CONTENTS

FOREWORD 05

1. DEMAND ALLIANCE 06

On Location: Casting More Light on the Subject – Improved Schooling Conditions in Benin 08

On Location: Plant-Based Alternatives to Chemical Pesticides 11

2. CONSOLIDATED EARNINGS 12

3. DEVELOPMENT POLICY 14

On Location: Thinking and Doing Business 17

4. COMMUNITY PROJECTS 18

On Location: “Educated Children are an Asset to the Families” 20

5. SUPPLY CHAIN MANAGEMENT 22

On Location: Maximum Transparency in the Textile Value Added Chain 24

6. MARKETING AND COMMUNICATION 25

On Location: Self-Help Initiative with Tractors – Extension of the Mechanization Program 27

2014 IN NUMBERS 28

THE BOARD OF TRUSTEES 30
The Aid by Trade Foundation set up its initiative Cotton made in Africa 10 years ago in a bid to bring about a lasting improvement in the living conditions of the cotton farmers in sub-Saharan Africa. To this end it offers the international textile trade cotton with optimum ecological credentials, the sale of which helps the smallholders to better their social situation. In the process it helps raise awareness in many companies of the necessity of sustainable business enterprise. But one point keeps coming back into focus again and again: it is a change which will take time. And an about-turn which must be effected in the market with great determination and insistence.

CmiA made further progress in the year under review but also faced various challenges. Textile companies have yet to take up the cause and ensure that sustainably produced raw materials are used as a matter of course – this is also seen in the example of the Partnership for Sustainable Textiles initiated by the German government which the textile industry is at best hesitant to accept. The textile partnership is seeking to achieve social, ecological and economic improvements along the textile supply chain in a closing of ranks among enterprise, industry, trade unions, governments and non-governmental organizations. The Aid by Trade Foundation joined this partnership in October 2014, bringing with it its knowledge of the production of sustainably produced cotton fibers.

Faithful to our Foundation creed, "helping people help themselves through trade", we were once again able to count on the energetic support of many active partners in the textile industry this year, but we also gained some new partners for our Demand Alliance for CmiA. These textile companies ask specifically for the cotton produced in Africa in compliance with the CmiA standard and use it in their products. In return they pay a license fee to the Foundation based on volume which is invested in training courses or community projects in the project regions. The partner companies sign individual contracts with ATAKORA Fördergesellschaft in order to purchase the certified cotton. At present, more than 25 textile traders and fashion brands have signed up as partners of the CmiA Demand Alliance, with the resulting income from license fees in the year under review slightly down on the previous year.

Successful partnerships also inform the activities of CmiA in the African countries in which CmiA cotton is grown and produced. The local cotton companies meet the criteria in respect of the CmiA standards and work in cooperation with the smallholders with a view to producing sustainable cotton for the global market and fulfilling the CmiA value proposition. The CmiA criteria embrace both ecological and social facets as well as economic aspects of cotton production. As we have worked together over the past years, we have seen a steady improvement in the ability of the cotton companies to meet these criteria. In the year under review we have once again succeeded in adding substantially to our numbers in this area and are now working in partnership with 14 cotton companies in eight countries in Africa.

The number of AbtF standards has also grown, however, as has their diversity. The Foundation launched the CmiA Organic standard in 2014, broadening in this latest move existing organic cotton standards to include the social and economic criteria of the current CmiA standard. This new standard is already being introduced in Tanzania at the moment.

We continued to work with the partners of the Competitive African Cotton Initiative (COMPACI) in 2014, building on the success of the previous years and seeing further fruit. COMPACI was founded in 2005 by the Bill & Melinda Gates Foundation and the Federal Ministry for Economic Cooperation and Development (BMZ) on the back of the successful CmiA pilot and takes charge of the financing agreements with the African partners, the training courses and the communication of technical know-how. We are working together on serving the purpose of our Foundation by making a contribution to improving the living conditions of more than 476,000 smallholders and their families.
In total the Demand Alliance partners brought approx. 30 million textile units with the Cotton made in Africa seal to market in 2014. As in 2013, ATAKORA GmbH took in more than one million euro in the year under review through the sale of CmiA licenses to these partners.

Revenues were down slightly on the previous year despite the increased number of units. The main reason for this was the effect of offering incentives to purchase higher volumes at lower unit costs. There was a positive trend again in the quantities purchased by the biggest customers of Cotton made in Africa in the year under review. The Otto Group sold 10 million items with CmiA, with sales being driven primarily by OTTO and bonprix. This was four million textile articles more than in the previous year. As in previous years, Tchibo and C&A also accounted for a large contribution to the income from licenses. Two of the main aims of the initiative for 2015 are to increase the quantities purchased by existing customers and to acquire new customers all over the world.

In the year under review, Cotton made in Africa already succeeded in recruiting three new international partners for the Demand Alliance. The respected French menswear retailer Celio has a large branch network extending beyond the borders of France throughout the Mediterranean region and to the Middle East. The French mail order company 3 Suisses and the ladies’ fashion company Toni Dress Damenmoden, which belongs to the international Hebestreit Group, have also been new partners of the Demand Alliance initiative since 2014.

CmiA is keen to break into workwear and textiles for the hotel and catering trade as a new strategic growth area.
THE FOLLOWING COMPANIES WORKED WITH CmiA IN 2014:
CASTING MORE LIGHT ON THE SUBJECT – IMPROVED SCHOOLING CONDITIONS IN BENIN

Many children in Benin in West Africa dream of becoming a doctor or a teacher. Until now this dream has been beyond all means for the majority of them because, all too often, education is still a luxury. The Aid by Trade Foundation was instrumental in raising the school enrollment rate by around eight percent in the project region to 78 percent between 2010 and 2014 through a community project in support of the cotton farmers and their families. At the same time there was a marked fall in the numbers dropping out of school, with 98 percent completing the academic year. The project came to a successful end in 2014.

According to the principle that education is the “basis for sustainable development”, the Aid by Trade Foundation and its cooperation partners invested more than one million euro in improving the school infrastructure in Benin during the course of the project. The project was co-financed by Tchibo and the Deutsche Investitions- und Entwicklungsgesellschaft (DEG) with funds from the Federal Ministry for Economic Cooperation and Development (BMZ). The ProAgri program run by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) was responsible for its implementation on the ground. The fruits of this cooperation are very positive.

New schools, wells and solar lamps
Five new school buildings were constructed in total. Now more than 750 children attend classes there. Gardens were planted, canteens were built and new wells were developed for the drinking water supply at the new schools but also at many existing schools. Sponsorship funds also ran to large quantities of school uniforms and learning materials. Several schools were also provided with solar lamps so that pupils can study in the early mornings or late evenings. This means that additional lessons can be offered.

Better opportunities for the children
The farmers are keen to send their children to school, mainly because they hope for a better future for their offspring. This is the reason cited by Karami Tourou, for example, a father of 10 children who is a cotton farmer in the village of Soasarrarou with 1.5 hectares of land. “I never went to school myself and so I cannot speak French,” he said, “therefore I cannot join in all the conversations and sometimes feel excluded. I am very keen for my children to go to school and learn French. They will also have better chances of finding a well-paid job and getting a pension later in life.”

When asked why they did not send all their children to school, 45 percent of all the farmers cited financial problems as the reason. Thanks to the awareness-raising work carried out in the project, only a small proportion of those surveyed still think education is unimportant (less than five percent).

The right general framework is also needed
There has been a big improvement in the situation for the children, with well-equipped classrooms creating a better learning environment. The school gardens and canteens have an equally important part to play, to say the least. The mealtimes facilitate learning and there is a clear increase in the motivation to come to school every day. As a result, the children also stand a better chance of realizing their dreams of becoming nurses, doctors or teachers.
INTERNATIONALIZATION

Cotton made in Africa has developed its own marketing and accounting system for North America with a view to further expansion of the international sales markets. The Accenture Foundation also worked on the development of the new strategy in the context of a pro bono project for the Aid by Trade Foundation, providing support by way of an American team.

The idea behind the new system is not to sign the license agreement with the brand or retailer in future but with the supplier of the clothing instead. This means that the supplier will offer its customer – the brand or retailer – a sustainable item of clothing which is ready labeled and already contains the license fee in the quoted price. The supplier will then pay this charge to ATAKORA GmbH. This has significant advantages for the North American market. It does not affect the costing for the articles, and the companies incur no additional effort whatsoever in connection with the purchase of the CmiA product, allowing the established buying structures to be retained.

This approach is a particular advantage for countries which are eligible under the AGOA agreement (African Growth and Opportunity Act) as they can deliver textiles to the USA duty paid. The model has already proven its feasibility in an initial instance in which a jeans supplier from Mauritius was able to offer its Canadian customer jeans produced with Cotton made in Africa. Further expansion is envisaged to the range offered by suppliers from the sub-Saharan region in 2015 in respect of the production of CmiA textiles for the North American and European markets.

In addition to its focus on the North American market, Cotton made in Africa is mainly concentrating its internationalization efforts on France.

TEXTILE PARTNERSHIP

The Aid by Trade Foundation is an official signatory to the Partnership for Sustainable Textiles which was set up in October 2014 by Gerd Müller of the Federal Ministry for Economic Cooperation and Development (BMZ). It is intended to voice support for living wages, more safety in the workplace, more environmental conservation and more health protection along the entire production and retail chain. Since it joined officially, the Foundation has been working on the development of the alliance which is expected to point the way to further avenues for the sale of the sustainable cotton.

BETTER COTTON INITIATIVE (BCI)

Cotton verified as meeting CmiA standards and the SCS (Sub-Saharan Cotton Standard) was also sold as BCI cotton in the year under review under the partnership agreement entered into by the Aid by Trade Foundation with the BCI in 2013. The SCS is applied in the former CmiA project country of Burkina Faso. Genetically modified seeds are used there in violation of CmiA exclusion criterion 14.

The crop from Burkina Faso cannot therefore be sold as CmiA and is only sold through BCI channels which allow genetically modified seed. In 2014 some 50,000 t of CmiA and SCS cotton were supplied to the BCI value added chain. This is 20,000 t less than the previous year due to increased production of BCI cotton in other continents and stock purchases in 2013.
In the run-up to Berlin “Fashion Week”, leading textile companies were invited to the capital city by Cotton made in Africa, WWF Deutschland and Welthungerhilfe. A discussion forum was held at which the partners presented information on the use of sustainable cotton as a basis for a responsible clothing industry, engaging those present in a debate on possible ways of generating more transparency in the textile chain and proposing alternative courses of action. In a bid to win new partners for the Demand Alliance outside Germany, Cotton made in Africa also attended three international trade fairs in the year under review. The first presentation was at the “Source Africa” trade exhibition in the South African capital Cape Town in July. In September the initiative had a stand at the British “Future Fabrics Expo” in London. And in November the venue was Nairobi in Kenya for the “Origin Africa” event. CmiA used the textile industry gatherings to raise awareness of its work among a wider public on the international textile scene and to make contacts.

**THE QUANTITY OF COTTON WHICH WAS SOLD AS CmiA COTTON WAS UP BY 67 PERCENT ON THE PREVIOUS YEAR. TOTAL WORLDWIDE SALES OF CmiA AND SCS COTTON AMOUNTED TO JUST UNDER 75,000 T IN 2014.**
PLANT-BASED ALTERNATIVES TO CHEMICAL PESTICIDES

TESTS SHOW EFFECTIVENESS OF INTEGRATED PEST MANAGEMENT

Insects are part of the ecosystem in every cotton field. Only in certain circumstances do they become a menace, such as when there are not enough natural predators. Chemical pesticides are usually sprayed if the number of pest insects rises above a certain level. Cotton made in Africa is now building up capacity at local level in order to be able to offer the smallholders biological and ecological alternatives which are locally available.

The initiative has been in place since 2013, focusing on helping the partners in sub-Saharan Africa to adopt an approach known as bio-intensive IPM, meaning that all the available options are “integrated” in the sustainable work with crops. This highly contextual approach begins with the methods of Good Agricultural Practices (GAP), such as crop rotation, early plowing, timely sowing and weeding, adequate space for crops to grow, high-quality seed, and the right forms of cultivation. It also seeks to work with the biological control options available on the ground with a view to improving soil fertility and habitat diversification in the interests of the health of the crops. To be specific, these bio-intensive methods might include the following:

- Sowing of crops which serve as alternate hosts for the pests
- Planting of crops which feed beneficial insects
- Use of cattle dung and cattle urine as sources of supplementary nutrients for the crops
- Alternative means of pest control, such as molasses traps, to catch pests like the cotton bollworm
- More organic pesticides, such as plant extracts, soaps and vegetable oils

CmiA introduced some of these methods in the year under review and helped to put them in place. Training materials were also provided in order to enable the identification of cotton pests, their natural enemies and beneficial insects.

Comparison tests which were carried out in Côte d’Ivoire are now indicating that selected local plants, such as cashew tree leaves, Hyptis, neem and castor bean, can be as effective as pesticides in reducing pest populations. The detailed investigations were carried out at the same time by the national cotton research center in Bouaké (CNRA) and CmiA partners in their experimental stations together with the local farmers. No conclusive statements can be made as yet but the research is set to continue on the basis of the very promising results which it has already thrown up. The methods could help the CmiA partners to reduce pesticide use in future and offer them solutions for the improvement of cotton production which are effective and, at the same time, sustainable and inexpensive. Moreover, the integrated pest control measures which have been introduced will not just be beneficial for the cotton crop but they will also have a positive impact on the agricultural system as a whole.

1 Integrated pest management
2 Ivoire Coton, SECO-OLAM and CDIC
Despite the slight drop in income from license fees, the Cotton made in Africa initiative managed to increase its income from business operations by nine percent on the previous year. The main reason for this was the sharp increase in income from partnership contributions. These are payments made by the cotton companies, cotton traders and spinning mills which work with the sustainable cotton and subscribe to the initiative as key players in the textile value added chain. Some companies in the Demand Alliance also make partnership contributions to Cotton made in Africa through the license payments. The service fees – income from the sourcing service for the companies which use CmiA cotton – have also contributed to the upward trend in this income which is used to put the Foundation creed of “helping people help themselves through trade” into practice.

Expenses in 2014 remain at the previous year’s level with a slight increase of EUR 15,000. Expenditure on project implementation and community projects was up while expenditure on marketing, sales and communication was down. The “Program Service Expense Ratio” for 2014 is therefore at 68.9 percent, representing a further improvement on last year’s level (67.25 percent). The “Program Service Expense Ratio” indicates the effectiveness of the funds employed. It is calculated from the ratio of total expenses to the funds which directly support the Foundation aims.

The contribution of EUR 738,000 made by the AbTF in 2014 for the smallholder training and accompanying cooperation projects was up by five percent on the previous year’s contribution and is included under project implementation expenditure. The slight increase in expenditure on management and administration is accounted for by the recruitment of additional personnel in order to have the expertise needed for the extended remit of the initiative, such as skills in biological pest control.

Taking account of an extraordinary gain effected by a waiver of debt repayments, it was possible to achieve a positive consolidated overall result, thereby reinforcing the equity capital base of the AbTF.
INCOME IN 2014

<table>
<thead>
<tr>
<th>Income</th>
<th>TEUR</th>
<th>in %</th>
<th>2013 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>License fee income</td>
<td>1,010</td>
<td>53%</td>
<td>52%</td>
</tr>
<tr>
<td>Partnership contributions</td>
<td>338</td>
<td>18%</td>
<td>14%</td>
</tr>
<tr>
<td>Public grants</td>
<td>193</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Private grants</td>
<td>76</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>Donations</td>
<td>23</td>
<td>1%</td>
<td>11%</td>
</tr>
<tr>
<td>Service fees</td>
<td>91</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>Other income</td>
<td>167</td>
<td>9%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total income in 2014</strong></td>
<td><strong>1,898</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

EXPENSES IN 2014

<table>
<thead>
<tr>
<th>Expenses</th>
<th>TEUR</th>
<th>in %</th>
<th>2013 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management and administration</td>
<td>316</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>Program implementation*</td>
<td>1,239</td>
<td>60%</td>
<td>56%</td>
</tr>
<tr>
<td>Cooperation projects*</td>
<td>183</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Marketing, sales and communication</td>
<td>326</td>
<td>16%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Total expenses in 2014</strong></td>
<td><strong>2,064</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Thereof AbTF contribution to training programs and cooperation projects in 2014

<table>
<thead>
<tr>
<th>TEUR</th>
<th>in 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>738</td>
<td>702</td>
</tr>
</tbody>
</table>

Program Service Expense Ratio = Program Service Expenses/Total Expenses

<table>
<thead>
<tr>
<th>in %</th>
<th>2013 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>68.90%</td>
<td>67.25%</td>
</tr>
</tbody>
</table>
Cotton made in Africa applies sustainability criteria in order to ensure that the participating cotton farmers, cotton trading companies and cotton ginning factories gradually move towards sustainability in cultivation practices and in the processing of the raw material. The criteria for the CmiA standards take account of ecological, social and economic aspects. Audits are conducted by independent and approved organizations to verify that the criteria are being met and that the processes of continuous development are ongoing.

The CmiA verification system includes a series of exclusion criteria, such as the ban on child labor, the observance of such core labor standards as drawn up by the International Labour Organization (ILO), and the outlawing of genetically modified seed and highly critical pesticides. The exclusion criteria must be met to be able to take part in the program. There are also sustainability criteria for the cultivation and ginning of the cotton. A traffic light system is used for regular status reviews of the movement to increasingly sustainable cotton production. Exclusion and sustainability criteria therefore play a key part in upholding the value proposition of CmiA and, as a result, in maintaining its credibility among companies and consumers.

The two existing verification bodies, EcoCert and AfriCert, were joined in the year under review by a further independent organization by the name of Control Union. As such, the AbTF is now working with three verification bodies and 13 verification agents. Each verification agent had to do a basic training course to begin with, followed by a field verification with the CmiA master trainer. This condition of acceptance as a verification agent and regular refresher courses ensure that the quality of the verification processes remains consistently high.

In 2014 476,000 smallholders with a production of around 171,000 t of cotton fiber were verified as meeting the CmiA and SCS standards. 12 field

Fig. 1: AbTF trading partners and cooperating countries in sub-Saharan Africa
verifications and 12 verifications of ginning factories were carried out.

The number of certified businesses therefore rose in 2014 to 14 cotton companies in eight African countries south of the Sahara. There has already been a further expansion in the 2014/2015 season which is yet to be completed (shown in light red in Fig. 1). The two cotton companies Olam and Cargill pulled out of the cotton business in Ghana and Zimbabwe respectively at the end of 2014 because of the economic conditions. The statistics contained in this report still include the figures from both companies, however, as the smallholders were still producing under the CmiA conditions. The smallholders affected by the withdrawal of the cotton companies are now under contract with Wienco (Ghana) and Alliance (Zimbabwe) to a significant extent.

Biosustain in Tanzania became the first cotton company to be certified as conforming to the new CmiA Organic standard in 2014. CmiA Organic is based on an existing organic certification process for cotton companies with reference to EU or US requirements but with the addition of important social and economic development criteria.

After up to three verification cycles at cotton companies and smallholders, a distinct improvement can be seen in the following areas:

**Environmental aspects at smallholder level**
Transport and storage of pesticides, spraying methods, disposal of pesticide containers

**Socio-economic aspects at smallholder level**
Transparent purchase prices for agricultural inputs (e.g. seeds, pesticides, fertilizers), favorable advance financing options through participating cotton companies, immediate or prompt payment of participating smallholders

**Socio-economic aspects at ginning factory level**
Fair pay and wages of the legal minimum in line with statutory requirements, written employment contracts for permanent employees and seasonal workers, freedom of assembly

All three standards of the Aid by Trade Foundation – CmiA, CmiA Organic and SCS – share the same goal, which is to improve the social, economic and ecological situation of small cotton farmers in sub-Saharan Africa through license funds contributed by the Demand Alliance and the investment of these funds in the training events in the production areas. The CmiA and CmiA Organic standards are marketed at business-to-business level (B2B) and at business-to-consumer level (B2C) whereas the SCS standard is only marketed as a B2B product in partnership with the Better Cotton Initiative.
What proportion of the crop should be set aside for new seeds? How much needs to be held in reserve? And how much money can be spent on feeding the family and educating the children? Answers to questions like this are imparted to small cotton farmers in eight project countries in the Farmer Business Schools (FBS), providing them with guidance for the decisions they need to make in running their family businesses. The project was launched in May 2012 and 90,000 smallholders had received training by the end of 2014.

Originally the smallholders were mainly taught the basics of business management in the FBS courses. This knowledge enables them to develop their entrepreneurial skills and aim for better productivity. However, the program has now been extended to include additional content and organized activities.

Balanced diet
At the beginning of 2014 the FBS course was expanded to include a detailed module on nutrition. The new module shows ways in which the often very monotonous corn and cassava flatbread diet can be enriched with low-cost vegetables and proteins.

Revised course materials
The teaching materials have been translated into various local languages and the content adapted to the realities of the local situation in any given case in order to increase the number of smallholders attending the courses. This move is conducive to the sustainability of the FBS approach as a whole because now the farmers can understand the subject matter and take in the points more easily.

Dissemination of knowledge
The extended FBS curriculum also includes a scheme whereby some smallholders who have completed business courses are chosen to act as “mentors”. After attending a refresher course, they help other smallholders with all the issues involved in planning their farming activities.

“Not even one million CFA francs* would have been as much use to us as the Farmer Business Schools. My family will have a better future thanks to this training – and when the time comes it will also benefit the families of my children.”

Noufou Sini Cotton farmer in Koupeltenga, Bazega Province in Burkina Faso

Study groups
Another feature of the new training module is the organization of study groups. These groups also meet up occasionally after the official end of the course. This helps to ensure that the smallholders can continue to keep their account books, in which they record their income and expenditure and budget for their farms, and that they can manage their family businesses to optimum effect.

DEVELOPMENT OF FBS TRAINING

*Approx EUR 1530
4. COOPERATION PROJECTS

IMPLEMENTATION OF COOPERATION PROJECTS IN AFRICA

The Aid by Trade Foundation pressed ahead with four cooperation projects in Benin, Côte d’Ivoire and Zambia in the year under review. A rise in the school enrollment rates in the project region in Benin was one of the measurable results indicating the success of the approach which is being pursued. The Foundation has also launched two new projects for the improvement of hygiene conditions and the water supply in Mozambique and in Zimbabwe.

In partnership with enterprises, cotton companies, non-governmental organizations (NGOs) and public sector bodies, the Aid by Trade Foundation has been running cooperation projects in the CmiA project regions since 2009 – mostly as public-private partnerships (PPP), involving a combination of funding from the private sector (AbTF, cotton companies and the Demand Alliance partners) and from the public purse through the Federal Ministry for Economic Cooperation and Development (BMZ) via the DEG. Thanks to the cooperation projects, the companies in the Demand Alliance have the opportunity of direct involvement in the growing regions and therefore of support input in the families of the smallholders who produce the vital raw materials for their textiles. These in turn benefit directly from the project work as they see an immediate improvement in their living circumstances. This kind of cooperation is therefore a win-win situation for all involved.

In the year under review, the Aid by Trade Foundation paid out public and private funds under PPP contracts and earmarked donations totaling EUR 157,936.70 in funding for the cooperation projects.

**COOPERATION PROJECTS IN 2014**

<table>
<thead>
<tr>
<th>Project funds paid</th>
<th>In EUR thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions for subsequent years</td>
<td>366</td>
</tr>
<tr>
<td>AbTF management contribution</td>
<td>25</td>
</tr>
<tr>
<td>Project funds paid</td>
<td>158</td>
</tr>
</tbody>
</table>

**ZAMBIA – IMPROVEMENT OF THE SCHOOL INFRASTRUCTURE (TWO PROJECTS)**

One of the two projects for the improvement of the school infrastructure in Zambia was concluded in 2014. The project partner NWK (formerly Dunavant Zambia) built four new schools altogether and renovated two school buildings. The new buildings were fitted with solar panels and all the schools were equipped with new sanitary facilities. In total, 18 new wells were drilled and eight were reconditioned. The second project in partnership with Cargill is on schedule for completion in 2015. Five school buildings, each with three classrooms, were built or renovated in total in the year under review. School furniture and teaching resources were included, as were new sanitary and solar installations. Each school was also provided with a well and a garden.

The project partners are Tchibo, cotton company Cargill Zambia and DEG (project 1) and Otto Group, cotton company NWK Zambia and DEG (project 2).

Total budget: EUR 947,000
BENIN – IMPROVEMENT OF THE SCHOOL INFRASTRUCTURE

The cooperation project set up to improve access to primary education for children in the north of Benin ended in June 2014. Five school buildings with three classrooms each have been built in total since 2011 in the six CmiA communities in the regions of Atacora and Donga. Taking stock of this successful project, it can be said – thanks in some cases to additional funding – that 66 canteens were completed, 47 school gardens were planted, 12 wells were drilled and 20,000 school uniforms were provided. The school enrollment rates increased considerably during the term of the project by 8.18 percent in total to 78.73 percent. There was also a marked fall in the numbers dropping out of school.

The project was completed in partnership with Tchibo, GIZ ProAgri Benin, cotton company ICA-GIE, the local farmers’ association and DEG. Total budget: EUR 972,000

CÔTE D’IVOIRE – PROMOTION OF WOMEN’S PROJECTS

Ivoire Coton, the local project partner in Côte d’Ivoire, has supported a total of 39 women’s cooperatives with around 2,000 members in total since the start of the project in 2012. The cooperatives were given seeds, tools and other resources for growing vegetables and were trained in cultivation techniques. The aim of the projects is to increase the income of the women.

The project partners are C&A, cotton company Ivoire Coton, DEG and AbTF. Total budget: EUR 100,000

MOZAMBIQUE – DRINKING WATER, SANITATION AND HYGIENE

The drinking water, sanitation and hygiene project in Mozambique, which was presented in last year’s report, was finally launched in the year under review after some delays. The necessary contracts were signed at the end of 2014, arranging co-financing terms under the develoPPP.de program and agreeing implementation terms with the non-governmental organization CARE Mozambique. The project is due to get underway in 2015 in close consultation with the cotton company Plexus.

The project partners are OTTO, cotton company Plexus, CARE Mozambique, DEG and AbTF. Total budget: approx. EUR 300,000

ZIMBABWE – DRINKING WATER, SANITATION AND HYGIENE

The foundations were laid in the year under review for another drinking water, sanitation and hygiene project in Zimbabwe. Contract negotiations started at the end of 2014 in a bid to agree the terms of co-financing and implementation. Funds from the develoPPP.de program have also been earmarked for this project. The implementation from 2015 will be taken care of by the Welthungerhilfe office in Zimbabwe.

The project partners are Unito, Welthungerhilfe, cotton company Cargill Zimbabwe, DEG and AbTF. Total budget: approx. EUR 320,000
Many children in the world still wake up to face a day of hard physical labor instead of school and free time. The campaign for children's rights is high on the agenda of Cotton made in Africa. The core labor standards set out by the ILO are firmly anchored in the CmiA criteria and their observance is regularly monitored by independent bodies. A picture book has been compiled in collaboration with children's author Donald Grant in an attempt to present the critical issue of child labor and to get the message across to the smallholders in the best possible way.

Grant's illustrations are used on the training courses for the cotton farmers. The pictures highlight the dangers of child labor and show the farmers the advantages of meeting the CmiA criteria in terms of the positive effect on the future of the whole family. Examples with reference to everyday village life help them to relate to the measures against child labor and to understand that it pays to protect the welfare of the children. The author spent weeks traveling through the CmiA project regions in order to see for himself the issues facing the people in the CmiA project areas and to find out how the story needs to be told.

Mr. Grant, why did you become an author of children's books?

Traveling was a wonderful school of life for me. It enabled me to think about my life and the life of other people. Once I was walking through the streets of Delhi and saw a girl in a little factory who seemed incredibly sad to me. She looked like a little princess in her typical Indian dress. I caught her eye for a fleeting moment. She was making rugs with other girls and was presumably being forced to do the work. This brief but unforgettable moment prompted me to write and illustrate children's books about cultural issues, the rights of children and their lifestyles.

What is the greatest challenge in your work?

The greatest challenge is the fact that some potential buyers of the books do not want to present their children with the harsh realities of the stories. The subjects may impact negatively on adults but I have noticed that children are extremely attentive and understand the issues if they are presented properly.

Child labor is a complex subject for a picture book. How did you set about the task?

First I had to do some research on the theory and meaning of child labor. CmiA outlaws all forms of child exploitation. But what does this mean in practice? I went to sub-Saharan Africa to find out for myself. There I met the people to whom my picture book relates - the cotton farmers and their families. First I had to understand how my readers tick, what amuses them and what agitates them. I think that the stories work because they depict the reality as people experience it on a daily basis.
I based the format on the "boîte à image", a style of picture book which is popular in Africa. Cotton made in Africa has been using books like this in its training courses for a long time. They are useful, for example, for conveying information about new agricultural training methods to smallholders who cannot read.

**How did the smallholders and their families react to you?**

At first they seemed on edge when the subject of child labor was brought up – especially by me, being a European. The CmiA colleagues on the ground helped me to win their trust by explaining that I wanted to talk to them in order to learn something about the meaning and significance of child labor. Many of the smallholders cannot understand the practical application of the laws on child labor. But, despite the complexity, they were able to tell me what children should and shouldn't do. Their openness and willingness to help me was essential for my work. In the end the farmers adopted a very positive stance and were pleased to see themselves and their stories related in the pictures.

**Was there anything in this project which was particularly difficult?**

The first challenge was that the story had to be self-explanatory because many of the smallholders are illiterate. In terms of the content, it was not so easy to distinguish between helping out parents in the family business and child labor. I wanted to ground the requirements relating to the CmiA standards in the realistic context of everyday situations faced by an African farming family and also show what the children can do according to ILO conventions. The farmers were worried that their children might become lazy and wouldn't be prepared for the future on the farm if they didn't help with the work. The pictures are intended to illustrate that schooling does not mean that their children are no longer part of the family business. Practical examples show that educated children are a great asset to the parents because they would be able to read training information or use-by dates on medicines to them, for example, or they could help with calculations and costings.

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**Donald Grant**

Born in 1954 in New York, Donald Grant studied art at the Pratt Institute in the USA and then spent six years traveling all over the world before finally settling in France 30 years ago. He has illustrated many books for young readers – from literature and detective stories right through to fiction. Grant is also an author of children's books and has already worked for UNICEF and Amnesty International.
The supply chain management work of Cotton made in Africa helps the Demand Alliance partners to integrate the sustainable cotton into the downstream production stages all over the world. The companies can therefore achieve their sustainability targets without compromising on a value added chain of optimum efficiency in terms of costs and time.

**IMPROVEMENT OF MARKET ACCESS FOR AFRICAN SMALLHOLDERS**

Cotton made in Africa carried out various supply chain management initiatives in the year under review in order to improve access to the international textile markets for the African cotton produced by small-holders. One focus was on incorporating the local partners, such as the production companies, in the textile chain to a greater extent and linking them up directly with potential buyers from Europe and the USA. The initiative also worked on indirect measures with a view to increasing the demand for CmiA cotton in the Asian markets. The initiative also produced a reference brochure in order to make it easier for the buyers of the trading partners to find out about CmiA and to help them in their negotiations in countries which produce textiles. It covers the most important issues and practicalities in connection with Cotton made in Africa.

Another priority on the supply chain management agenda in 2014 was the further development of the tracking system. The information fed into the tracking system comes mainly from the spinning mills which are required to input their yarn sales data in order to be able to guarantee a systematic quantity allocation to customers.

Just under 75,000 t of CmiA and SCS cotton was sold by traders worldwide in the year under review in total, either directly or under the partnership with the BCI.

"MAURITIUS MODEL"

Cotton made in Africa developed its "Mauritius Model" in the year under review in order to enable the textile producers in Africa to offer their customers a sustainable product. Normally ATAKORA GmbH sells the rights to the Cotton made in Africa brand and signs the license agreements with the trading companies. These companies then instruct the various parties along the textile chain to fulfill the CmiA requirements. The new model, by contrast, allows a direct agreement with the (African) suppliers. This agreement makes provision for suppliers to be able to add the CmiA tag and/or CmiA woven label to their products and so provide their customers with all the benefits associated with sustainability. Tags and woven labels must be purchased from the appointed label manufacturer Nilorn because the price also includes the license fee which is then paid directly by the label manufacturer to ATAKORA. This model has the supplier spreading the word as an advocate or agent – so enlarging the radius for Cotton made in Africa and with it the options in terms of collecting income from selling the licensing rights. The model offers the companies the chance to purchase the sustainable raw material and to test the use of CmiA cotton first without binding contracts with a possible view to entering into a longer-term partnership afterwards.
Sourcing services

The sourcing service, which helps the partner companies to incorporate Cotton made in Africa in the textile chain without impacting on costs, was established back in 2013 as a separate branch of business. This support is offered free of charge to the partners of the CmiA Demand Alliance for a period of 12 months. If there is still a need for further services after this time, the companies are then offered support services tailored to their specific requirements focusing on particular areas.

Three companies in the Demand Alliance availed themselves of the service in 2014. The main aim was to guarantee the sale of large CmiA contract volumes in various international procurement markets without any up-charges, thereby achieving an increase in quantities.

One very important way of reaching the agreed aims is to provide training for the purchasing departments in the headquarters and for the import organizations in the countries in which the companies have their production facilities. Representatives of the textile chain, such as spinning mills, fabric suppliers and production companies, are also incorporated in the training schemes.

Training courses were run in China, Hong Kong, Indonesia, Thailand, India, Turkey, Greece, Bulgaria and Germany in 2014. In this way it has been possible to reduce the additional costs in the purchasing processes by at least 50 percent and to eliminate them completely in the main markets.

Global availability of CmiA yarn, fabric or finished textiles
MAXIMUM TRANSPARENCY IN THE TEXTILE VALUE ADDED CHAIN

FIRST PARTNER ENTERPRISE INTRODUCES HIP STANDARD

The textile value added chain is of great complexity by nature. Textiles run through many production steps on their way from the raw material to the end product. Since 2014 textile manufacturer Rösch has been offering maximum transparency with regard to this process and has had its nightwear collection certified as conforming to the Hard Identity Preserved standard (HIP) newly adopted by the Aid by Trade Foundation.

RÖSCH

Rösch has been a partner company of Cotton made in Africa since 2013. Social responsibility and ecological stewardship in respect of the company and of the value added chain are integral to the family-run textiles company in Tübingen. The nightwear collection produced in conformity with the HIP standard is made of 100 percent CmiA cotton which can be traced all the way back to the growing region in Africa. There is a full audit trail of the route taken by the cotton from the growing region in Zambia to the spinning mill in South Africa and the knitting mill in Germany, all the way to the processing plant in Hungary. The requirements set out in the new standard also include the separate storage of the cotton at all the production steps along the value added chain. The AbTF has summarized all the requirements for the entire textile chain and published them online in its Chain of Custody Guidelines. The Foundation also helps its partners to monitor the processing of the CmiA cotton all the way along the textile process chain by way of workshops and analyses of the flow of goods. Trading partners are responsible for putting the system in place. Consumers can recognize the CmiA HIP products by the HIP-label.
Cotton made in Africa organized a number of joint events with corporate clients and partners in the year under review in order to raise public awareness of the brand. The occasions were designed to attract media attention and increase press coverage. They also proved a source of new advertising media for online and offline channels.

**EVENTS AND INTERNET EXPOSURE**

Cotton made in Africa held its eighth annual stakeholder conference from 24 to 26 September 2014 in cooperation with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Deutsche Investitions- und Entwicklungsgesellschaft investment and development corporation (DEG). More than 150 representatives of cotton companies, processing firms, textile traders, fashion brands, development organizations, environmental associations and foundations gathered in Cologne. The discussions centered around experience of the smallholder training schemes, methods of evaluating outcomes, and around the further processing and distribution of Cotton made in Africa. The initiative was privileged to have Cameroon finance minister Alamine Ousmane Mey as the keynote speaker opening the event as well as the first upcycling label from Mozambique “Mima-te”. The two founders of the label premiered the first CmiA upcycled articles in their fashion show, and a making-of video of the show was published on YouTube. The radio station “Deutsche Welle” and the “Frankfurter Allgemeine Zeitung” newspaper both reported news of the conference. The fashion show was picked up by the local press, national sustainability publications and the television channel WDR.

In April 2014 Cotton made in Africa was involved in the worldwide “Fashion Revolution Day”. This came about in the wake of the collapse of the Rana Plaza factory building in Bangladesh to campaign for better working conditions in the textile industry. Consumers all over the world linked up on the social networks or in flash mobs. Prominent representatives also joined in the action, such as Baroness Lola Young of Great Britain, Member of the Board of Trustees of the Aid by Trade Foundation. CmiA was presented and promoted on the “Fashion Revolution Day” blog.

Cotton made in Africa also raised its profile on the social networks via Facebook and Twitter in the year under review, achieving an impressive 580 percent increase in Facebook followers to over 3,000. Furthermore, the Betterplace donation site was used to promote Aid by Trade Foundation projects. The Foundation came to greater prominence among consumers in this way and received donations of EUR 5,147 in 2014 through Betterplace which were used for education and water projects.
The initiative works closely with its partners on their public relations and marketing activities in order to maximize awareness of the CmiA label despite limited budgets.

The company Tchibo traveled to Zambia to make two films about its involvement with Cotton made in Africa. The videos featured both the school projects and the CmiA textiles in the Tchibo ranges. Additional coverage was also given to the subject in the Tchibo magazines, the company blog, the press, on the website, the company’s social networks and all the Cotton made in Africa channels.

As in previous years, s.Oliver and Cotton made in Africa had a large booth at the “Africa Festival” in Würzburg, the biggest festival of African music in Europe, where they presented the work they do together and put on special events.

At an event organized by lifestyle brand and CmiA partner ARQUEONAUTAS at the Berlin “Fashion Week”, Dr. Michael Otto talked with actor and musician Kevin Costner about social responsibility and commitment to sustainability. They took Cotton Made in Africa as an example in their discussion on the challenges of sustainable textile production and their dedication to environmental protection.

OTTO launched its clothing donation initiative “Creating space – with love”, pledging to donate all the proceeds from the future use of the donated clothes to charity. OTTO is asking consumers to show support for this initiative by donating their old clothes and, in so doing, becoming key contributors to sustainability projects. Cotton made in Africa is a partner and beneficiary of the clothing donation campaign along with Welthungerhilfe and the German Nature and Biodiversity Conservation Union (NABU).

Cotton made in Africa made an appearance in a leading German publication after a successful press trip to Zambia was followed up by a lengthy report in the “ZEIT” newspaper. The initiative also succeeded in raising its high publication rate in print and online media and recorded an increase of 30 percent on the previous year in print publications.

PUBLIC RELATIONS PROJECTS BY AND WITH PARTNERS
Self-help initiative with tractors – extension of the mechanization program

The mechanization scheme run by cotton company NWK is enabling many smallholders in Zambia not only to increase their own cotton harvest significantly but also to help the neighboring farmers gain a higher yield from their crops. The CmiA/COMPACI program was launched in 2008 with just one participant. In 2014 the number of smallholders receiving mechanization packages with tractor, trailer, grubber1 and inputs2 had already increased to 94.

Fanwell Shambosha of Mumbwa was the first to acquire a tractor and grubber as part of the pilot scheme in 2008 and he saw a considerable improvement in his harvest thanks to the technical equipment, the opportune preparation of the farmland and the early planting. He offered neighboring farmers help with loosening and aerating the soil and with transport and charged for these services, enabling him to pay back the loan within a year. On the back of this success, the cotton company NWK (or Dunavant as it was called at that time) selected 34 more smallholders to be advanced loans for tractors, grubbbers and trailers with the aid of the World Food Program. In 2014, however, the cotton company expanded the scheme again to 94 farmers. NWK offers training, repairs and servicing in order to maintain the equipment. Each of the four participating regions in Zambia has been provided with a service vehicle fitted with all the necessary tools so as to guarantee the repair and maintenance of all the agricultural machinery.

The success of the scheme depends very much on the repayment of the loans in the preceding year. Each farmer with a tractor can offer services to at least 10 other farmers, thus increasing the total number of those who benefit from the scheme. Those taking receipt of a mechanization package undertake to grow at least 10 hectares of cotton. Each of the 10 neighboring farmers in turn grows two hectares of cotton – with the training and inputs provided, the target harvest for each farmer is 2,000 kg of cotton per hectare. A package costs the equivalent of approximately EUR 32,600 excluding the inputs. The figures in the table illustrate the potential financial benefit.

The mechanization scheme has helped the farmers to increase the professionalism of their production methods and so boost their income. With the new equipment they can plow their land effectively, preserve the fertility of the soil, prepare the land for crops in good time, plant early and therefore optimize the quantities they yield from a fixed quantity of farmland.

1 Agricultural implement used to break up the ground, control weeds and work humus into the soil
2 Seeds, fertilizers and agrochemicals

<table>
<thead>
<tr>
<th>Item</th>
<th>Typical smallholder</th>
<th>Potential for participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield (t/ha)</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Product price (ZMW*/t)</td>
<td>1,200</td>
<td>1,200</td>
</tr>
<tr>
<td>Gross income (ZMW*/ha)</td>
<td>1,200</td>
<td>7,200</td>
</tr>
<tr>
<td>Total production costs</td>
<td>824</td>
<td>6,020</td>
</tr>
<tr>
<td>Gross profit (ZMW*/ha)</td>
<td>376</td>
<td>1,180</td>
</tr>
<tr>
<td>Potential increase in income in %</td>
<td>214</td>
<td>3,189</td>
</tr>
</tbody>
</table>

* ZMW = Zambian kwacha, ZMW 1,000 = approx. EUR 121
20% of all CmiA farmers are women

22% of these female smallholders are in clubs for women

85% of all CmiA farmers have been instructed in Good Agricultural Practices (timely soil preparation, weeding, mulching, good harvesting methods)

69% of all CmiA farmers have been trained in “Conservation Agriculture” (minimum plowing, permanent mulch cover, crop rotation to retain ground humidity and soil fertility)

95% of the CmiA farmers benefit from advance financing of their inputs, such as seed, fertilizer, etc.

*All figures include CmiA, CmiA Organic and SCS
<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Smallholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Côte d’Ivoire</td>
<td>62,604</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>28,978 (SCS)</td>
</tr>
<tr>
<td>Ghana</td>
<td>15,406</td>
</tr>
<tr>
<td>Tanzania</td>
<td>19,712 (CmiA, CmiA Organic)</td>
</tr>
<tr>
<td>Malawi</td>
<td>20,843</td>
</tr>
<tr>
<td>Mozambique</td>
<td>80,294</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>31,226</td>
</tr>
<tr>
<td>Zambia</td>
<td>217,387</td>
</tr>
</tbody>
</table>
Dr. Michael Otto  
Chair of the Board of Trustees, Chair of the Supervisory Board of the Otto Group

Cotton made in Africa is innovative because the initiative mobilizes market forces and establishes a win-win situation for all the links along the entire value added chain - from the farmer right through to the consumer.

Dr. Michael Bornmann  
Deputy Chair of the Board of Trustees, Member of the Management Board of Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG)

The Aid by Trade Foundation claims to help people in Africa to earn a living wage by their own efforts. This chimes with the funding remit of DEG to encourage investment from private enterprise which is in line with development policy in order to contribute to better living conditions on the ground and to give as many people as possible income and prospects.

Eberhard Brandes  
Member of the Executive Board of the World Wildlife Fund (WWF) Germany

Our goals are to stop the worldwide destruction of natural resources and the environment and to build a future in which mankind and nature can live in harmony with each other. Effective measures aimed at nature conservation, environmental protection and sustainable development of the African countries must go hand in hand with the promotion of sustainable trade. Cotton made in Africa is the embodiment of this principle, linking the cotton farmer in Benin with the consumer in Europe through trade routes on the one hand, and guaranteeing conservational and sustainable land management on the other hand.

Nicholas Earlam  
CEO and owner of Plexus Cotton Limited

Cotton made in Africa offers the possibility of creating values and opportunities from one end of the value added chain to the other and respecting the ideals and integrity of the people along the way at every link. It is a visionary project which is aware of the transformation of the continent of Africa and which is conducive to helping people to help themselves in the project countries through sustainable trade.

Olaf Gieseler  
CEO of CURATAX Treuhand GmbH Steuerberatungsgesellschaft tax consultancy

Cotton made in Africa is a worthwhile and innovative initiative. I am therefore keen to be able to make a contribution to developing the structure of the legal and fiscal framework and to the internal organization of Cotton made in Africa.

Baroness Lola Young of Hornsey  
Member of the House of Lords

Being a Trustee gives me the opportunity for greater involvement in the work of the Aid by Trade Foundation. My trip to Zambia in 2011 opened my eyes to why it is so important to join the cause for sustainable raw materials in the fashion industry. Even minor changes in the way consumers and producers think can have a positive and very profound effect on the lives of local people.
Janina Otto
Director of the Ana Kwa Ana Foundation

Cotton made in Africa is not creating new areas of dependency but is taking a new kind of approach to development aid from which all the relevant stakeholders can benefit. For me it is really exciting to accompany the development along this road.

Ibrahim Malloum
Executive Director of the Nouvelle Société Textile du Tchad (NSTT)

The cotton sector in Africa needs partnership on a level playing field which respects the values and culture of the individual parties. The Cotton made in Africa initiative epitomizes partnership of this kind, enabling agricultural output to be increased, cotton farmers to be trained and the quality of the fibers to be improved.

Dr. Wolfgang Jamann
CEO and General Secretary of Welthungerhilfe (WHH)

I am pleased to be a Trustee at CmiA because I firmly believe that hunger and poverty in Africa can only be eradicated if, in addition to NGOs and state development organizations, businesses and business people also adopt practices meeting social responsibility and ecological stewardship criteria and actively advocate the interests of smallholders in the Third World. Another factor is that we have to modify our own behavior as consumers, and the production (or purchase) of clothing made with CmiA cotton is a wonderful opportunity in this regard.

Uwe Schröder
Honorary Member of the Board of Trustees, Chair of the Supervisory Board of Tom Tailor Holding AG

Any partnership is a relationship of give and take. In this case we can actually make something happen by giving - and something that will last. In return, we get high quality cotton produced by ecological methods. This is the beneficial principle of the AbTF – providing lasting aid through trade.

Andreas Proksch
Head of Africa Unit at the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

The reasons for my commitment to Cotton made in Africa and the Aid by Trade Foundation? I want to support cotton producers in Africa, that is the low-income smallholder farmers and their families, and help them to live a better life – not by making donations, but by integrating them in an economic cycle, and giving them fair prices for good products. And I want to help enabling us in the industrialised countries to buy products that were manufactured under sustainable ecological and social conditions. The work of the Aid by Trade Foundation meets both these requirements – it creates links between producers and consumers in a virtual network of responsible action.

James Shikwati
Director of the Inter Region Economic Network (IREN Kenya)

I applaud Cotton Made in Africa’s effort to involve African farmers in value added exchange of products with European markets.
AID BY TRADE FOUNDATION
The Aid by Trade Foundation was established in 2005 by Hamburg entrepreneur Dr. Michael Otto and has been acting independently of the Otto Group ever since. Its goal is to help people to help themselves through trade, thereby preserving vital natural resources and securing the livelihoods of future generations. The Aid by Trade Foundation is the umbrella organization of Cotton made in Africa and achieves its goals through this initiative.

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