



COTTON
MADE IN
AFRICA

COTTON MADE IN AFRICA

Annual Report 2013

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FOREWORD

DR. JOHANNES MERCK

CEO of the Aid by Trade Foundation

Helping people help themselves through trade. This is the credo of the Aid by Trade Foundation and its initiative Cotton made in Africa (CmiA). Our mission is to improve the lives of thousands of smallholder farmers on a sustained basis, to protect the environment in the growing regions, and to establish sustainably produced cotton on the mass market. We came a great deal closer to achieving our goal in 2013. Of course, we still face major challenges. However, if we look back on the past year, we see that our work has had a positive effect.

Income from the sale of the CmiA license to textile companies and fashion brands surpassed the one million euro mark in 2013 for the first time. This represents a major success for the initiative which would not have been possible without the great contribution our corporate partners made. It also shows a current trend in sourcing textiles: A growing number of companies have committed themselves to making their assortments sustainable. Initiatives such as Cotton made in Africa or the Better Cotton Initiative (BCI) play a leading role in fulfilling these requirements.

Partnerships are an important key to the success of any organization. At CmiA our large international stakeholder network contributes significantly to successfully realizing our goals both in the African project countries as well as on the international markets. In August of 2013, the Aid by Trade Foundation and the BCI laid the official groundwork for their cooperation by signing an unlimited partnership agreement. This partnership is an important step to make growing cotton in Africa and around the world, environmentally, socially, and economically more sustainable and establish sustainable raw materials on the mass market.

In 2013, 85,000 tons of CmiA cotton were sold in the global textile chain, and the trend is rising. One challenge for CmiA now lies in tapping new international markets such as North America or France to increase marketing activities for cotton. In this respect, we are particularly pleased about the new Board of Trustees member, the British parliamentarian Baroness Lola Young, who campaigns internationally for the production and consumption of sustainable fashion.

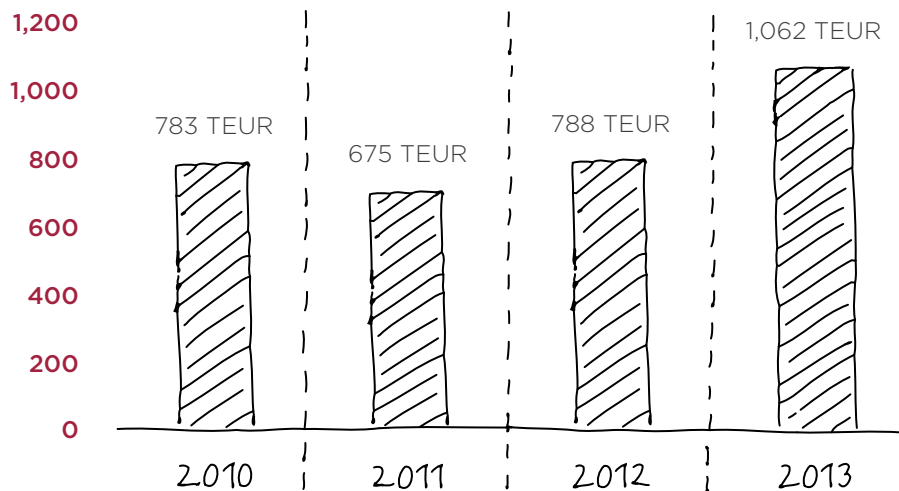
CmiA is increasingly gaining significance in Africa. At the end of 2013, 11 cotton companies with

approx. 440,000 small farmers were verified according to our criteria. Initial feedback according to the cotton farmers showed that income increased significantly. In addition to improving the growing conditions on the fields, CmiA also endeavors, to strengthen the "Africa production site" and to ensure greater value on the African continent. To further promote this key development and to facilitate African cotton's access to the world market, we signed a partnership agreement with the African Cotton Textile Industries Federation (ACTIF).

After a successful pilot phase by CmiA from 2004 to 2008, the Federal Ministry for Economic Cooperation and Development along with the Bill & Melinda Gates Foundation provided substantial funding to expand the program as part of the Competitive African Cotton Initiative (COMPACI). The Aid by Trade Foundation is proud to be able to actively support this project through the activation of market forces and funding and thus make a significant contribution to fulfilling our foundation's purpose. In this respect, we wish to thank our partners at COMPACI for the successful cooperation in realizing the foundation's goals in Africa.

1. DEMAND ALLIANCE

LICENSE FEE INCOME IN EUR THOUSANDS



CURRENT AND NEW BUSINESS

In 2013, approximately 25 million units with the CmiA seals were placed on the market by the partners of the Demand Alliance. Revenue of the ATAKORA GmbH from the sale of CmiA licenses to these partners exceeded one million euros for the first time. This positive development was rooted mainly in very good utilization of current business. The two largest customers of the initiative, the Otto Group and Tchibo, were well above target, thus contributing to the positive performance.

This very favorable development in current business can be attributed to the ambitious goals for a sustainable assortment, that many of the CmiA Demand Alliance partners have set for themselves. Many textile companies thus commit to making their own textile brand assortment from 100% sustainable raw materials by 2020. In addition to organic cotton and recycled fibers, an increase in the use of CmiA cotton will also contribute to the companies reaching the set goals. It is therefore anticipated that the CmiA volume with current customers will continue to rise.

In addition to major key accounts, the successful acquisition of new customers also contributed to the positive revenue situation. CmiA was able to gain new demand partners from very different segments with the Gerhard Rösch GmbH, Hermes Logistik Gruppe, Engelbert Strauss GmbH & Co. KG,

and Hebestreit GmbH. Whereas Gerhard Rösch GmbH offers premium and exclusive sleepwear through its Rösch and Louis Féraud brands and thus introduced CmiA in a premium segment, the Hermes Logistics Group represents a new segment for CmiA in corporate wear in outfitting Hermes courier staff. CmiA has gained another important customer through the cooperation with the Engelbert Strauss company which has made a name for itself in the area of workwear, where CmiA is offered by Engelbert Strauss in a fashionable women's, men's, and children's T-shirt collection.

The focus of sales of CmiA is still in Germany. Expansion to an international circle of brands and retailers is an important goal and at the same time represents a major challenge in successfully marketing CmiA in the future.

THE FOLLOWING COMPANIES WORKED WITH CmiA IN 2013:

BAUR

Hermes

REWE

**bon
prix**
it's me!

H.I.S.
NY JEANS
ESTABLISHED 1923

s.Oliver

C&A

OTTO

Schwab


engelbert
strauss

PENNY.


Tchibo

EDKO-TEXTIL
STUDIO
STRETCH

PUMA 


TOM TAILOR


Ernsting's family
Von fröhlichen Familien empfohlen.

real-

UNITO
A member of the otto group

GERHARD RÖSCH
G M B H


VLISCO

heine
IMMER ETWAS BESONDERES

BONNETERIE

Reliable
HOSIERY INC.

WITT
weiden

COOPERATION WITH THE BETTER COTTON INITIATIVE (BCI)



In collaboration with COMPACI, the Aid by Trade Foundation signed an unlimited partnership agreement with the BCI in August 2013 which indefinitely continues the existing interim partnership in existence since April 2012. This means CmiA verified cotton can also be distributed as

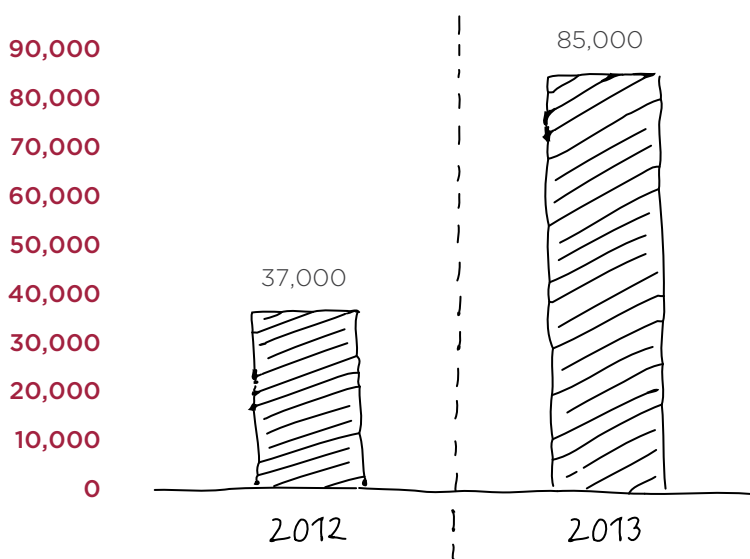
BCI cotton to purchasers of BCI; the AbTF will receive a percentage of the BCI royalties. The Agreement is intended on the one hand to improve the availability of BCI cotton and on the other to finance small-holder farmer qualification measures through BCI royalties paid to the Aid by Trade Foundation.

In 2013, 70,000 t of CmiA cotton were sold through BCI channels. This includes cotton with the SCS standard (Subsaharan Cotton Standard) from the former CmiA project country Burkina Faso. As genetically modified cotton seed has been used in this country since 2012, and it thus violates the CmiA exclusion criterion No. 14 (Prohibition of the Use of Genetically Modified Seeds), cotton from Burkina Faso can no longer be verified and sold as CmiA cotton. The SCS standard is exclusively sold into BCI channels since the use of genetically modified seeds is allowed according to the BCI criteria.



From left to right : Dr. Johannes Merck (AbTF), Patrick Laine (BCI), Christoph Kaut (AbTF)

INCREASE IN SALES OF CmiA COTTON (IN TONS OF GINNED COTTON/LINT)





THE MAIN SIMILARITIES AND DIFFERENCES BETWEEN CmiA AND BCI

I. Similarities

- The practice of minimum entry criteria and development criteria to improve cotton farming
- Activation of market forces by charging a volume-based fee at the brand/retailer level
- Co-financing of training and other support measures for farmers
- Measurement of the impact of funding measures
- Simple, yet effective implementation that offers farmers maximum effectiveness while minimizing the costs for the textile company

II. Differences

- BCI is a global standard whereas CmiA is exclusively active in Sub-Saharan Africa
- BCI works with businesses of all sizes whereas CmiA works exclusively with smallholder farmers
- BCI allows the use of genetically modified seeds, whereas CmiA prohibits them
- The ecological footprint of CmiA is uniquely African, whereas that of BCI represents the global average
- CmiA ensures transparency throughout the entire value chain, if the Hard Identity Preserved system¹ is used
- CmiA permits communication on the product, whereas BCI does not allow any kind of product labeling

¹See page 17

2. CONSOLIDATED EARNINGS

The Aid by Trade Foundation can look back on a successful fiscal year 2013. The non-profit organization transferred the rights to market its Cotton made in Africa brand to the ATAKORA Fördergesellschaft GmbH. The GmbH distributes all surplus profits from the sale of licenses back to the foundation.

Revenue from license fees increased significantly compared to the previous year with an increase of 35 percentage points and has exceeded the one million euro mark for the first time with a figure of EUR 1,062,000. Income from partnership contributions was positive while at the same time public subsidies declined substantially. Thus, 80% of total income stemmed from operations. This development shows that the credo of Cotton made in Africa, aid by trade and not through donations, can be increasingly put into practice: The amount of income from business operations improved by 13 percentage points compared to the same period last year. 20% of income came from philanthropic support such as donations and public funding

Expenditures for implementing the CmiA project rose by 14% to EUR 1,155,000 compared to 2012. Along with the funds which flowed into accompanying community projects in 2013, this resulted in

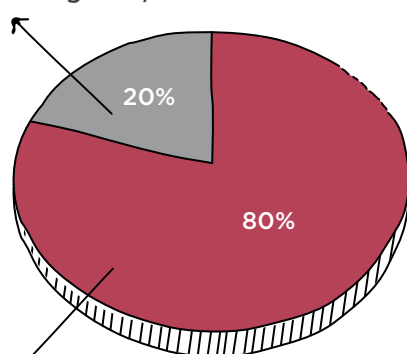
an increase in the "Program Expense Ratio" from 56% in 2012 to 67% in 2013. The "Program Expense Ratio" measures the effectiveness of the resources used and is a result of the ratio of total expenditure to funds which directly support the foundation's goals. With a total amount of EUR 702,000 from its own resources, the AbTF made a significant contribution to training provided for smallholder farmers and accompanying community projects in 2013.

To further raise awareness for the Cotton made in Africa initiative on a national as well as international level that leads to increased demand as well as to more royalties, 20% of revenue was used to fund activities in the areas of marketing, distribution, and communication.

Overall, consolidated earnings were balanced in 2013.

INCOME 2013

Income from grants/contributions



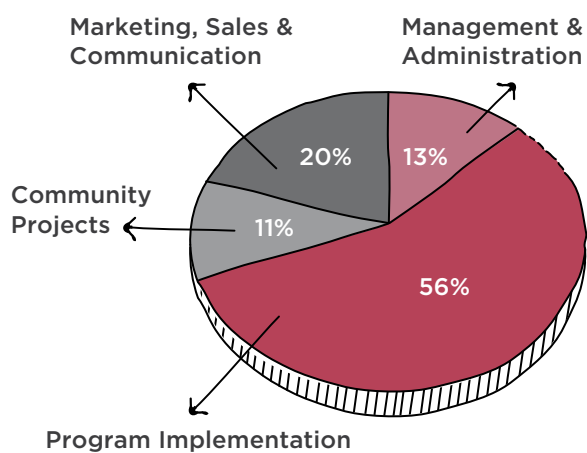
Income from business operations

Income	TEUR	in %	in % 2012
Licensing income	1,062	52%	35%
Partnership contributions	291	14%	12%
Public grants	182	9%	19%
Private grants	206	10%	17%
Donations	234	11%	15%
Other income	75	4%	2%
Total income 2013	2,050	100%	100%

	TEUR	in %	in % 2012
Income from business operations	1,634	80%	66%
Income from grants/contributions	416	20%	34%



EXPENSES 2013



Expenses	TEUR	in %	in % 2012
Management and administration	260	13%	14%
Program implementation*	1,155	56%	42%
Community projects*	223	11%	14%
Marketing, sales, communication	411	20%	30%
Total Expenses 2013	2,049	100%	100%

	Betrag in TEUR
*Thereof AbTF contribution to training programs and community projects	702

	in %	in % 2012
Program Service Expense Ratio = Program Service Expenses/Total Expenses	67.25%	56%

3. DEVELOPMENT POLICY

DEVELOPMENT OF THE CmiA VERIFICATION SYSTEM

The compliance with the sustainability criteria by cotton farmers, cotton companies, and cotton gins² is the key to credibility for CmiA and is regularly reviewed as part of a so-called verification process. These verifications of the Cotton made in Africa standards ensure that the exclusion criteria are adhered to. They also review continuous improvement in terms of compliance with CmiA sustainability requirements. This ensures that the initiative's value proposition of supporting smallholder farmers, and their families in Africa to achieve better living conditions is observed. CmiA commissioned these independent and qualified organizations such as AfriCert and EcoCert.

Aggregated results from the verification reports provide information about the status of development in the African project areas. They document whether the exclusion criteria have been observed and the degree to which sustainability criteria are met, and provide transparency. To check whether the CmiA standard and its objectives have been achieved, CmiA uses its own impact monitoring system which determines to what extent the living and working conditions of cotton farmers have improved through their participation in Cotton made in Africa.

The CmiA standards, their criteria, and the parent verification system monitoring the standards were designed by experts involving all key players in the Cotton made in Africa initiative. These include the African cotton companies as well as socio-political, environmental and development cooperation institutions, such as the Naturschutzbund Deutschland e.V. (NABU), Welthungerhilfe, the World Wide Fund for Nature (WWF), the Wageningen University in the Netherlands, and the auditing firm PricewaterhouseCoopers (PWC). The verification system is subject to regular review and further development by a technical advisory board composed of experts from NGOs, the industry, and cotton producers.

Until the end of 2012, the verification management was delegated to the consulting firm PWC. Since early 2013, however, the Aid by Trade Foundation has assumed responsibility for management, quality controls, and the development of standards.

In 2013, some 440,000 smallholder farmers with a production of more than 145,000 tons of cotton fiber were verified according to the CmiA and SCS³ standards. The routine external CmiA and SCS verifications take place every two years and include

verifications of the fields as well as cotton gins. The following companies and farmers under contract were reverified in 2013:

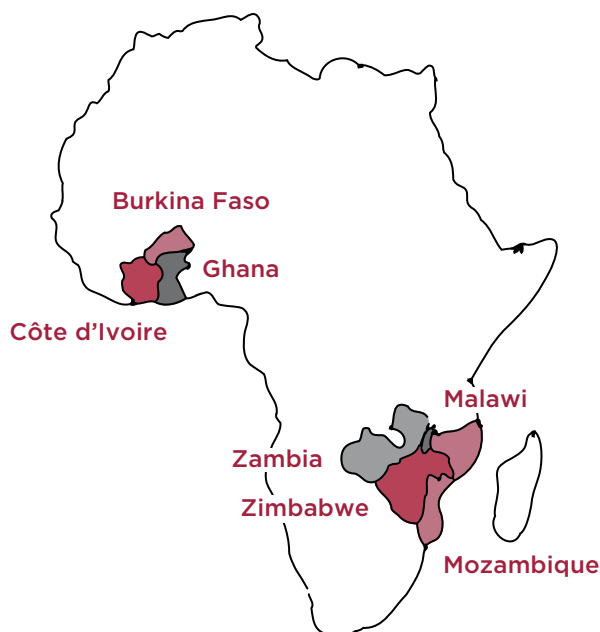
	Field	Gin
Cargill (Zambia)	✓	✓
Cargill (Zimbabwe)	✓	✓
Faso Coton (Burkina Faso)	✓	✓
GLCC (Malawi)		✓
Ivoire Coton (Côte d'Ivoire)	✓	
NWK (fr. Dunavant, Zambia)		✓
Plexus (Mozambique)		✓

Four additional cotton companies and their contract farmers were verified according to CmiA criteria by an external verifier for the first time:

	Field	Gin
Alliance (Zambia)	✓	✓
Alliance (Zimbabwe)	✓	✓
SECO (Côte d'Ivoire)	✓	
Olam (Ghana)	✓	

The number of companies verified according to CmiA and SCS thus increased in 2013 to 11 cotton companies in 7 countries in Africa south of the Sahara.

The CmiA Verification Matrix (Vol. 2) was revised during the course of 2013. Important changes made



affected the exclusion criteria, such as child labor, additional development criteria on pre-financing commitments of the cotton companies to those farmers under contract as well as some minor corrections which provide to a better understanding of the circumstances. The CmiA Verification Matrix (Vol. 3) and the Subsaharan Cotton Standard (Vol. 2) were adopted in the AbTF Board of Trustees meeting in the fall of 2013 and entered into force on January 1, 2014.

Verification of CmiA cotton from Benin has been halted since February 2013. The foundation decided to take this step after the government of Benin changed the conditions for the cotton sector so that compliance with the CmiA sustainability criteria could no longer be ensured. However, the AbTF will not completely back out of the country. The training programs and community projects to improve the school infrastructure⁴ will be continued.

COTTON MADE IN AFRICA ORGANIC

In 2013, CmiA Organic was developed as an addition to the standard family. The basic concept for this standard was created by the same experts who had previously prepared the draft of the CmiA Verification Matrix. Established organic standards was expanded to include social CmiA criteria. After a panel of experts provided feedback and after further refinement as well as a public "hearing" as

part of ISEAL (International Social and Environmental Accreditation and Labelling) Alliance, CmiA Organic (Vol. 1) was adopted during the AbTF Board of Trustees meeting in the fall of 2013. This paved the way for growing organic cotton according to the guidelines of the CmiA Organic Standards in cooperation with the BioSustain cotton company in Tanzania.

COOPERATION WITH ACTIF

To further promote the processing of sustainably produced CmiA cotton in the textile value chain on the African continent, the Aid by Trade Foundation, COMPACI and the African Cotton Textile Industries Federation (ACTIF) agreed to work more closely together in the future. The cooperation agreement signed in October 2013 stipulates that the three organizations support each other to promote the development of cotton production and the textile industry in Sub-Saharan Africa. This should mainly be ensured by a regular exchange of information,

joint stakeholder work and communication. ACTIF is a non-governmental organization based in Kenya. Its goal is to promote the cotton and textile sector in eastern and southern Africa and to represent the interests of national cotton and textile associations from some 25 African countries.



² Cotton is separated from the cottonseed in the gins and pressed into bales for further processing in the textile chain and then packed.

³ See page 08 ⁴ See page 14

4. COMMUNITY PROJECTS

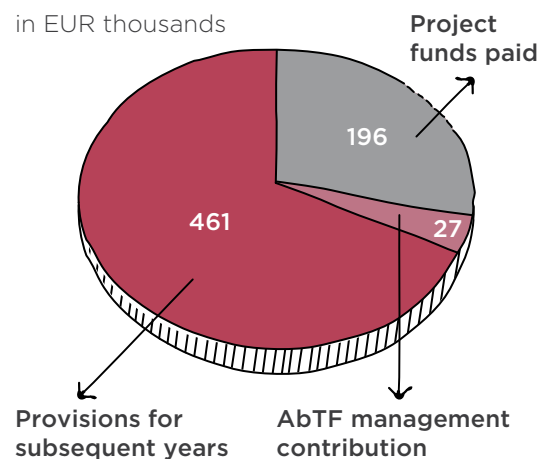
REALIZATION OF COMMUNITY PROJECTS IN AFRICA

Since 2009, the Aid by Trade Foundation in collaboration with corporate partners, cotton companies, non-governmental organizations such as Welthungerhilfe and partners from the public-sector such as the Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG) and the Gesellschaft für internationale Zusammenarbeit (GIZ), has realized community projects in the Cotton made in Africa project regions.

The majority of these projects are realized as a public-private partnership (Public-private Partnership – PPP). This means: Private funding which the initiative raises together with the local cotton companies and partners of the Demand Alliance are used together with public funding by the DEG and the Federal Ministry for Economic Cooperation and Development (BMZ). Whereas the cotton companies or local non-governmental organizations are responsible for realizing projects at the local level, the Aid by Trade Foundation monitors their implementation on a regular basis and is responsible for communication with the project partners. The local population plays a decisive role in developing project proposals and is actively involved in their organization. For all project partners, this type of cooperation compounds their invested funds and thus also achieves maximum efficiency in each project region. The total volume of cooperation projects in 2013 totaled EUR 684,000, of which EUR 196,000 were paid as project funds,

89% of the disbursed funds come from private sources, i.e. contributions from textile and cotton companies.

COMMUNITY PROJECTS IN 2013



BURKINA FASO – EDUCATION FOR SMALLHOLDER FARMERS

The project on functional literacy of CmiA smallholder farmers in Burkina Faso has been successfully completed. In total, nearly 5,500 people learned to read and write; more than 60% of those who complete the courses were women. The courses taught important aspects of daily life such as health and hygiene as well as practical topics in agricultural production such as livestock, use of drinking water, and wastewater management. This has led to important positive "side effects" in the target group. For example, an increased awareness of cleanliness and hygiene helps prevent diseases. Joint realization with partners: Otto Österreich, Welthungerhilfe, Organic (local NGO), DEG. Total budget: EUR 282,000

BENIN – IMPROVING SCHOOL INFRASTRUCTURES

The community project launched in 2011 to improve access to primary education for children in northern Benin was extended until June 2014. Ten school gardens have now been created, thanks to additional funding, a total of 66 school cafeterias were completed by the end of 2013, an additional 10,000 school uniforms and 10,000 textbooks were distributed. An additional three school buildings were built during the year and put into operation; thus five school buildings each for 150 school children were completely erected. Joint realization with partners: Tchibo, GIZ ProAgri Benin, ICA-GIE cotton company, local farmer's association, DEG. Total budget: EUR 972,000

ZAMBIA – IMPROVING SCHOOL INFRASTRUCTURES (TWO PROJECTS)

For the two school infrastructure projects in Zambia, nine new school building shells were built after some delays during the reporting period and an additional two were renovated (5 schools with the Cargill Zambia project partner, 4 new and 2 refurbished schools with the NWK project partner (formerly Dunavant Zambia)).

Joint realization with partners: Tchibo, Cargill Zambia cotton company, DEG (project 1) and Otto Group, NWK Zambia cotton company, DEG (project 2). Total budget: EUR 947,000

CÔTE D'IVOIRE – PROMOTING WOMEN'S COOPERATIVES

In Côte d'Ivoire, our project partner, the local cotton company Ivoire Coton supported 12 women's cooperatives with a total of some 1,100 members in the north of the country with seeds, tools, and other materials for growing vegetables. Some 1,000 women also learned improved techniques for growing vegetables through training programs. A further 26 women's cooperatives with approximately 1,750 members have been identified for implementing additional support in 2014. Joint realization with partners: C&A, Ivoire Coton Cotton Company, DEG, AbTF. Total budget: EUR 100,000

MOZAMBIQUE – WATER, SANITATION, AND HYGIENE

The corner stone was laid in the reporting period for another cooperation project in Mozambique. Funding was secured for a project in drinking water, sanitation, and hygiene. Other partners for implementation we were able to gain are the Plexus Mozambique cotton company as well as the non-governmental organization CARE Mozambique. A joint project proposal for the co-financing of the project as part of a "public-private partnership" (develoPPP program) was submitted to DEG at the end of the year. Initial discussions on project planning took place at the local level. Joint realization with partners: OTTO, Plexus cotton company, CARE Mozambique, DEG, AbTF. Total budget: approx. EUR 300,000.



CmiA SUPPORTS THE ADVANCEMENT OF WOMEN IN ZAMBIA

Strong women play a significant role in sustainable development. A good reason for CmiA to support women on their way to economic independence.

One of the 85,000 women sponsored is Nelifa Miti from Zambia. She has learned to stand on her own two feet and single-handedly provide for her family. Nelifa Miti comes from a small village near Chipata in eastern Zambia. She is a widow and has raised seven children. Since 2010, she has been an active member of the board of the Chipata women's club with other female cotton farmers.

In an interview during a press tour to Zambia by the German newspaper the ZEIT, she gave the journalist an account of how she has benefited from this measure to further advance women:

"My name is Nelifa. I am cotton farmer and a member of the local cotton women's club. The club is very important to me because I have learned a lot about cotton production and growing other crops such as corn, for example. We are trained in new farming methods which help us conserve water and protect our soil. We try as best we can to apply what we learned on our community field to our own fields. And we realized that this work in

the community pays off for us women. Our income has increased and we can afford more things. What is very important to me personally, is the opportunity to meet other women through the club who do not necessarily come from my village. Together with the other women we give each other strength and advice when it comes to questions about crops as well as problems in daily life. My wish is for more women to become creative business women so that they no longer have to struggle to simply survive. I am a widow. The community of the club has given me the strength to take care of my family on my own. Our club is still trying to encourage more women to grow cotton. We particularly address those women who feel they cannot make it on their own. In this respect, the club has helped many women in the village community as well as in cotton growing."

5. SUPPLY CHAIN MANAGEMENT

The Supply Chain Management service unit provides partners in the Demand Alliance assistance in operations for implementing Cotton made in Africa both in the purchasing departments of the company and in the sourcing markets. One of the key tasks of the unit is to guarantee purchase prices without additional costs for the purchase of sustainably produced cotton on the textile sourcing markets and to ensure smooth integration into the textile value chain without delays.

THE MASS BALANCE AND HARD IDENTITY PRESERVE SYSTEMS

Special attention is paid to the topic of transparency, that is, the traceability of the raw material throughout the textile chain. At CmiA, the path of the cotton can be fundamentally tracked from the gin to delivery of the finished textile product of the corporate partner using transparent means. However, the demand companies can choose to which extent they want to make the cotton actually identifiable. There are basically two methods of traceability that offer different product labelling and communication options within the CmiA system in terms of further processing cotton: the "Hard Identity Preserved System" (HIP) and the "Mass Balance System" (MB).

Both alternatives are based on full traceability from the crop to the cotton gin right through to the spinning mill. After these phases, the difference in the two systems is noticeable, and the degree of transparency changes accordingly.

The spinning mill generally acts as the interface for goods between the supply chain of the company in the Demand Alliance and sustainably produced CmiA cotton. A quantity control takes place at this stage. The purpose is to check whether the spinning mill's balance of the purchased amount CmiA

cotton and CmiA yarn produced correspond with each other. During this process, the spinning mill reports its additions and reductions in stocks to the Aid by Trade Foundation. The system therefore works according to the logic of "green energy" model and the balance (incoming CmiA cotton = outgoing CmiA yarn) is controlled at the spinning mill level. If the account is negative, a sufficient amount of CmiA cotton must be purchased.

Companies, who are partners of the Cotton made in Africa initiative and work in the MB system, support the initiative's work in the project regions through the license fee and are also permitted to communicate their support.

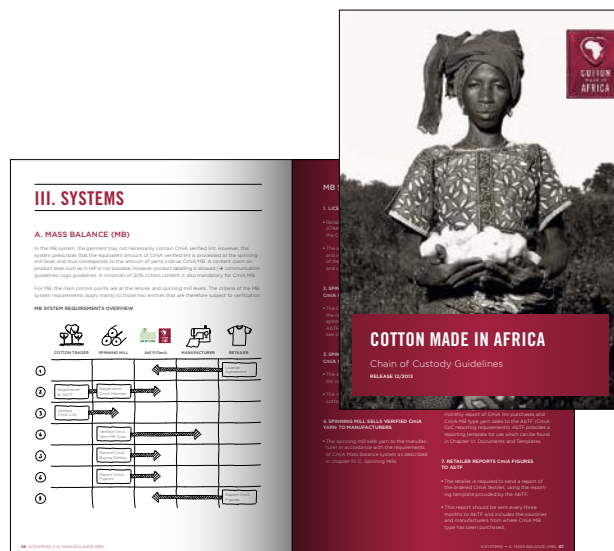
HIP ensures complete transparency from the cotton gin in the African growing country through to the finished product. In order to create this high level of transparency, all players in the textile chain must enter the required information in a CmiA database.

The Aid by Trade Foundation sets the requirements the system must have, whereas the implementation is up to the trading partner. Using the HIP system makes it possible to communicate precise information about the origin of the raw material.

CHAIN OF CUSTODY GUIDELINES

A comprehensive "Chain of Custody Guideline" was created to summarize all the requirements for purchasing CmiA cotton and further processing in the MB or HIP system and to make it feasible for the partners. The guidelines inform all the actors in the textile chain from cotton traders, to producers, e.g. in Asia, to textile companies in Europe or North America about the correct implementation of CmiA. At the same time, summarizing all procedures in one document raises the partners' mutual understanding along the textile value chain.

The guidelines can be downloaded from www.cottonmadeinafrica.org/downloads.

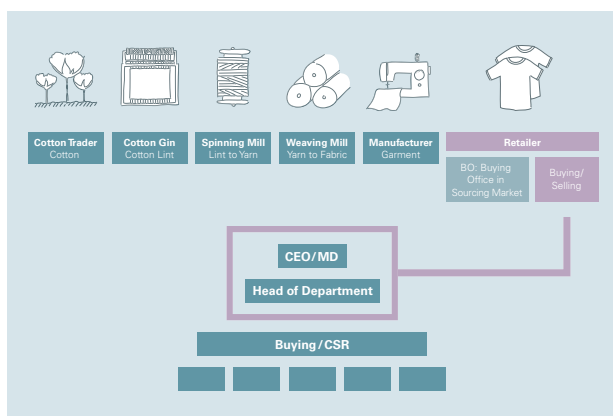


SOURCING SERVICES

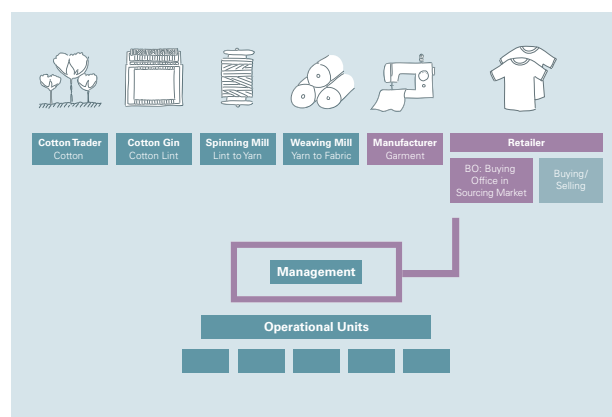
Since the first CmiA product entered the market in 2007, the Supply Chain Management unit has advised the partner companies on how to smoothly and efficiently realize CmiA in the textile value chains. This advisory service was and is an essential component of CmiA's work in successfully marketing cotton CmiA to an international Demand Alliance. In 2013, this service was offered as an independent advisory service for third-party business. This means, commercial enterprises who are not (yet) a partner of CmiA may use this advisory service. Consulting services also includes the use of other sustainable textile raw materials such as organic cotton or recycled fibers.

The consulting service is composed of three modules.

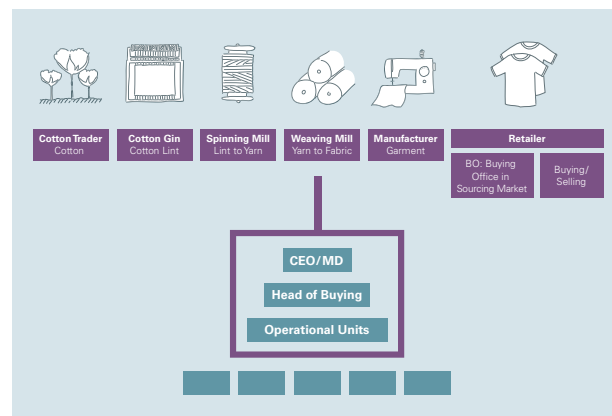
1. Advising management and purchasing at the company's headquarters



2. Advising in the sourcing markets



3. HIP System implementation (optional)



BIOLOGICAL PEST CONTROL WITH MOLASSES TRAPS

African cotton farmers often get stuck in the dilemma that they need to protect their plants from attack by insect pests. But so far they had very little alternatives to the use of pesticides and the corresponding impact on the environment as well as humans. In order to reduce the use of pesticides Cotton made in Africa has introduced the system of a biologically integrated pest management aiming towards a more sustainable cotton production in Sub-Saharan Africa.

Molasses traps are one of the components of Cotton made in Africa's new approach: they contain chemical attractants that stimulate both the olfactory and gustatory sense receptor organs of insects, just as in the case of floral nectars. Insects perceive molasses as a source of food that supercedes the smell of the crop to be protected, in our case cotton. So molasses lure insect pests to the traps where they are caught and trapped due to its stickiness instead of flying to the crop. The yellow color of the traps is a secondary stimulant to insects, especially to sucking pests such as aphids and whiteflies. A solution with a concentration of 10% of molasses mixed in water is used and placed

inside recycled yellow containers with a limited opening that allows the insect to enter but not to leave. By catching insect pests, the traps reduce their population in the cotton field. Therefore, Molasses traps are a simple way of reducing pest pressure and consequently the need to use expensive chemical pesticides. The trap has been immediately appreciated by the cotton companies and the smallholder cotton farmers in all parts of South-Eastern Africa. Thousands of molasses traps have so far been introduced in Mozambique, Zambia, Zimbabwe, Malawi and Tanzania.

COTTON FARMER ZIMA ZACKS ABOUT HIS EXPERIENCE WITH USING MOLASSES TRAPS ON HIS COTTON FIELD:

We are here in your field of cotton. Can you share with us the secret of these yellow containers in your field? Is this some special "magic"?

This is no magic at all. When I started growing cotton, I have learned to adapt threshold spraying by using a self-made pegboard to prevent the attack by pests of our cotton plants. But in addition to this scouting method, we have also learned to use this ordinary yellow container in which we have put molasses. Usually, the insect pests lay eggs from which the bollworms hatch that affect the cotton plants. But now the insects are attracted to both, the sweet sugar smell of the molasses and the yellow color of the container – before they can lay eggs.

Please tell us about your experience with using these kind of traps.

I placed these traps when my crop was about four to five weeks old. I was advised to setting them up at this period because it is the time that the crop is entering its reproductive stage. I am convinced that the molasses traps have been helpful. So far, I have counted 86 moths and therefore prevented my field from being affected by most of the pests. I could have spent a lot of money spraying for six times if I would have followed only the calendar spraying program. But up till now, I have only sprayed my field for four times. Which also means: I have not been as exposed to pesticides as I would have been if I never used the traps. Besides it is a very simple thing to set-up. I have also observed that this molasses attracts bees to my field,

which indeed is a good thing. Now we would just need more of these yellow containers.



ZIMA ZACKS

- Cotton farmer from the Chipata South District in eastern Zambia.
- Has been growing cotton on his 1.2-acre field for three years

6. MARKETING AND COMMUNICATION

ALBERT WATSON EXHIBITION AT THE RAUTENSTRAUCH-JOEST MUSEUM

The art project with Albert Watson that was successfully launched in Hamburg in 2012 was continued in 2013. After the exhibition in the Hamburg Deichtorhallen in March 2013, the part of the exhibition Albert Watson had exclusively photographed for the Aid by Trade Foundation in Benin, was shown by the Cologne "Rautenstrauch-Joest Museum" of ethnology as a special exhibition under the name "Albert Watson - 14 Days in Benin". To the 35,000 visitors to the exhibition in Hamburg came an additional 10,000 visitors to the exhibition in Cologne. The exhibition was on display from March 28 to July 28, 2013 and as in Hamburg, was curated by the famous curator Prof. Ingo Taubhorn.

The CmiA Corporate Partner Ernsting's Family and the DEG sponsored the exhibition. Supporting programs included fashion shows as well as intellectually stimulating round table discussions held on sustainable consumption and fair trade among the people of Cologne who were in good attendance. A big press conference at the beginning of the exhibition and ongoing press work

by the AbTF, museum, and sponsors generated considerable media coverage.

Effective public relations work and heavy print advertising for the museum generated strong recognition and high visibility for the exhibition and thus also for Cotton Made in Africa during the exhibition period in Cologne.



The CmiA/Albert Watson exhibition in Cologne



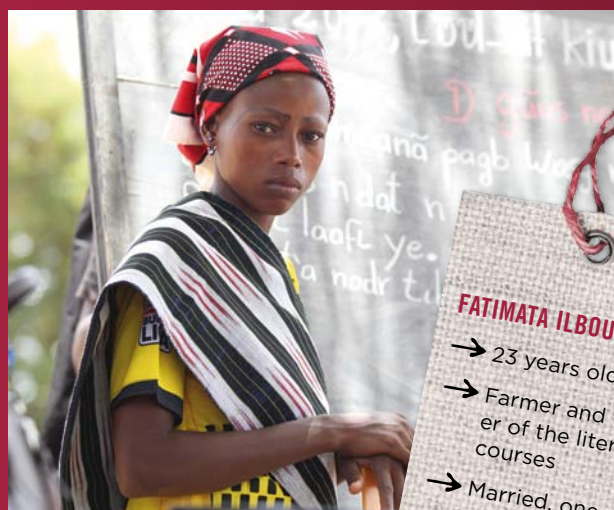
SUCCESSFUL COMPLETION OF THE LITERACY PROJECT IN BURKINA FASO

In many African countries, it is unusual for adults to still have the opportunity to learn to read and write. Yet, these elementary skills are vital to smallholder farmers. They enable them to maximize the potential of agricultural training and other support measures, as the farmers can take notes and then read what they have learned and they can pass it on. A community project launched in 2011 in Burkina Faso to teach adults how to read, write, and do basic arithmetic, was completed on schedule in 2013. The Aid by Trade Foundation initiated the cooperation project and led it in close cooperation with the Welthungerhilfe, the local non-governmental organization ORGANIC, and the Provincial Directorate of the Ministry of Basic Education and Literacy (DPEBA) in Burkina Faso as well as the Faso Coton cotton company at the local level. It was co-financed by Otto Austria and the DEG.

Nearly 7,000 people signed up for the literacy courses in the Bazèga province in the center of the West African country. Approximately 6,000 adults attended the courses and more than 5,500 women and men successfully completed their training in 2013. Women, in particular, benefited from the education project. After two years, the adult students are able to read and write in the local language called Moré. They use the knowledge they gain both in their professional lives as well as for the education of their children.

For the 23-year-old Fatimata Ilboudo, farmer and teacher of literacy courses, the newly acquired skills give the smallholder farmers many advantages. She has found that her former female students in particular are more independent, thanks to the newly acquired knowledge and place a higher priority

on their children regularly attending school and earning a college degree.



FATIMATA ILBOUDO

- 23 years old
- Farmer and teacher of the literacy courses
- Married, one child
- Grows cotton on 0.5 hectares of land

THE MODEL OF RURAL COOPERATIVE BANKS

One of the additional objectives of Cotton made in Africa is to facilitate access to finance for smallholder cotton producers: either directly via the cotton companies or through the establishment of cooperative banks in rural areas.

In the case of Cameroon and Zambia, twelve “micro banks” should be operational by 2015. The establishment of a bank on village level would not only benefit farmers what the depositing of savings is concerned. During pre-harvesting, many families nowadays depend on money lenders and their horrendous interest rates going up to 100% and more as all their savings are exhausted. Having a local bank in their own village enables the smallholders to borrow money even for a period of 2-3 months at much more attractive rates.

The Cameroonian banking group Afriland First Bank initiated and accompanies the model of so called “MC² cooperative banks” in the central African state. Technical assistance in Zambia is provided by its subsidiary Intermarket Bank. In the

Eastern Zambian village of Kagoro, one of these MC² has become operational in 2013.

Before, its 1,900 cotton farmers had no access to banks or any microfinance institutions because Kagoro is situated more than 20km from the nearest town. Without any transport facilities, this was out of reach for the majority of the farmers and their families. After the decision to initiate a pilot project in Kagoro, executive committees were built, mainly consisting of farmers, but also of locally elected representatives as well as employees of the cotton company Cargill. Anyone providing a contribution of 20 USD has become a member. 20,000 USD have been collected so far. A bank building was constructed; staff members for the MC² were recruited in the village and then obtained the necessary training.

LOZARIA BANDA'S EXPERIENCES WITH THE COOPERATIVE BANK



LOZARIA BANDA

- Mother of 7 children and widow
- Has been growing cotton for 13 years
- Cargill Women Club representative in the MC² board in Kagoro

What prompted you to be part of a cooperative bank, the MC² of Kagoro?

Lozaria: Before, when I kept money in the house I was just misusing the cash thinking that I still have a lot. With this attitude, I failed to buy fertilizer. Now, I will keep my money safe in my bank and be able to do a proper budget – which means to spend

the savings only on things I really need to buy. I expect this development to improve the living standards of my family. So far, I have five shares of the MC² and plan to buy the remaining five this harvesting season.

What are your expectations now that you are a member of the MC² of Kagoro?

Lozaria: My family living standard will improve: There is a reduced risk of theft and I will have more opportunities to access soft loans – to get fertilizers for instance with reasonable interest rates and thereby increase my farming productivity. Additionally, the MC² program has united us more as a community. It teaches us the importance of working together and succeeding together. There will be no more begging in our community.

What would you like to address to your female fellows as well as

to the male farmers?

Lozaria: I call upon my fellow women to participate in developing our communities! As women, we are also more than able to contribute to the development of our communities. The men I am asking to allow their wives to participate in such development programs. Women can contribute positively and women can hold positions in developmental programs.

Is there anything left that you would like to say?

Lozaria: Let us all together join the MC² bank – it is our own bank! Let us invest some of the money we will get from the sale of our produces this year in buying shares. If you are like me who has not attained full share status, let us attain that! And if you are not yet a member, please know that you are welcome!



The winning portraits of the PR Bild Awards 2013



PR-BILD AWARD

Two photographs that originated from the cooperation of the foundation with Albert Watson and provide an insight into the everyday life of CmiA farmers were recently awarded the prestigious PR-Bild Award by the dpa subsidiary news aktuell in two categories. The photograph of 21 year old

Boukari Kaoulatou won first prize in the category "Portrait", the extraordinary view of a cotton plant placed second in the category "Product". Both images were selected from more than 1,700 applicants from Germany, Austria, and Switzerland.

TRUCK TOUR OF THE FEDERAL MINISTRY FOR ECONOMIC COOPERATION AND DEVELOPMENT (BMZ)

In order to give consumers in Germany greater insight into the work of the Federal Ministry for Economic Cooperation and Development, the ministry organized and hosted the "BMZ Truck Tour". To present selected topics of the German development cooperation in a more tangible and practical way, Cotton made in Africa was integrated into the concept as a best-practice and exemplary initiative. The truck tour lasted 8 weeks, and traveled through a total of 18 German cities. Raffles, information stands, and hands-on activities in public places provided information about the Ministry's work and promoted a better understanding of topics related to development cooperation. For CmiA, the renowned Berlin artist Kiddy Citny

created CmiA T-Shirts with Citny's famous "wall art" together with the truck tour visitors.



The CmiA station at the BMZ Truck Tour



LOGO RELAUNCH

The Cotton made in Africa logo was relaunched after several rounds of previous adjustments. The new look, whose central motif shows a heart with the outline of the African continent, is now much more emotional, and the message is clearer and easier to understand to the viewer. The new design was created by the AbTF in cooperation with the agency "Mutter". This involved creating new

marketing materials. Three brochures present the key USPs of Cotton made in Africa in a clear and simple manner and provide general information about the initiative's work and goals.

All brochures can be downloaded from
www.cottonmadeinafrica.org/downloads





KONÉ FOMEGOKAMA
 → 40 years old
 → Mother of five children (four sons, one daughter)
 → Member of the "Djiguiya Kabada" cooperative in Boundiali

WOMEN'S COOPERATIVE IN CÔTE D'IVOIRE

As part of the Cotton made in Africa initiative, the Aid by Trade Foundation and the DEG together with the Ivoire Coton cotton company support 38 women's cooperatives with approx. 2,000 members in northern Côte d'Ivoire with 100,000 euros. This is primarily used to finance materials for growing vegetables such as seeds and fences and the construction of wells.

Women's cooperatives have enjoyed a long history of tradition in Côte d'Ivoire for many years. By joining a group, the women can work together to cultivate the fields, grow vegetables, and sell their harvest. This will provide them with their own additional income which guarantees them a bit of independence and benefits the family directly. Whereas this income often has to be used for daily needs, the cooperative enables them to also save together as a group. This group's money is used to cover emergency expenses of individual members such as in case of hospital stays due to severe illness or birth or for school materials.

Each member of the group can receive the necessary amount from the common fund and then pay this back. This credit system is a great help for many women in their daily lives. As a group, the women grow onions, lettuce, tomatoes, allspice, and eggplant on a common field. A portion of vegetables is used to feed the family, the other part is sold on the market. The women's self-assurance grows due to the cohesion of the cooperative and mutual assistance they provide each other. When a decision needs to be made, the whole group gathers together to discuss this situation. In addition to house-keeping and child care, the work on the field represents an additional burden most women must cope with. The cohesion of the women in the cooperative provides pragmatic help in everyday life and strengthens the women's self-confidence.

“ My husband left me nine years ago. I was all alone and did not know how I should feed my children. I now grow vegetables, corn, and rice with the cooperative. Together, we are not only able to support each other but also to do something for the community. This year, we donated a ton of rice to the elementary school cafeteria.

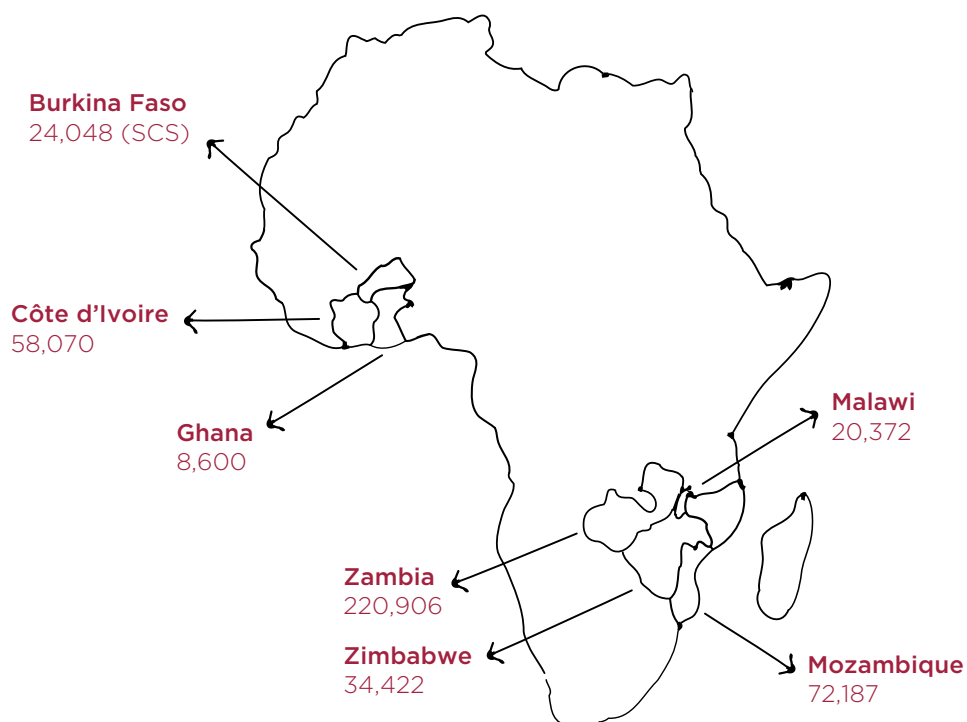
The best thing about our cooperative is that we women always come together when one of us needs help. Whether it's a birth, a wedding, or a funeral, all women attend the events and contribute some money whenever necessary. Before, such events were only managed with the family, now all the women pitch in and help. I know who I can turn for when I need a shoulder. The cooperative has also helped me to earn money for my children's education, now each of my five children go to school. I could not have done that alone. But together we can achieve a great deal. ”

2013 IN NUMBERS

The numbers refer to the 2012-2013 cotton season.

- During the reporting period, 689,900 farmers signed agreements with cotton companies under the COMPACI program, 438,605 smallholder farmers were verified according to CmiA and/or SCS criteria.
- 296,000 smallholder farmers participated in the agricultural training programs. This number is lower compared to 2012 (> 315,000 farmers), since a large majority of these farmers had already received training in the previous year.
- 95% of the farmers benefited from pre-financing of their inputs (such as seeds, fertilizers, etc.)
- 71% of farmers received training in good agricultural practices such as early land preparation, soil preparation, weeding, mulching, good harvesting methods, etc.
- 43% of the farmers were trained in "conservation agriculture" (conservation land management, minimal plowing, long term land cover by mulching, growing in crop rotation to maintain soil moisture and fertility).
- 23% of female smallholder farmers are members of organized women's clubs.

NUMBER OF CmiA AND/OR SCS SMALLHOLDERS IN 2013





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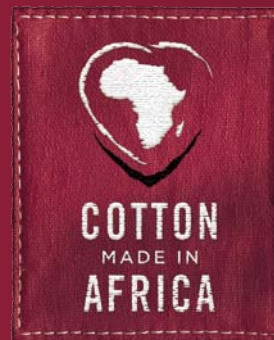
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AID BY TRADE FOUNDATION

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