF commissioned the strategic advisory service provider Ergon Associates to undertake a scoping study in Greece to assess the feasibility and potential of launching the Better Cotton Standard System in the country, establishing Greece as a Better Cotton producing country. This is in direct response to the interest shown by local stakeholders, including buyers and ginners.



SENEGAL

Programme Results 2017-18

Participating farmers	Better Cotton production	Area covered
4,604	1,239 MT*	3,293 ha*

Cotton production in Senegal experienced a peak in 2012, but then gradually decreased due to poor farming practices, rising costs for farmers, institutional difficulties and political re-prioritisation whereby cotton is no longer a favoured crop. Chronic poverty is also one of the most prevalent issues that the farmers in the country face.

The Better Cotton GIF works with its main Implementing Partner in Senegal, Société de Développement des Fibres Textiles (SODEFITEX), which also works closely with the National Federation of Cotton Producers.

BCI's regional strategic partner, the Association of African Cotton Producers (AProCA), provides training on Better Cotton Principles to the participating farmers.

Implementing Partners
SODEFITEX

**Figures are subject to change once the post-harvest licenses are confirmed.*



TAJIKISTAN

Participating farmers	Better Cotton production	Area covered
1,261	17,707 MT*	17,553 ha*

Tajikistan is the first country in Central Asia working with the Better Cotton Initiative. It is an important region for the Fund as cotton industry supports over half the rural population in the country. Farmers here face a variety of challenges, such as excessive use of pesticides and water shortages, along with air, soil and groundwater pollution.

The first harvest of Better Cotton in Tajikistan was carried out in 2013 by 360 farmers. In 2014, Sarob Consumer Cooperative (Sarob) became BCI's Implementing Partner, and since then, it has reached out to hundreds of farmers and is helping them grow Better Cotton.

The Fund has a strong focus on water stewardship and efficiency as part of the farm

management work in Tajikistan. The methodology is based on using water measurement devices, which are easily constructed and are low-cost. Since 2016, Sarob has been working with The Water Productivity Project (WAPRO), a multi-stakeholder initiative to address water efficiency issues in rice and cotton production in Asia.

Implementing Partners
SAROB

**Figures are subject to change once the post-harvest licenses are confirmed.*





INNOVATION FRAMEWORK

For BCI to reach its 2020 goals, the Fund needs to deploy innovative solutions across its programme countries. This includes a stronger focus on the principle of continuous improvement as well as enhanced value propositions and new models for engaging farmers, supply chain companies and governments.

One of the priorities for 2017-18 was the development and launch of an Innovation Framework, which is a tool designed to support the mainstreaming, impact and scale of BCI globally as well as to serve to attract new contributors to the Better Cotton GIF.

The Framework provides a process to help BCI and IDH identify, select and invest in innovation opportunities that support the longer-term BCI goals.

The starting point of innovation is BCI's Theory of Change (ToC) that defines the rationale of how interventions lead to outputs, outcomes and ultimately impact. Each innovation opportunity is qualified against the ToC.

MOBILE APPLICATION FOR FARMER OUTREACH IN CHINA



The Fund is building a mobile application to support more effective farmer outreach in China. Through this application, we intend to support farmer training in a more effective way and create a community of online users who can share learnings and practices, at any time and from anywhere. In the long-term, it will aid in addressing some of the challenges linked to the results indicators collection², data gathering and strengthening the BCI's Assurance Model³, deepening our engagement with smallholder farmers.

The application will encourage farmer engagement by providing ongoing, technology-driven engagement available to farmers on demand.

The project is primarily being designed for Better Cotton smallholder farmers and agricultural extension workers/entrepreneurs who are in the business of providing training and services to small-scale farmers.

² https://bettercotton.org/wp-content/uploads/2014/01/Reporting-on-Results-Indicators_guidance-for-smallholders_eng_ext.pdf

³ https://bettercotton.org/wp-content/uploads/2014/01/Better-Cotton-Assurance-Programme_2018-19-1.pdf

SKILL DEVELOPMENT OF FIELD FACILITATORS IN INDIA



Field Facilitators (FFs) are responsible for the last mile delivery of the Better Cotton Standard System to the farmer. In India, on average, a Field Facilitator engages with over 350 farmers to provide them with training and extension services on practices advised under the Better Cotton Principles.

There is currently a significant variation in the knowledge and capability of FFs in terms of agronomic knowledge and soft skills required for training and project management.

The Fund will pilot a Skill Development project for FFs engaged with Better Cotton GIF Implementing Partners in India to ensure they have a uniform skill set and the understanding required to support the cotton

farmers with the implementation of the Better Cotton Standard System by:

1. Developing an assessment protocol for the selection of the FFs.
2. Providing training services for skill development of FFs through a web-based tool.

The project principally aims to guide Field Facilitators working with our Implementing Partners towards a participatory mode of learning by building their functional competencies over and above their core competencies. It also includes conducting a needs assessment to identify where new knowledge is required for the Field Facilitators to help identify the training needs.





DRIVING CHANGE: JOIN US ON THE JOURNEY TOWARDS BETTER COTTON!

The Better Cotton GIF accelerates the adoption of better management practices in cotton cultivation to achieve measurable impact in improving environment and social and economic benefits for cotton farmers worldwide.

It addresses the most pressing sustainability issues in cotton farming, including pesticide and water use as well as social challenges such as child labour and gender issues and is working to make systemic changes in the production of sustainable cotton.

The Better Cotton GIF contributes significantly to the UN Sustainable Development Agenda to end poverty, protect the planet and ensure prosperity for all by having a positive effect on the lives of people engaged in cotton farming. Globally, over 250 million people are directly engaged in cotton production.

In 2017-18, the GIF reached out to one million cotton farmers to help improve their lives and promote sustainable cotton production. By joining our community of ambitious leaders, you too can be a part of this change by enabling Better Cotton to become the first sustainable agricultural commodity in the world.

Contributing to the Better Cotton GIF will give you an active voice in driving the success of your investment and in creating a more sustainable future for the millions of farmers, businesses, brands and consumers touched by the cotton industry.

To learn more about the Better Cotton GIF, contact Sandra Fong at sandra.fong@bettercotton.org

A close-up photograph of a cotton plant. In the foreground, a cotton boll is shown with its white, fluffy seeds partially exposed. Above it, a green cotton bud is visible, still encased in its protective bracts. The background is a soft-focus view of a cotton field with many more plants under a clear blue sky. A blue geometric shape, resembling a stylized arrow or a corner, is overlaid on the top left of the image.

Annexures

Annexure 1

Portfolio Summary 2017-18

2017-18 Better Cotton GIF Summary

	China	India	Pakistan	Senegal	Turkey	Tajikistan	Mozambique	Total
Number of Implementing Partners	5	15	6	1	1	1	3	32
No. of projects	5	21	15	1	1	1	3	47

Annexure 2

Project-wide summary 2017-18

CHINA

Project State	Project Name	Farmers (Participating)	Farmers (Licensed-non-final)	Area (ha) (Licensed-non-final)	Projected BC (MT) (Licensed-non-final)
Xinjiang	Cotton-Connect-Xinjiang-Hebei-MF+SH	10,143	10,143	51,729	102,942
Xinjiang	XPCC-Xinjiang-LF	4	2	10,619	30,465
Xinjiang	Keteng-Xinjiang-SH	72	72	2,339	5,613
Shandong	Nongxi Cotton Cooperative-Shandong-SH	19,111	19,111	31,017	40,582
Hubei	Songzi Agriculture Extension Centre	43,949	43,941	9,921	12,788
TOTAL		73,279	73,269	105,625	192,390

INDIA

Project State	Project Name	Farmers (Participating)	Farmers (Licensed-non-final)	Area (ha) (Licensed-non-final)	Projected BC (MT) (Licensed-non-final)
Andhra Pradesh	PRDIS - Hyderabad	24,415	24,415	29,881	16,436
		24,415	24,415	29,881	16,436
Gujarat	ACF - Kodinar, Gujarat	13,901	9,715	13,740	10,269
	AFPRO - Gujarat	39,878	39,878	71,792	45,406
Gujarat	Basil Commodities - Bhavnagar, Gujarat	23,960	23,960	62,183	57,065
Gujarat	CottonConnect - Wankaner and Patan, Gujarat	36,708	32,955	50,197	38,247
Gujarat	Spectrum - Surendranagar, Gujarat	13,790	13,760	36,899	29,134
		128,237	120,268	234,811	180,121
Haryana	Bharat Cotton - Punjab & Haryana	10,000	10,000	23,404	17,171
		10,000	10,000	23,404	17,171
Karnataka	MYKAPS - Mysore, Karnataka	7,107	7,107	6,246	1,595
		7,107	7,107	6,246	1,595
Madhya Pradesh	Pratibha - Khargone & Khandwa, Madhya Pradesh	17,615	17,615	35,229	21,546
Madhya Pradesh	K.K. Fibers - Khargone, Madhya Pradesh	20,850	20,855	27,106	15,411
Madhya Pradesh	Udyansh - Dhar, Madhya Pradesh	11,514	11,514	11,314	4,594
		49,979	49,984	73,649	41,551
Maharashtra	ACF - Chandrapur, Maharashtra	22,008	22,009	48,200	20,255
Maharashtra	AFPRO - Yavatmal, Maharashtra	20,139	20,139	40,404	21,446
Maharashtra	Spectrum - Vidarbha, Maharashtra	11,645	11,645	26,306	18,535
Maharashtra	CottonConnect, Maharashtra	19,881	16,483	17,872	10,006
Maharashtra	Lupin Foundation - Dhule, Maharashtra	11,703	7,729	5,111	8,070
Maharashtra	CAIM - Vidarbha, Maharashtra	146,495	121,015	138,564	73,917
		231,871	199,020	276,457	152,229
Punjab	ACF - Bhatinda, Punjab	32,000	32,000	40,844	27,733
Punjab	WWF India - Mansa, Punjab	31,392	27,885	50,372	36,794
		63,392	59,885	91,216	64,527
Rajasthan	ACF- Mundwa, Rajasthan	9,040	9,142	22,851	16,734
		9,040	9,142	22,851	16,734
Telangana	Deshpande Foundation - Telangana	22,223	17,211	18,282	11,275
		22,223	17,211	18,282	11,275
	TOTAL	546,264	497,032	776,797	501,639

PAKISTAN

Project State	Project Name	Farmers (Participating)	Farmers (Licensed-non-final)	Area (ha) (Licensed-non-final)	Projected BC (MT) (Licensed-non-final)
Punjab	WWF PAK - Jhang, Punjab	40,418	35,892	90,966	85,982
Punjab	WWF PAK - Rahi Yar Khan, Punjab	21,883	21,530	61,025	53,285
Punjab	WWF PAK - Bahawalpur, Punjab	22,349	22,330	103,621	87,619
Punjab	WWF PAK - Mianwali/ Multan, Punjab	14,531	14,277	30,909	31,585
Punjab	WWF PAK - Muzaffargarh, Punjab	30,923	30,126	88,402	82,073
Punjab	SWRDO - Rajanpur, Punjab	10,545	0	0	0
Punjab	REEDS Society - Vehari, Punjab	12,160	12,160	65,065	58,519
Punjab	REEDS Society - Rahim Yar Khan, Punjab	14,379	14,376	78,416	69,195
Punjab	Lok Sanjh - Bahawalnagar, Punjab	22,715	19,458	49,264	34,292
Punjab	Lok Sanjh - Toba Tek Singh, Punjab	31,448	28,431	33,123	28,915
Punjab	Lok Sanjh - Layyah, Punjab	13,274	9,998	13,889	11,292
Sindh	Cotton-Connect - Nawabshah, Sindh	12,035	8,392	32,572	28,002
Sindh	WWF PAK - Sukkur, Sindh	22,290	16,013	92,113	74,348
Sindh	CABI - Matiari, Sindh	10,654	10,653	28,338	32,501
Sindh	CABI - Mirpur Khas, Sindh	11,369	7,680	43,274	47,772
TOTAL		290,973	251,316	810,977	725,380

SENEGAL

Project State	Project Name	Farmers (Participating)	Farmers (Licensed-non-final)	Area (ha) (Licensed-non-final)	Projected BC (MT) (Licensed-non-final)
Kolda	Kolda-MYF	4,604	2,957	3,293	1,239
TOTAL		4,604	2,957	3,293	1,239

TURKEY

Project State	Project Name	Farmers (Participating)	Farmers (Licensed-non-final)	Area (ha) (Licensed-non-final)	Projected BC (MT) (Licensed-non-final)
Istanbul	IPUD - Istanbul	1,155	829	20,765	45,430
TOTAL		1,155	829	20,765	45,430

TAJIKISTAN

Project State	Project Name	Farmers (Participating)	Farmers (Licensed- non-final)	Area (ha) (Licensed- non-final)	Projected BC (MT) (Licensed- non-final)
Khatlon & SOGD	SAROB - SOGD & KHATLON OBLAST	1,261	1,261	17,553	17,707
TOTAL		1,261	1,261	17,553	17,707

MOZAMBIQUE

Project State	Project Name	Farmers (Participating)	Farmers (Licensed- non-final)	Area (ha) (Licensed- non-final)	Projected BC (MT) (Licensed- non-final)
Nampula, Manica, Tete	OLAM - Nampula, Manica, Tete	30,300	30,071	23,778	4,429
Nampula	SANAM - Nampula	44,006	27,925	22,950	3,100
Niassa	SJFS - Niassa	25,732	10,603	12,718	1,511
TOTAL		100,038	68,599	59,446	9,040

Annexure 3

Better Cotton GIF Contribution

Season 2017 - 2018

INDIA	(in EUR)
CHINA	626,300
INDIA	2,824,649
PAKISTAN	2,752,115
SENEGAL	5,104
TURKEY	19,534
TAJIKISTAN	(-5494)
MOZAMBIQUE*	210,503
TOTAL	6,432,711

**In the year 2017-18 the BC GIF contracted and funded two season in Mozambique: the season starting in October 2016 to September 2017 which is reflected in the main report (130,897EUR invested) and the season October 2017 to September 2018 (79,606EUR invested).*

Annexure 4

Application procedure

The Better Cotton GIF publishes country-specific requirements, programme statements, eligibility criteria and preferred assessment criteria that guide IPs in their applications for funding. BCI in-country teams publish their strategic priorities, which cascade down from the global priorities of the Better Cotton GIF. The Better Cotton GIF priorities are themselves a cascade from BCI global priorities, thereby creating cohesion and strategic alignment from global to local levels.

Applicant Selection and Due Diligence



Acknowledgments

The Better Cotton GIF Field Innovation and Impact Committee (FIIC) and the Buyer and Investor Committee (BIC) comprise of organisations that are committed to sustainability. Representatives of these organisations have been working together with BCI to drive initiatives that meet the global challenges prevalent today.

Through this report we also celebrate and appreciate their support to this programme:

Better Cotton GIF Field Innovation and Impact Committee*		Better Cotton GIF Buyer and Investor Committee*	
Lena Staafgard	BCI (Chair)	Alan McClay	BCI (Chair)
Damien Sanfilippo	BCI		
Jonas Burgheim	BMZ	Tara Luckman	ASOS
Pramit Chanda	IDH	Dorte Olsen	BESTSELLER
Steven Collet	IDH	Jonas Burgheim	BMZ
Pramod Singh	IKEA	Charline Ducas	C&A
Phil Townsend	Marks & Spencer	Harsha Vardhan	H&M
Keith Tyrell	PAN UK	Pramod Singh	IKEA
Better Cotton GIF Secretariat*		Liza Schillo	Levi Straus & Co.
Lena Staafgard	BCI	Phil Townsend	Marks & Spencer
Hayley Morgan	BCI	Merrilee Avila	Nike Inc
Pramit Chanda	IDH	Susan Irvine	Tommy Hilfiger
Elea Papaemmanuel	IDH	Bradford van Vorhees	VF Corporation
Amy Ching	IDH		
Shalini Raghav	IDH		
Phil Townsend	Marks & Spencer		
Keith Tyrell	PAN UK		

Prepared by: Third Sector Communications and Mrinalini Prasad, IDH, with support from the Better Cotton GIF Secretariat. Special thanks to BCI country teams and all our partners for their support!

*GIF FIIC and BIC members in 2017-18

