



# Cotton made in Africa

## Aggregated Verification Report

### 2016

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# 1. Introduction

Independent and qualified third-party auditors regularly monitor participating cotton companies, smallholder farmers and ginnery workers against the requirements of the Cotton made in Africa (CmiA) standard. They check full compliance with all CmiA exclusion criteria and monitor continuous improvement concerning the implementation of the CmiA development criteria. To this aim, the cotton companies, their contracted farmers and ginneries receive regular verification visits. Every cotton company (“managing entity”) has to complete one full verification cycle consisting of audits conducted by external verifiers every two years.<sup>1</sup> According to the CmiA verification system, one such verification cycle consists of two separate missions – one field audit, to verify if farmers contracted by the respective cotton company both respect the exclusion criteria and adhere to the CmiA sustainability criteria on farm level, and one ginnery audit, to verify if the work in the respective cotton company’s ginneries is compliant with the CmiA exclusion and sustainability criteria on gin level.

Thereby, CmiA ensures that the initiative's value proposition is observed: supporting African smallholder farmers and their families achieve better living conditions and continuously improve performance according to the CmiA sustainability criteria. By taking a problem-solving approach and finding solutions for the challenges to sustainable practices together with farmers, verifiers, and cotton companies – CmiA gives an increasing number of smallholder farmers and cotton companies a chance to continuously improve their cultivation methods. As in previous years, AbTF saw in 2016 very positive feedback to this approach by all participating managing entities.

In accordance with the CmiA standard, verification pays particular attention to social, ecological and economic criteria (people, planet, profit). More information about the CmiA standard, verification practices and requirements can be found on the CmiA website via <http://www.cottonmadein africa.org/en/standards/verification>.

The annually published aggregated verification report provides cumulated information on the results of the last years’ verification missions, serves as a reference to monitor future verifications and helps to continuously monitor and improve the work on farm and gin level according to the sustainability indicators of Cotton made in Africa. The following hence comprises an overview of the 2016 performance results, verified cotton companies and both implementation support and verification management activities offered and conducted by the Aid by Trade Foundation (AbTF).

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<sup>1</sup> For further details, see info-box on page 11.

## 2. Performance Results<sup>2</sup>

The **CmiA Criteria Matrix** gives the exact description of every single criterion and defines what level of achievement is required to receive a “green”, “yellow” or “red” rating (traffic light system). The document is accessible under the link

<http://www.cottonmadeinafrica.org/en/materials/cmia-standard/cmia-standards-documents> .

Based on the findings and recommendations of a verification, the Managing Entity (cotton company) defines its own **Management Plan** where it outlines priority areas for further improvement. The overall objective is to stepwise achieve a better ranking on criteria which have not yet reached the ‘green’ level, and in the long-term perform on best practice level for a sustainable cotton production.

### 2.1 Exclusion Criteria

Through its Exclusion Criterion 9 (Prohibited Pesticide Active Ingredients), **CmiA has clearly contributed to the use of less hazardous pesticides by African smallholder cotton farmers**. By prohibiting the use of all pesticides listed on the Stockholm and the Rotterdam Conventions as well as of those classified as extremely and highly hazardous by the World Health Organisation (WHO categories Ia and Ib), CmiA contributes to preserving human health and livelihoods as well as the natural environment.

Verifications at field and ginnery level showed that **all CmiA cotton companies fully respect ILO Core Labour Conventions<sup>3</sup>**. At ginnery level, 100% of verified cotton companies were found to grant all their ginnery workers the rights to Freedom of Association and to Collective Bargaining.

### 2.2 Farm Level Development Criteria

In comparison with the results of the 2015 verifications, some of the 2016 results could be maintained on the same satisfying level. This applies amongst others to the following criteria:

- Also in 2016, **all cotton companies have been observed to make the training of**

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<sup>2</sup> The verification results for 2015 and 2016 do not include the Managing Entities from Burkina Faso, as by then they were verified under the SCS standard.

<sup>3</sup> ILO Core Labour Conventions are: ILO Conventions 138 and 182 defining minimum age for work and prohibiting worst forms of child labour; ILO Conventions 29 and 105 prohibiting forced labour and human trafficking; ILO Conventions 100 and 111 for equal remuneration and fighting against discrimination in the workplace as well as ILO Conventions 87 and 98 guaranteeing the rights to Freedom of Association and Collective Bargaining.

**their farmers a top priority** – 100% of the managing entities scored “green” or “yellow” on Farm Level Criterion 5, Training to improve farmer’s skills and capacities.

- In Farm Level Criteria 6d, **Maximising fibre and lint quality**, 80% of the CmiA partners obtained a “green” rating.
- **All farmers get cash payment for the delivered cotton latest 30 days after delivery.** In fact, the **huge majority of the farmers is paid on spot upon delivery** or in the following week. This is proven by the fact that 80% of the cotton companies received a “green” and 20% a “yellow” rating on Farm Level Criterion 6e, Timely Payment.
- Also for Farm Level Criteria 4a, **Pesticide Management** a total of 80% of “green” ratings could be realised.

### 2.2.1 Continuous Improvement Update

Across all development criteria on farm level, considerable improvements could be observed. Verifications conducted in 2016 demonstrated the **positive effect of CmiA trainings and the CmiA philosophy of “continuous improvement”**.

Some cotton companies – especially these who recently joined CmiA – are still in the process of establishing sustainable business practices at the Development Criteria level. This is reflected in a total of seven “red” ratings on farm level. However, from the ten cotton companies that were subject to a farm level verification in 2016, five showed no single “red” rating in any of the 16 farm level Development Criteria.

**Remarkable progress** has been made with regard to pesticides, one of the main hot spots of sustainable cotton cultivation. Especially concerning **the storage and transport of pesticides** (criterion 4b) **and the disposal of empty plant protection chemical containers** (criterion 4d) the ratings improved significantly (see table below). Most CmiA cotton companies showed an ameliorated performance going from “yellow” in 2015 to “green” in 2016.

Hot Spot Pesticides <sup>4</sup>	2015	2016
Storage and Transport of Pesticides (Farm Criterion 4b)	37% green	70% green
Disposal of empty chemical containers (Farm Criterion 4d)	53% green	70% green

**All CmiA cotton companies provide farmers with pre-financed inputs** and are thus eliminating initial cost for contracted smallholder farmers, avoiding loans and enabling farmers to make the necessary investment at the beginning of the season (Farm Level Criterion 6a, Pre-Financing of Inputs). In 2016, the rating for this criterion increased to 100% “green” compared to 75% in 2015, which is a clear evidence that the verified cotton companies have a **good understanding of the advantages of pre-financing for their farmers**.

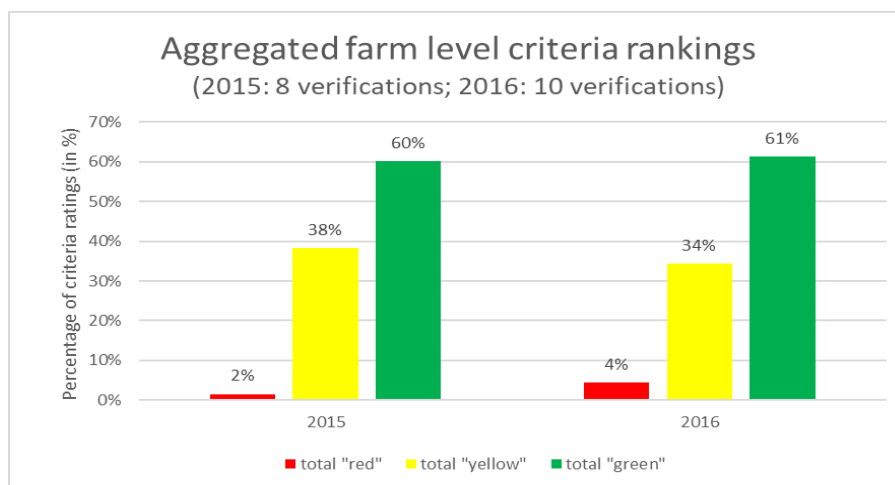
**Farmers are informed and aware about the final input cost** before committing to producing cotton and using inputs, and the managing entities could prove **fair pricing methods**. Price calculations are accessible and transparent to the farmer or farmer groups. In 2016, 90% of the verified cotton companies received a “green” rating (compared to 75% in 2015) on Farm Level Criterion 6b, Transparency of Input Prices.

Improvement <sup>5</sup>	2015	2016
Pre-Financing of Inputs (Farm Criterion 6a)	75% green	100% green
Transparency of Input Prices (Farm Criterion 6b)	75% green	90% green

This positive effect can be illustrated in the charts below, which compares the aggregated ratings on farm level achieved in 2015 and 2016.

<sup>4</sup> Due to the bi-annual verification cycle, where in year 1 the field verification is followed by gin verification in year 2, data from 2015 and 2016 covers different managing entities and therefore is not directly comparable. In addition, two new managing entities joined CmiA in 2016, obviously only at the starting point of their continuous improvement journey for sustainable cotton production (also see chapter 3 and Annex).

<sup>5</sup> Due to the bi-annual verification cycle, where in year 1 the field verification is followed by gin verification in year 2, data from 2015 and 2016 covers different managing entities and therefore is not directly comparable. In addition, two new managing entities joined CmiA in 2016, obviously only at the starting point of their continuous improvement journey for sustainable cotton production (also see chapter 3 and Annex).



*\*See Annex C (1/2) for the overview of the 16 farm level criteria.*

## 2.2.2 Remaining Challenges

Despite the progress already mentioned above, some **challenges remain especially in the areas of occupational health and safety**. The verification results concerning Farm Level Criterion 4c (Spraying of pesticides and health protection) showed that the cotton companies have to continue their efforts to provide farmers with appropriate personal protective equipment (PPE).

Also, the results for Farm Level Criterion 4e (Integrated Pest Management/ pest thresholds) remain a challenge and need further improvement in order to achieve a “green” rating for the respective criteria.

Challenges <sup>6</sup>	2015	2016
Spraying of pesticides and health protection (Farm Criterion 4c)	0% green 100% yellow	20% green 80% yellow
Integrated Pest Management/ pest thresholds (Farm Criterion 4e)	30% green 50% yellow	20% green 80% yellow

<sup>6</sup> Two new managing entities joined CmiA in 2016. Consequently, the 2015 and 2016 numbers are not directly comparable due to a differing data base (also see chapter 3 and Annex).

## 2.3 Ginnery Level Development Criteria

As it already could be observed in the past two verification reports, **all managing entities provided transparent contractual agreements to their employees** (permanent, seasonal and casual workers). Also in 2016, 100% of the cotton companies scored “green” or “yellow” ratings for Ginnery Level Criterion 1, Labour Contracts, with two thirds of them receiving a “green” rating.

Regarding **regulated working hours and overtime work in ginneries** (Ginnery Level Criterion 2, Working hours), 100% of the managing entities received a “green” or “yellow” ranking out of them 66,67% achieved a “green”.

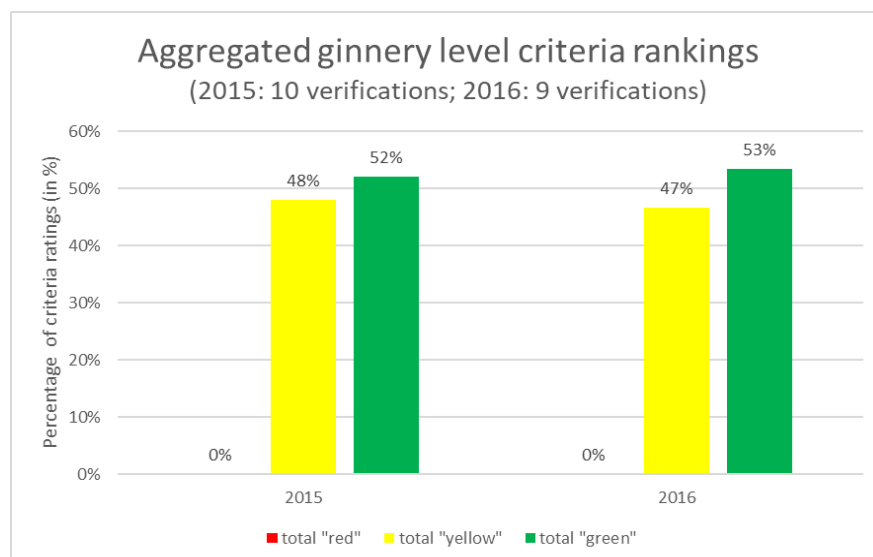
All managing entities **pay workers employed in the ginneries at least the national legal minimum wages** (Ginnery Level Criterion 3, Wages). Two thirds of them even achieved a “green” rating, expressing the fact that permanent employees get paid wages that are above existing national minimum wages or corresponding sector agreements.

### 2.3.1 Continuous Improvement Update

Across all development criteria ginnery level, considerable improvements could be observed. Verifications conducted in 2016 demonstrated the **positive effect of CmiA trainings and the CmiA philosophy of “continuous improvement”**.

On ginnery level, only a few cotton companies are still in the process of establishing sustainable business practices at the Development Criteria level. This was reflected in no single “red” rating in any of the five ginnery level Development Criteria for any of the nine cotton companies that were subject to a ginnery level verification in 2016.

This positive effect can be illustrated in the chart below, which compares the aggregated ratings on ginnery level achieved in 2015 and 2016.



*\*See Annex C (2/2) for the overview of the 5 ginnery level criteria.*

### 2.3.2 Remaining Challenges

Despite the progress already mentioned above, some **challenges remain especially in the areas of occupational health and safety** on ginnery level. The verification results concerning Ginnery Level Criterion 4, Occupational Health and Safety, showed that the cotton companies have to continue their efforts to provide workers with appropriate personal protective equipment (PPE).

Also, the results for Ginnery Level Criterion 6, Environmental Management Plan, remains a challenge and need further improvement in order to achieve a “green” rating for the respective criteria.

Challenges <sup>7</sup>	2015	2016
<b>Occupational health and safety</b> conditions in gins (Ginnery Criterion 4)	40% green 60% yellow	33,33% green 66,67% yellow
<b>Environmental Management Plan</b> (Ginnery Criterion 6)	20% green 80% yellow	33,33% green 66,67% yellow

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<sup>7</sup>Two new managing entities joined CmiA in 2016. Consequently, the 2015 and 2016 numbers are not directly comparable due to a differing data base (also see chapter 3 and Annex).



### 3 Overview of Verified Cotton Companies in 2016<sup>8</sup>

In 2016, **two additional cotton companies** completed the **process of verification** which they had started in 2015. Having successfully completed an entire verification cycle, consisting of third-party verifications both at ginnery and field level, Grafax Zambia and Grafax Zimbabwe obtained the CmiA sales license in the beginning of 2016.

One cotton company, CLCC Malawi, stopped its operations in 2016. In consequence, in 2016, there is no more CmiA verified cotton from Malawi available for the time being.

At the end of 2016, a total of 20 **verified cotton companies** have been granted **CmiA certificates**. They worked with 780,000 **contracted farmers** and produced a **total volume of 320,100 Mt of CmiA lint cotton**.<sup>9</sup> The significant drop in productivity noted with view to the previous reporting period (2015) results from agricultural challenges related to climate change.

In the course of 2016, three new companies expressed interest in joining CmiA. Two of them passed their initial ginnery verification in 2016. One of them, SAN jfs holding, will be integrated into CmiA after successfully completing their first verification cycle in early 2017.

According to estimations for **2017**, all CmiA verified cotton companies will be covering even more than **780,000 farmers**, cultivating cotton on over **1 million hectares**.<sup>10</sup>

In 2016, CmiA verified cotton companies operated in a total of **42 ginneries**, which equally have been successfully verified in accordance with the CmiA standard.

### 4 Implementation Support by AbTF

From end of 2015 till early 2016 AbTF together with CmiA verified cotton companies and technical experts revised the Southern and Eastern Africa version of the **picture block** on “Good Agricultural Practices (GAP)”. This training aid covers the Five-Finger-Principle, which translates key agricultural practices, from early and appropriate planting to harvesting techniques, into tangible measures and easy to remember steps. The picture block thereby is in line with farm level development criterion 5 on “Training to improve farmer’s skills and capacity”. The GAP picture block has been distributed in Eastern and Southern Africa – both digitally and in print – and was available for farmer trainings from April 2016 onwards.

**Pesticide management** being a critical point, already 2015 was marked by the effort to foster the development and introduction of organic pesticides with the launch of a

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<sup>8</sup> Cf. to Annex A and Annex B for a detailed list and map of all verified CmiA cotton companies with their corresponding sales license status.

<sup>9</sup> The figures for 2016 do include Burkina Faso, which was by then verified under the SCS standard.

<sup>10</sup> CmiA Facts and Figures: <http://www.cottonmadeinafrica.org/en/materials/marketing-communication#press-kit>

project funded by C&A Foundation in Zambia and Tanzania. In 2016, one outcome of this project was the creation of another picture book on the preparation of bio-pesticides, which was made available in English, Swahili and Amharic for farmers in Zambia, Tanzania and Ethiopia from August 2016 onwards. These activities support cotton companies in achieving farm level development criteria 4a “Pesticide Management”, where they actively pursue a strategy to manage the pesticides used for cotton cultivation aiming at minimizing impact on environment and health as well as pest resistance.

## 5 AbTF Verification Management Activities

In the CmiA standard system, **all cotton companies have to be assessed by independent third-party verifiers on field and ginnery level in order to be able to sell their cotton as “CmiA cotton”**.

AbTF takes over the roles of the verification management and the overall verification monitoring (oversight). In 2016, the AbTF verification management has been responsible of the following activities:

### a) Coordination/ Organization of Verification Missions:

- In 2016, **19 CmiA verification missions** have been coordinated – ten field verifications and nine ginnery verifications. **Two candidate partners** (Grafax Zambia and Grafax Zimbabwe), which already started their first verification cycle in 2015, could successfully complete the second verification mission (a field verification) in early 2016. Subsequently, they obtained the permission to trade their lint cotton under the CmiA label.
- **Two additional candidates** (SAN jfs holding Mozambique and SI.CO.SA 2.0 Côte d’Ivoire) applied for a CmiA certificate and began their first verification cycle with a gin verification.
- In order to assure annual verification visits, the verification management process was reorganised in 2015. The objective was from 2015 on, to conduct one verification mission – altering field and ginnery – per partner per year. This more consistent verification practice has proven to be effective in the course of 2016.
- AbTF offered continuous support and guidance to existing and newly introduced partners to meet the CmiA standard requirements.
- AbTF also worked to support the facilitation of the CmiA verification missions. The verifiers confirmed that they could conduct all verifications without any significant limitations.

#### **Timing of verification missions**

Following the cotton production cycle, field and gin verifications have to be conducted at different times of the year. In some countries, the two necessary verification missions to obtain a CmiA certificate are taking place in two different calendar years.

In **Eastern and Southern Africa** (i.e. Southern Hemisphere), field verifications can take place in the first months of the year (approx. February to April, depending on planting dates), while ginneries usually operate from June/July on.

In **Western Africa** and also in **Ethiopia and Uganda** (i.e. Northern Hemisphere), field verifications can take place in the third quarter of the year (approx. August to October), while ginneries usually operate from January on.

#### **b) Data Management:**

- Collection and quality control of the annual **self-assessments** from a total of **20 cotton companies**<sup>11</sup>.
- Performance analysis and communication based on data both from self-assessments and verification reports.
- AbTF plans to introduce a web-based data management software solution which at a later stage will enable the online submission of self-assessments and verification reports. First steps were taken in 2016.

#### **c) Verification Quality – Monitoring and Training:**

- Cooperation with three verification organizations (EcoCert, AfriCert and Control Union) and their pool of **13 trained verifiers**.
- Regular conduction of initial and refreshing **trainings** for all verifiers on the CmiA verification criteria for farm and ginnery level. Additionally, monitoring mission are undertaken by AbTF to evaluate the auditors. Such monitoring missions are regularly conducted in order to ensure a high audit quality and consistent interpretation of the CmiA standard.
- The admission of one additional verifier as “lead verifier” for ginnery verifications could be approved after evaluation.
- Quality control and follow-up on **19 verification reports** and corresponding management plans for continuous improvement.
- Training/ coaching of one verifier on ginnery criteria was done through the AbTF verification manager.
- A witness audit was done through the AbTF verification manager during one field verification mission in Uganda.

#### **d) Standard Development, Interpretation and Guidance:**

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<sup>11</sup> The total of 20 self-assessments include the 18 CmiA partners plus the two candidates (SAN jfs holding Mozambique and SI.CO.SA 2.0 Côte d’Ivoire).

In 2015, the AbTF has started a revision process of the CmiA, CmiA Organic and SCS standards which was still ongoing in 2016. The development of the standards thereby follows three principal objectives:

- To update the standards' requirements, especially with regard to water and soil management, which are two subjects of increasing importance in combatting climate change and in increasing yield.
- To increasingly reward the engagement of managing entities, especially when it comes to farmer trainings in basic economic skills, bio-intensive integrated plant and pest management, and complaint mechanisms at ginneries.
- To facilitate standard readability and compliance by introducing criteria-groupings along the four main elements of CmiA's sustainability: people, planet, profit, and performance (the latter measuring the management capacity for change and improvements of managing entities)

## ANNEX A. Map of Verified Partner Cotton Companies (CmiA, CmiA Organic and SCS) in 2016



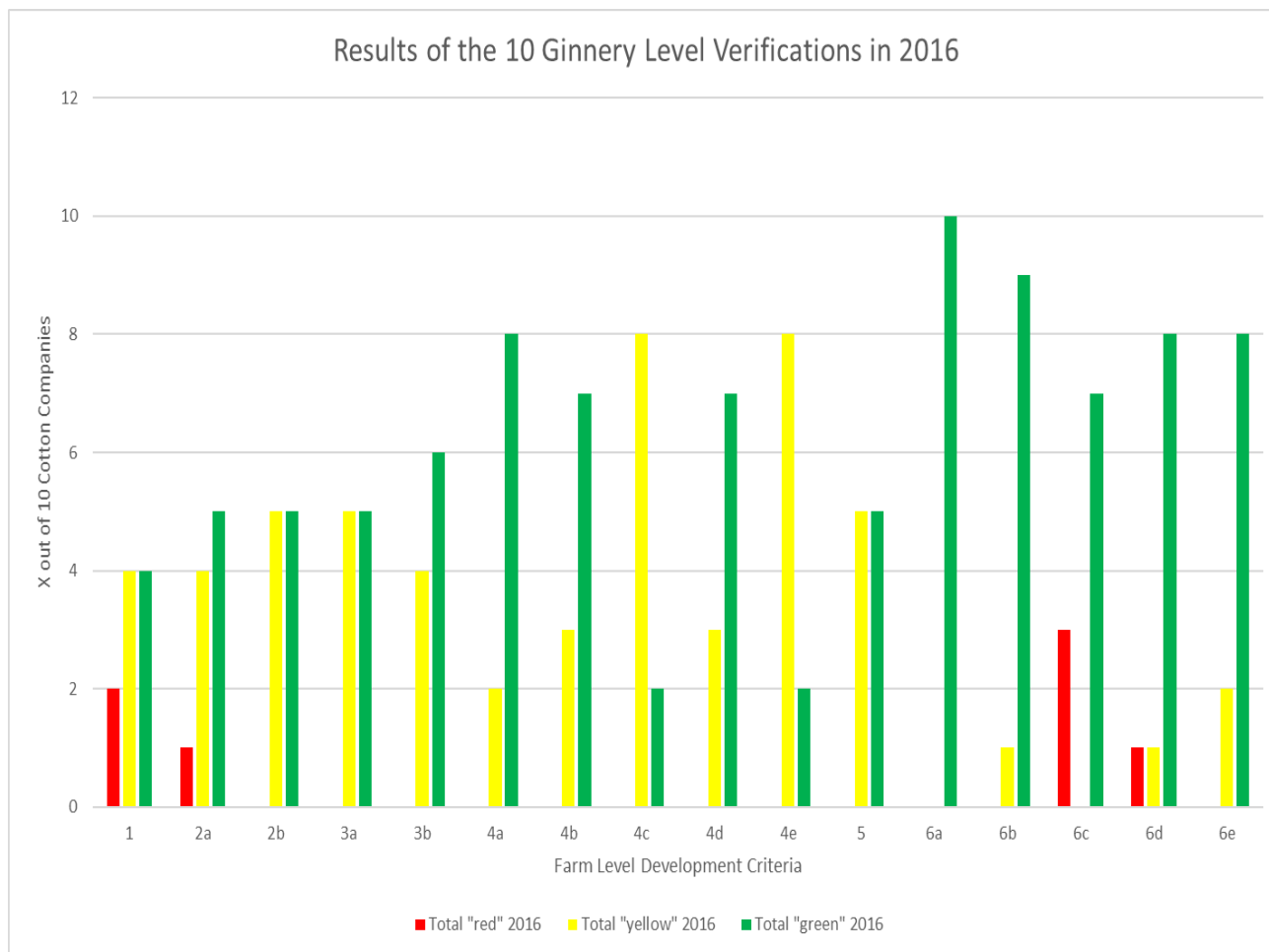
	2016 (harvest 2015/2016)
Companies	20
Farmers	780,000
Hectares	1,182,000
Lint cotton (mt)	320,100

Active cotton companies in 2015/16 season  
 New cotton companies since 2015/16 season  
 Cotton companies starting with 2016/17 season

## Annex B. List of Verified CmiA Cotton Companies with Respective Sales License Status in 2016

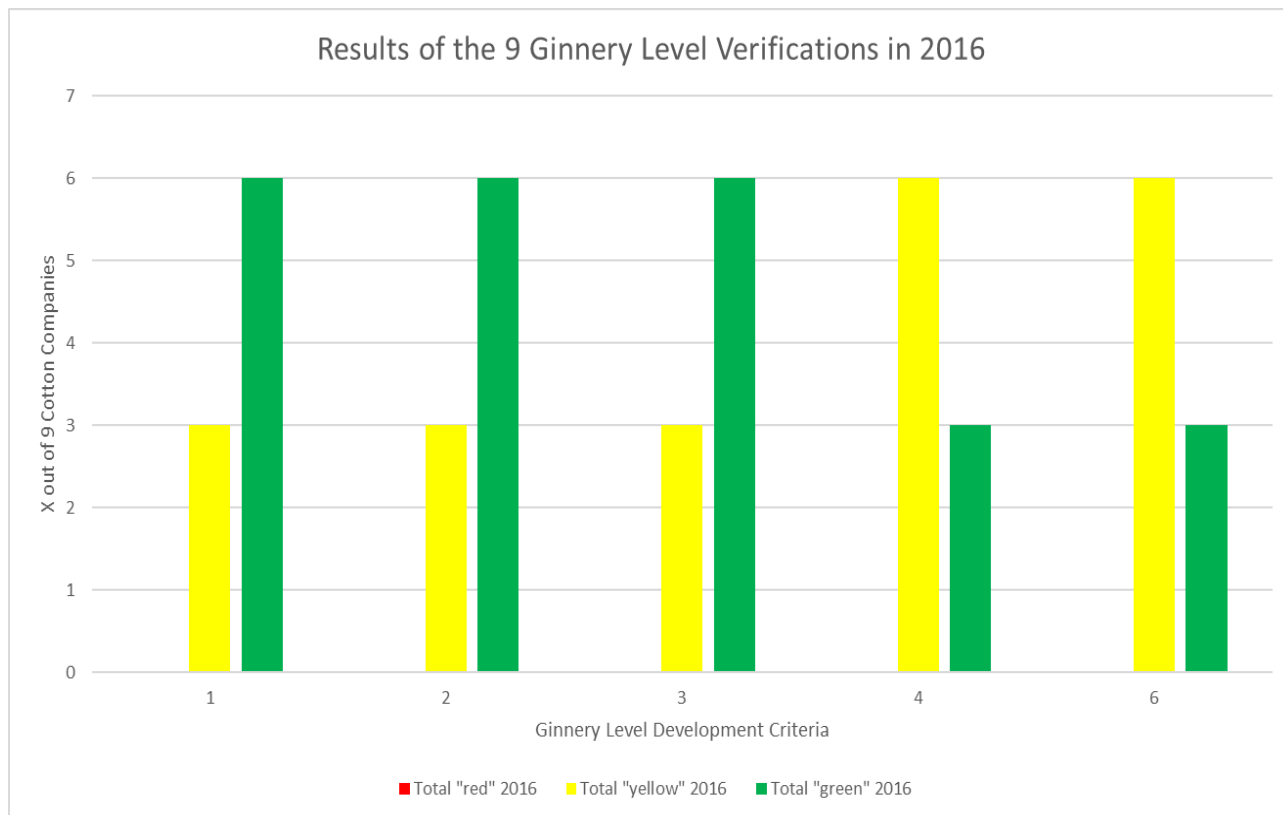
#	Country	Cotton Company	Verification Missions in 2016	CmiA Sales Licence Status in 2016
1	Cameroon	SODECOTON	Field	Licence confirmed until 31.12.2018
2	Côte d'Ivoire	Ivoire Coton	Ginnery	Valid licence until 31.12.2017
3	Côte d'Ivoire	SECO	Ginnery	Valid licence until 31.12.2017
4	Côte d'Ivoire	COIC	Field	Licence confirmed until 31.12.2018
5	Ethiopia	ECPGEA	Field	Licence confirmed until 31.12.2018
6	Ghana	Wienco Ghana Cotton	Ginnery	Valid licence until 31.12.2017
7	Mozambique	Plexus	Field	Licence confirmed until 30.06.2018
8	Tanzania	Biosustain	Field	Licence confirmed until 30.06.2018
9	Tanzania	Alliance	Ginnery	Valid licence until 30.06.2017
10	Tanzania	KCCL/ Birchand	-	Valid licence until 30.06.2017
11	Uganda	WUCC	Field	Licence confirmed until 31.12.2018
12	Zambia	Alliance	Ginnery	Valid licence until 30.06.2017
13	Zambia	Cargill	Ginnery	Valid licence until 30.06.2017
14	Zambia	Grafax	Field	New licence until 30.06.2018
15	Zambia	NWK (former Dunavant)	Field	Licence confirmed until 30.06.2018
16	Zambia	Parrogate/ Continental	Field	Licence confirmed until 30.06.2018
17	Zimbabwe	Alliance	Ginnery	Valid licence until 30.06.2017
18	Zimbabwe	Grafax	Field	New, starting 2015/16

**Annex C (1/2). 2016 Performance of all verified cotton companies in CmiA Farm Level Development Criteria according to the established CmiA traffic light system**



1	Social Welfare Programs
2a	Written Contracts
2b	Equal rights regarding gender
3a	Soil and water conservation
3b	Crop rotation
4a	Pesticide Management
4b	Storage and transport of pesticides
4c	Spraying of pesticides and health protection
4d	Disposal of empty plant protection chemical containers
4e	Integrated Pest Management/ pest thresholds
5	Training to improve farmers skills and capacities
6a	Pre-financing of inputs
6b	Transparency of input and cotton seed prices for farmers
6c	A transparent system to grade seed cotton
6d	Maximising fibre and lint quality through improved harvesting and post harvesting techniques
6e	Payment of cotton to farmers

**Annex C (2/2). 2016 Performance of all verified cotton companies in CmiA Ginnery Level Development Criteria according to the established CmiA traffic light system**



1	Labour contracts in ginneries
2	Working hours in ginneries are regulated and overtime work (includes shift and night allowances) is remunerated
3	Wages in ginneries comply with national law or sector agreements
4	Employer assures proper occupational health and safety conditions in gins including and not limited to dust and noise reduction measures and PPE for dust protection and noise reduction
5	<i>Freedom of association and bargaining for employees in ginneries</i>  <i>This criterion is not applicable any more, as is was upgraded from the Development Criteria to the Exclusion Criteria</i>
6	Environmental management plan