SUMMARY REPORT

2nd Meeting of the BCI Pakistan Regional Working Group

3 and 4 March 2009

Lahore

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TERMS, ACRONYMS AND ABBREVIATIONS

ABRAPA	Associação Brasileira dos Produtores de Algadão
AProCA	Association des Producteurs de Coton Africains
APTMA	All Pakistan Textile Mills Association
BCI	Better Cotton Initiative
BMP	Best/Better Management Practice
Bt	Bacillus Thuringiensis
CABI	Centre for Agricultural Bioscience International
CCRI	Central Cotton Research Institute
CEMB	National Centre of Excellence in Molecular Biology
CFC	Common Fund for Commodities
CLCV	Cotton Leaf Curl Virus
CMP	Crop Maximisation Programme
DAP	Diammonium phosphate
EBRD	European Bank for Reconstruction and Development
FFS	Farmer Field School
FAO	Food and Agriculture Organisation of the United Nations
GM	Genetically Modified
ICAC	International Cotton Advisory Committee
ICCO	Interchurch Organisation for Development Cooperation
IFAP	International Federation of Agricultural Producers
IFC	International Finance Corporation
ILO	International Labour Organisation
ILRF	International Labor Rights Forum
IPM	Integrated Pest Management
Maund	40 kilograms
MinFAL	Ministry of Food Agriculture and Livestock
MFI	Micro Finance Institution
MT	Metric Tonnes
NGO	Non-Governmental Organisation
NHM	Natural History Museum
NRSP	National Rural Support Programme
PPAF	Pakistan Poverty Alleviation Fund
PPE	Personal Protective Equipment
PRSP	Poverty Reduction Strategy Paper
Rs	Rupees
RWG	Regional Working Group
SAFWCO	Sindh Agricultural & Forestry Workers Coordinating Organisation
SC	Steering Committee
SDPI	Sustainable Development Policy Institute
SECO	State Secretariat for Economic Affairs (Swiss Confederation)
SIDA	Swedish International Development Agency
WWF	World Wide Fund for Nature
ZTBL	Zarai Taraqiati Bank Ltd

EXECUTIVE SUMMARY

The second meeting of the Pakistan Regional Working Group (RWG) was conducted over two days in Lahore on 3 - 4 March, and involved a range of environmental, industry, governmental and social stakeholders. The meeting included representatives of cotton growers' organisations, cotton spinners, research centres, governments, governmental organisations, NGOs and retailers.

The focus of the meeting was to update participants on developments in the 'Better Cotton' System since the first Regional Working Group meeting in Multan in February 2007 (as well as introducing BCI to those not present at the first meeting), and to seek their feedback on these developments. The developments looked at in detail were the revised Version 1.0 of the Principles, Criteria and Enabling Mechanisms, how to differentiate between smallholders, smallholder employees and large farmers (for the purpose of the Decent Work principle), national impact indicators and impact assessment, minimum requirements, farm assessment, the 'Better Cotton' Supply Chain system, and implementation of the 'Better Cotton' System.

In particular, as the first RWG Meeting did not include broad representation from labour and social stakeholders, and accordingly did not discuss in detail the Principle of Decent Work and its associated Criteria, the opportunity was taken to discuss them and to seek the Pakistani perspective on the various matters incorporated within the Decent Work Principle.

The meeting heard from retailers their perspective on 'Better Cotton', including their rationale for involvement in BCI, and the strong interest amongst retailers in general in sourcing 'Better Cotton'. An update on Pakistan's 'Cotton Vision 2015' was also provided, with two main points being made of direct relevance to BCI: to meet the production targets of 'Cotton Vision 2015', the marketing and pricing system needs to be transformed; and that the 'Cotton Vision 2015' focus on IPM, biological control and organic cotton fits well the objectives of the Better Cotton Initiative.

The meeting confirmed that the BCI principle of Decent Work was very relevant in the Pakistani context. Regarding the differentiation between small and large farms (with different criteria under the Principle applicable depending on the size of the farm) it was agreed that such a differentiation was necessary. However, the precise basis to make the distinction was not agreed. While farm size was an important consideration (with less than 5 hectares the broad classification of a subsistence holding), other issues, such as land tenure, profile of labour force (eg. gender), soil fertility, and farm location (Sindh and Punjab having different labour situations) also need to be taken into account.

There was however agreement on the main priority areas for 'socially' Better Cotton: health and safety, child labour, forced labour, access to finance and employment conditions.

There was general agreement on the criteria selected as minimum requirements for 'Better Cotton' production. It was strongly suggested that adoption of proper harvesting and handling techniques should also be a minimum requirement. Progress requirements on the issues of IPM, water use and fertiliser use were seen as the appropriate way of improving management of these aspects. Also, for the issue of child labour as a minimum requirement, BCI will develop a better explanation of the distinction between acceptable work by children and unacceptable child labour, as well as clarifying the minimum age limitations.

Regarding the identification of impact indicators, a range of potential indicators was identified, while the discussions on farm assessment confirmed that group self-assessment (with random 3rd party checks) was the most appropriate form of assessing farmers. There was a range of views however on who should pay for farm assessment.

The elements of the 'Better Cotton' Supply Chain System were seen as feasible provided that some of the practical challenges were not underestimated (especially the role of the middleman, and how best to streamline the supply chain); working with the ginners (through their association) and APTMA to implement them will be critical. It is also critical to endeavour to link price paid with quality delivered.

Regarding implementation of 'Better Cotton in Pakistan, a number of activities that could provide an avenue to implement 'Better Cotton' were identified.

BCI advised the meeting that BCI is working closely with WWF-Pakistan and IKEA on aligning their Sustainable Cotton Initiative project with the requirements of BCI.

Version 2.0 of the Principles, Criteria and Enabling Mechanisms will be published in July 2009.

BCI also advised the meeting that BCI would be looking to hire a Regional Co-ordinator for South Asia by June 2009.

INTRODUCTION

This report presents the outcomes of the second Regional Working Group (RWG) meeting for Pakistan that was organised by the Better Cotton Initiative (BCI), with the support of World Wide Fund for Nature - Pakistan (WWF-Pakistan). The meeting took place on 3 - 4 March in Lahore. It brought together a total of 30 participants, including representatives of cotton growers' organisations, cotton spinners, research centres, governments, governmental organisations, NGOs and retailers. A complete list of participants is provided at the end of the report.

It should be noted that, apart from the specific objectives listed below, the meeting did not endeavour to reach or agree on a position on all the issues raised during the two days. The comments and answers recorded reflect the opinion of the person making the comment and do not necessarily reflect the opinion of BCI or any other person or organisation participating in the meeting. It should also be noted that the report does not follow exactly the actual order of discussions, but rather is structured according to common areas of content.

The Better Cotton Initiative values the input and oversight provided by the Pakistan Regional Working Group and sincere thanks is extended to all the participants whose contributions were invaluable in achieving the objectives set out at the start of the meeting. Particularly, the generous support and assistance of the WWF-Pakistan team (Messrs Hammad Naqi Khan, Arif Mukhdum, Arsad Imran, and Misses Zernash Jamil & Mahira Afzal) was instrumental in the smooth running and success of the meeting. The BCI extends its gratitude to the Director-General of WWF Pakistan, Mr Ali Hassan Habi and Dr Baloch (MinFAL) for opening the meeting, and welcoming participants.

MEETING OBJECTIVES

The meeting objectives were:

1. To provide an overview of the components of the Better Cotton System, and in particular:
    a. To ensure shared understanding of Version 1.0 of the BCI global principles, criteria and enabling mechanisms
    b. To discuss and refine BCI's approach to assessment for measuring progress towards growing 'Better Cotton'.
    c. To identify nationally-specific indicators that could be used to assess whether the BCI criteria have been met, and how baseline and ongoing data can be collected.
    d. To ensure shared understanding of how BCI is proposing that the Supply Chain for 'Better Cotton' will work

2. To provide an update of the work carried by the BCI since the last meeting.

3. To define what constitutes "Better Cotton" from a socio-economic perspective in the Pakistan context

4. To provide an update on BCI's current implementation plans in Pakistan, as well as in the other BCI regions

THE BETTER COTTON SYSTEM

OVERVIEW OF THE BETTER COTTON INITIATIVE

The Better Cotton Initiative

Nicolas Petit (Social-Labour Coordinator) and Allan Williams (Technical-Environmental Coordinator) provided the meeting with an overview of the Better Cotton Initiative, covering the following aspects:

BCI's Mission**:** The Better Cotton Initiative (BCI) aims to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future.

The long-term objectives of the BCI are:

1. To demonstrate the inherent benefits of better cotton production, particularly the financial profitability for farmers
2. To reduce the impact of water and pesticide use on human and environmental health
3. To improve soil health and biodiversity
4. To promote Decent Work for farming communities and cotton farm workers
5. To facilitate global knowledge exchange on more sustainable cotton production.

The scale of BCI: BCI is seeking to be mainstream, i.e. looking to operate at a large scale.

The collaborative and participatory approach to developing the 'Better Cotton' System, i.e. working in partnership with key stakeholders globally along the supply chain.

The focus on farmers, small and large, with the recognition that there will be varying needs in varying contexts, thus requiring a tailored approach to how best to enable and empower farmers (e.g. with differing implementation strategies and assessment methods) to these different farm types, based on an initial needs assessment.

The desire to build and learn from what already exists — to collaborate, rather than compete, with existing activities wherever possible, as well as valuing the importance of continuous improvement and learning from doing

The importance of both ***measuring impact*** (both on the environment and on livelihoods) as well as enabling a ***link to the market***

The organizational structure of the BCI: The members of the Steering Committee were described and the presentation highlighted the role of the Steering Committee (which acts as the governing body of the BCI), as well as the role of the Advisory Committee – made up of knowledgeable individuals — who provide advice and act as a sounding board for the Steering Committee during the development of the 'Better Cotton' System. The existence of 'Better Cotton' Partners — organisations with an interest in the goals and objectives of the BCI was noted, as was the funding of the BCI, which comes from SECO (the Swiss Economic Cooperation and Development Division at the State Secretariat for Economic Affairs), SIDA (Swedish International Development Cooperation Agency), Steering Committee members and Better Cotton partners.

The volume of cotton consumed by retailers participating in the BCI: It was highlighted that retailers and brands currently supporting the BCI use more than 1 million metric tonnes of cotton lint per year, and that the BCI is working with these companies and others to increase the demand for 'Better Cotton'. Retailers and brands want to contribute to increased involvement of farmers growing 'Better Cotton' in the future with the farmers being both the key beneficiaries and actors in the process.

Other stakeholder groups with whom the BCI is working: As well as retailers, it was emphasised that the BCI engages with a range of stakeholders, including producers (such as Association des Producteurs de Coton Africains, Associação Brasileira dos Produtores de Algodão and the International Federation of Agricultural Producers), civil society (e.g. NGO's such as Oxfam, WWF, ILRF), government (through the International Cotton Advisory Committee and the Regional Working Group process), inter-governmental organisations, researchers and trade and industry. It was further noted that the BCI continues to seek additional support and involvement from these stakeholder groups, for example through business development meetings with supply chain actors, and global stakeholder workshops.

The current timeline for the development of the definition of 'Better Cotton': It was noted that this meeting was part of the second phase in the development of the 'Better Cotton' System. The main activities of Phase II will be developing in further detail the region-specific component of the definition of 'Better Cotton' (such as locally-adapted tools and best management practices that farmers can use to grow Better Cotton), and establishing the field projects that will be the first phase of implementation of the 'Better Cotton' System (the BCI Road Map is presented in Annexure 1).

It was highlighted that following the current round of Regional Working Group meetings there would be a further review of the Principles, Criteria and Enabling Mechanisms, to be finalised in July 2009.

Potential benefits for farmers: The outcomes that the BCI is seeking were listed, highlighting both that the exact benefits to a farmer will depend upon the current circumstances and farming practices of each individual farmer; and that achieving measurable change is critical to BCI; for farmers, for the environment, and for farming communities. The range of potential benefits listed included:

- Cotton of greater and more consistent quality
- Improved yields, lower input costs, increased profit
- Empowering farmers to negotiate / advocate (through enabling producer organisation)
- Meeting market demand for 'Better Cotton'
- Improved access to affordable finance
- Long-term sustainability of agricultural activity (soil fertility, environmental health)
- Improved health conditions for farmers/workers and the family/community
- Improved access to information.

The 'Better Cotton' System

The components of the 'Better Cotton' System: These components were outlined, showing that in addition to the global production principles, criteria and enabling mechanisms, the 'Better Cotton' System includes a farm assessment programme and impact assessment programme, a supply chain system linking farmers to the market, support mechanisms to farmers to grow cotton better and a membership association structure. The meeting was advised that each of these elements would be discussed in more detail during the course of the meeting, and that there would also be the opportunity for participants to provide their comment on the each of these components. The main points of the system are shown in Figure 1 and were dealt with separately:

Global Production Principles

Better Cotton is produced by farmers who

> minimise the harmful impact of crop protection practices

> use water efficiently and care for the availability of water

> care for the health of the soil

> conserve natural habitats

> care for and preserve the quality of the fibre

BCI promotes Decent Work.

Farm Assessment Programme

No auditing programme will be established (at least in the first 4 years), and farm assessment will include both minimum requirements as well as further progress requirements.

Impact Assessment Programme

BCI wants to communicate and understand its impact, and measure it qualitatively and quantitatively.

Supply Chain System

The elements are:

> establish one system for all regions

> weigh seed cotton at the farm or village level

> segregate 'Better Cotton' from farm/village to gin and track in transit

> segregate 'Better Cotton' during storage at the gin

> weigh and identify cotton lint produced from 'Better Cotton' seed cotton

> a system to document the movement of the cotton.

Enabling Mechanisms

BCI aims to support farmers through 3 main enabling mechanisms – knowledge sharing and skills development, effective producer organisation, and equitable access to responsible financial services.

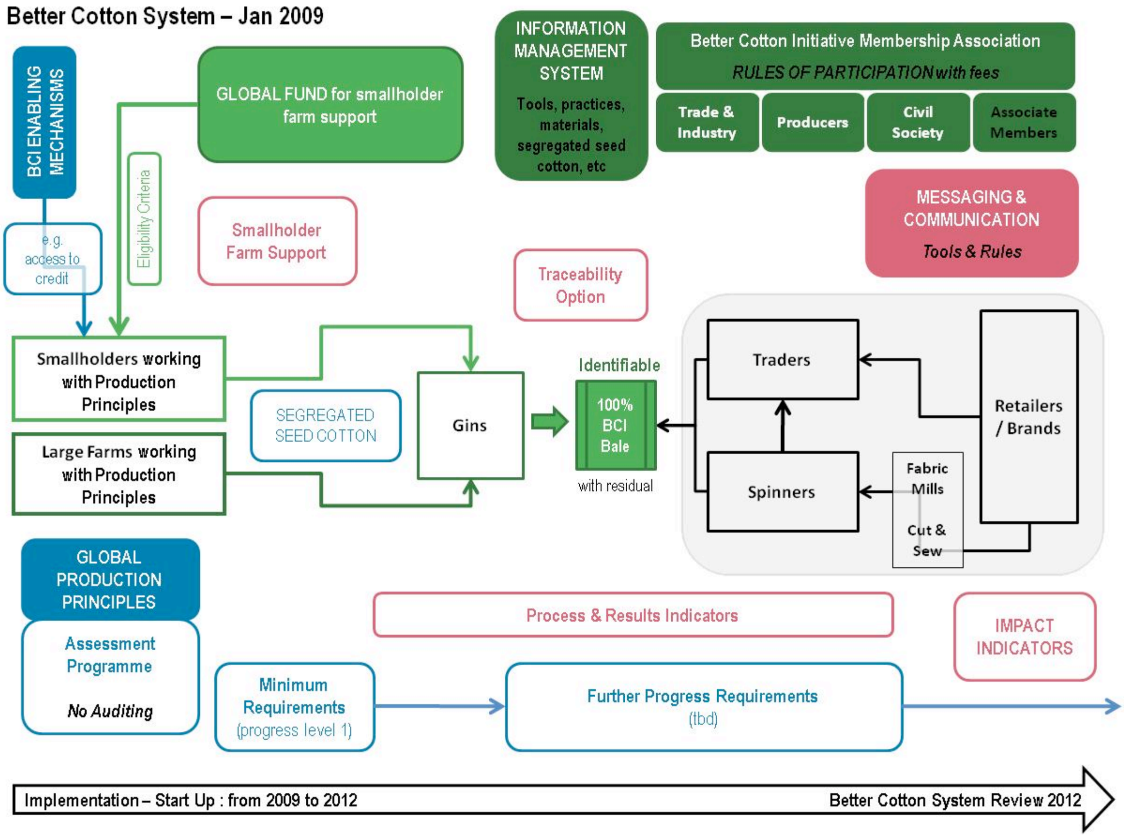
Membership Association

A BCI Membership Association will be established by July 2009.

Messaging and Communication

The meeting was advised that communication about 'Better Cotton' could be about providing smallholder farm support, about having a traceable supply chain, and about process, results and impact indicators. Any communications about involvement in BCI will be managed through messaging and communication tools and rules for members, which will be established with the membership association.

Figure 1: The Components of the 'Better Cotton' System



An overview was then provided on the current version (Version 1.0) of the Global Production Principles, Criteria and Enabling Mechanisms. A copy of Version 1.0 was provided to meeting participants prior to the meeting, and also included in the documentation pack provided to participants at the meeting.

Questions and Discussion

1. BCI was asked whether it was registered as an NGO? BCI advised that it is not yet a legal entity; it is planned that it will be registered as a not-for-profit legal entity in July 2009.
2. It was noted that in the multi-billion dollar cocoa industry, farmers are generally poor, yet the retailers and traders are very successful. BCI replied that for cotton to be 'Better' it has to be better for farmers and workers.
3. BCI was asked how can Decent Work – given that it is an ILO concept and therefore universal – differ between regions? BCI replied that while the definition does not change between regions, the interaction of how that definition applies does, for example, due to different national legislation, different regional contexts and different priorities between regions.
4. It was noted by a participant that ICAC provides information on the farming practices being used in a range of cotton-growing countries; it was suggested that this could form a good source of baseline data for BCI. BCI agreed with this suggestion, and noted that BCI has established a good working relationship with ICAC and will consider the data in this light.
5. BCI was asked why it worked with companies considered by some to have a poor reputation. BCI replied that it seeks to have a balance of private sector and civil society interests so as to ensure that both perspectives are represented. It was also argued that to create change, BCI has to work with those organisations that need to change, noting that this approach also has its challenges.
6. BCI was asked why Switzerland was chosen as the base for the BCI membership association? Switzerland was chosen due to the flexibility Swiss law provides regarding the establishment of the type of organisation required.
7. BCI was asked whether BCI was looking at the market for other products of cotton (eg. cotton seed oil, and whether there is an opportunity for farmers to collectively own a commercial venture processing it)? BCI said that its focus is on the lint market and that it would not be involved in the by-product market directly; however, farmers could well investigate these markets, especially if they become better organised.

COTTON VISION 2015

At the first Regional Working Group meeting, Dr Siddiqui presented the (then still draft) Pakistan Cotton Vision 2015. Dr Siddiqui kindly provided the meeting with an update on Cotton Vision 2015.

The following points were made in the course of the presentation:

The targets for Cotton Vision 2015 are:

Cotton Production:	20.70 million bales
Yield/hectare:	1,060 Kilograms
Mill Consumption:	20.10 million bales
Exportable Surplus:	0.60 million bales
Improved Yarn Recovery Rate	92% (from current average of 84%) - through clean/contamination free cotton production

Overview of the 2008-09 cotton season vis-à-vis 2004-05

Cotton area declined by 11%.

Production declined by over 17%.

Hectare yield declined by 7%.

Reasons for yield decline include: Late sowing, delayed irrigation, less use of DAP, vacating fields earlier for wheat sowing, Insect-pests damage (CLCV, Mealy Bug)

Cotton Production – Current issues

Bt cotton: Bt Cotton developed by CEMB / Private Sector under trial; Negotiation with Multinationals underway

Mealy bug: Problem is reducing through management practices; an effective parasite found at Tandojam

CLCV: No resistant germplasm available in the world. Success is expected at CCRI Multan

Cotton Quality Issues

Higher moisture, trash and contaminants, due to:

- Non-enforcement of Cotton Control Act and the Cotton Standardization Ordinance.
- Inadequate drying/cleaning process at the ginneries.
- Cotton pricing based on grade/staple is not being observed across the board

Positive Developments

- Increasing attention on the biological control of cotton pests.
- Increasing awareness regarding bio-pesticides.
- Increasing attention on organic cotton production

Projects Focused on Biological Control of Pest and Organic Cotton

Title	*Amount (Millions of Rupees.)*
Biological control of cotton pests including Mealy Bug	368.72
Promotion of Cotton Cultivation in Balochistan	199.94
Cotton Cultivation in Mirani Dam Command & Other New Areas	39.45
Managing Burewala Strain of Cotton Virus	149.10
Adoption of IPM Approach for Cotton Crop in Sindh	75.54
Organic cotton production in Balochistan (under negotiation with ICAC/CFC)	

Progress Towards Biological Control of Mealy Bug

A new parasitoid of mealy bug was discovered at Tandojam in August 2008 (now identified by NHM UK as *Aenasius* sp. Nov. nr. longiscapus Compere) and is spreading fast. It attacks scattered individuals as well as big colonies of the mealy bug and kills the host before reaching maturity.

A predator *Cryptolaemus montrouzieri*, introduced by CABI SA from California in December 2007 is now being mass-produced and released at farmers' fields. Initial recovery surveys indicate a positive trend towards its establishment in Pakistan. This will be a valuable addition to endemic natural enemy fauna of the mealy bug.

Conclusion

Cotton vision targets achievable by transforming the pricing and marketing system.

Increasing attention on IPM, biological control and organic cotton match the objectives of the Better Cotton Initiative

A participant noted that in their opinion, as well as the reasons put forward for the declining production in the presentation, it is the result of low plant populations, in turn being caused by poor seedling emergence due to soil crusting. The sparse population allows weeds to take over the field, adversely affecting yield. One solution identified is to cover the freshly planted seed with sand, instead of soil, as is currently the case.

THE RETAILER PERSPECTIVE

IKEA

Mr Syed Rizwan gave an overview of IKEA, starting with the vision of IKEA: to create a better everyday life for many people, which expresses itself in the business concept of offering a wide range of well designed, functional home furnishing products at prices so low that as many people as possible can afford them.

Some general statistics were then shared: Sales of 21.2 billion Euros for the year ended August 2008; 253 stores in 24 countries; top countries by sale Germany, USA, France, UK and Sweden. Top countries for sourcing are China (21%), Poland (17%), Italy (8%), Sweden (6%) and Germany (6%); employs 127,800 co-workers in 39 countries.

IKEA's objectives are that the IKEA business shall have an overall positive impact on people and the environment.

Attention was then turned to the textile side of the IKEA business (cotton represents 80% of textile needs for them). It was highlighted that it is worth 2.4 billion Euros, or a 12.1% share of the business. There are 985 articles in the product line, with 400 new ones every year. This translates into a total cotton need of 228,400 MT of cotton lint per annum, worth some 652 M Euros, and representing approximately 0.9 % of total global cotton production.

Turning to sustainability issues, it was presented that currently, while IKEA's sustainability vision is that the business shall have an overall positive impact on people & the environment, with respect to cotton:

- There is no control over where the cotton comes from and how the cotton is grown
- It represents a serious environmental problem – especially with regard to water use in cotton
- IKEA believes, contrary to their vision, growing and harvesting cotton is not giving people a better everyday life
- IKEA sees no competitive advantage in its cotton usage
- IKEA is seeing a growing interest and awareness of the social and environmental impact of cotton and textile production.

The aim of IKEA therefore is to:

- Turn cotton from a problem to an advantage
- Strengthen IKEA's competitive position and sustain long-term profitability
- Increase the share of cotton from sustainable plantations to 100% by 2015
- Offer cotton grown under clean and healthy conditions
- Openly communicate, externally and internally, what IKEA can do and offer.

IKEA has therefore established a cotton strategy with a range of approaches to meet the above aims:

- Using naturally available alternative materials - e.g. using flax and linen (3 litres of water for 1 kilogram of fibre, compared to 7 litres of water per kilogram for cotton), to reduce the % of cotton required (total consumption would nevertheless continue to increase, but not as quickly as it otherwise would without replacement by alternative fibres)
- Developing new quality standards, which will be applied uniformly, and are expected to reduce cotton need
- Working to create capacity to grow more sustainable cotton (e.g. with WWF) to grow the capacity of the farmers
- Aiming to reduce use of water, chemical pesticides and fertilisers
- Working on developing traceability systems for their raw cotton; started in Pakistan - so can at least find out which group of farmers the cotton is from
- Organising entire business, e.g. looking at the suppliers and addressing their roles in the overall strategy.

IKEA wants to create a trigger for other big brands to come on board also, and listed its expectations of IKEA's membership of the BCI Steering Committee as:

- Be part of the change in how cotton is grown, and how the supply chain works
- Contribute to improving livelihood of primary producers
- Link BCI / 'Better Cotton' to consumers
- Help in commoditizing 'Better Cotton'
- Shift large proportion of conventional cotton to 'Better Cotton'
- Participate in a forum for creating and sharing common knowledge
- Help make 'Better Cotton' more inclusive than exclusive
- Be able to identify sources of 'Better Cotton'.

Needs identified to progress the development of more sustainable cotton in Pakistan were listed as:

- More and more organizations to come forward and take ownership.
- More support from government agencies required to turn this initiative into a movement.
- Local organizations should take financial responsibilities.
- Proactive approach rather then reactive.
- Identifying more and more sources of sustainable cotton.
- Forum for sharing common knowledge.
- An approach to make sustainable cotton "inclusive" rather than "exclusive"

Questions and Discussion

Following the presentation, a number of questions were asked:

1. *What is IKEA's strategy or policy regarding pricing? What can retailers do to improve the farm gate price?* IKEA is focussing on ensuring that the farmers benefit through reduced production costs / increased profit margins, so that sustainable cotton is not more expensive, and therefore does not become exclusive, given that IKEA's vision is for products that as many people as possible can afford.
2. *In response to a question regarding IKEA's position on organic cotton*, IKEA noted that as it was always more expensive on the store shelf, it did not fit with the strategy of having products that were affordable to as many people as possible. It was also noted that organic cotton would likely always remain a niche market, whereas the aim of BCI is to improve the mainstream of cotton production, and that this has to be done in gradual steps. Another participant noted that despite the best efforts of many NGO's and implementing agencies, organic cotton is still a niche, representing less than 1 % of total cotton production. The concept behind BCI is to improve mainstream cotton production, to mainstream better practices and conventional farming in general. While organic cotton may be the ultimate destination, gradual steps have to be taken to improve things.

APTMA presentation

Mr Anis-ul-Haq from APTMA (All Pakistan Textile Mills Association) provided the meeting with the perspective of the Association, making a number of points:

1. It is possible to categorise farmers into 2 groups: skilled versus unskilled; the yield gap between the two is such that closing this yield gap through the use of the production practices used by the skilled farmers would result in Pakistan producing 20 million bales of cotton per year, without the need for any 'new' technology.
2. It is critical to look at how farmers can improve the farm-gate price, and it was suggested that the farmer needs to change the thinking that sees the ginner as their customer, and instead see the spinner as their customer. Thus, rather than just focussing on yield, the farmer would focus on the spinners' customer requirements of fibre quality characteristics. Ultimately, to improve price, quality needs to improve. This could be done for example by using proper planting seed.
3. It was suggested that the farmer also needs to look beyond the local market for selling their cotton (currently Pakistani cotton trades at a 7 – 8 cent discount on the world market due to its short staple); focussing on the world market would therefore help provide an incentive to address quality issues. Pakistan needs to produce cotton that is marketable on the world market, especially as there is an opportunity being presented through other major producers (China, Brazil, USA) losing cotton acreage to other crops.
4. Contamination is a very serious issue for Pakistani cotton; for example, exports to South Korea have dropped considerably (some 38%) due to concerns over contamination levels. The BCI focus on this important issue is very positive.
5. APTMA has started developing closer contacts with farmers, and sees three areas that need to be addressed:
    a. Access to basic inputs (farmers need to be provided with the necessary tools)
    b. Access to good extension services (passing on the appropriate technology)
    c. Better marketing.

6. APTMA believes that effort on the above issues need to be broadly based (i.e. not village-by-village); to this end they have approached the Punjab government, with a view to providing the government – who has the extension staff in place — with management skills training.

Questions and Discussion

- The issue of the impact of Bt cotton (eg. on the soil, animals) was raised, and a number of comments were made in reply: that Bt has no affect on warm-blooded animals; that significant reductions in pesticide use are hoped for through the introduction of Bt; and that India's production has increased significantly due to the introduction of Bt. BCI advised that as it is a mainstream initiative, it accepts that as Bt cotton is grown by many farmers, then BCI needs to work with farmers who choose to grow GM cotton. BCI has adopted a position of being 'technology neutral' with respect to GM cotton. This means that BCI will neither encourage farmers to grow it, nor seek to restrict their access to it, provided it is legally available to them. BCI encourages informed decision making at the farm level, to change practices that ensure improved outcomes - environmentally, socially and economically. If meeting the outcome is met by available technology, BCI will not exclude it from the Better Cotton System. The focus is on enabling farmers to make informed choices about the available technologies to use, and how to use them appropriately.
- It was also noted that for a farmer, the focus will be on the economics of growing it (Bt cotton); if it makes them money, then they will grow more.
- APTMA noted that Pakistan imported 3 million bales of cotton last season, due to lower domestic production; the potential to supply more cotton to domestic spinning mills exists, and could save the country up to 1.4 Billion US dollars.
- The issue of farmers not being able to sell cotton forward, and only being able to accept spot prices was raised, as was the challenge posed by fluctuating prices.

Other Retailers

A brief overview was then provided on the perspective of some of the other retailers involved in BCI based on presentations made by them in other RWG meetings.

For H&M, cotton is the most commonly used fibre in the garments sold in their stores, and it is perceived by customers as natural and healthy. However, for H&M it is traded as a commodity, and there is a low level of awareness about the origins of the fibre. As this may change — with increased customer concern (eg. about the source of cotton), because of tighter supply (farmers switch to other crops, impact of climate change), H&M considers it crucial that they contribute somehow to making conventional cotton growing more sustainable and improving farmers' lives, and also maintain the trust of their stakeholders — while at the same time ensuring that their quality standards are maintained. For H&M, involvement in BCI is the key mechanism to make this contribution.

Marks & Spencer have developed 'Plan A' for managing the company's impact as part of their commitment to maintaining the trust of their customers. Plan A includes a specific cotton strategy to reduce the 'footprint' of the cotton used in the products sold by Marks & Spencer, and participation in BCI, especially through supporting field projects to grow 'Better Cotton' is a key part of the cotton strategy.

Levi Strauss & Co. are also developing a cotton strategy that will include both environmental and social considerations — 95 % of all products made by Levi's contain cotton — and they are interested to support initiatives that spread 'sustainable' agricultural practices.

WHAT IS SOCIALLY BETTER COTTON IN PAKISTAN?

Nicolas Petit introduced this session by advising that as the social issues included within the BCI framework had not been discussed at the first Regional Working Group meeting that they were therefore going to be discussed in detail now. The approach will be to discuss in plenary participants' views on the key issues, the challenges people see in addressing social and labour issues, and identifying any current projects or programmes seeking to address those issues and challenges.

The main objectives of the small group working sessions were highlighted as

- prioritising the most important areas to work on; and
- identifying existing initiatives that BCI could work with to address the identified priority areas.

Following is a summary of the main points made or issues raised by participants:

- UNICEF advised that they are undertaking programmes focused on child protection, in particular looking at school attendance, gender discrimination and child labour / child trafficking. The root cause of child-trafficking is poverty.
- According to UNICEF, there is a strong link between cotton growing regions and the source of children being trafficked (particularly from southern Punjab to gulf countries).
- ILO advised that it has programmes looking at working conditions (wages, work place hazards and occupational health and safety especially with respect to pesticide use).
- A participant raised the challenge of how to best use the international assistance being provided to Pakistan (said to be 10 Billion Rs in 2009, and double that in 2010); how can this money be used to address issues of Decent Work, environmental issues, i.e. be harnessed for social justice. Opportunities identified included: use the money to provide incentives to grow only 'Better Cotton', eg. having the military only use 'Better Cotton'; that the government sign the ILO convention on Decent Work;

focus on enforcement of existing environmental legislation (especially given that Pakistan has said that 2009 is the year of the environment).

- With reference to southern Sindh, it was noted that water logging and salinity are critical issues that need addressing, as is seasonal and migratory labour.
- The importance of distinguishing between acceptable and unacceptable forms of child work was noted. There is a clear distinction between work that is beneficial to a child (eg. learning about farming) as opposed to work that exploits children, and / or interferes with their education and / or is detrimental to their health. BCI will have to define clearly what is meant by child labour in accordance with international labour standards.
- The importance of access to credit was highlighted, it being said that formal credit sources are difficult for many farmers to access, with informal sources having very high interest rates, 16 – 20 %; lack of access to credit for women was also identified as an important issue. Women have poor access to finance even though they are heavily engaged in agriculture activities.
- Other issues include poor working conditions for seasonal workers/migrant labour (especially low wages), the role of absentee landlords (focussed only on extracting as high a profit as possible), middlemen who by adding margins exacerbate the poor economics of cotton production, exposure of children to pesticides and non-use of Personal Protective Equipment (PPE).
- Regarding PPE, it was highlighted that if it was available, it was often not used due to it being uncomfortable; it was suggested therefore that both research into ways to make it more comfortable to use, and incentives for using it, need to be explored.
- Regarding female cotton pickers, the challenges involved in properly understanding their circumstances (eg. in having open access to interviewing them) was highlighted; it was also claimed that the rate paid for harvesting had not changed in 7 years. The issue of how (often nomadic) cotton pickers were paid was raised; wages are low, employed seasonally and not permanently, and paid with convertible notes, and not cash, nor even in-kind (i.e. seed cotton), which at least could be sold for cash or used in weaving.

In summary, the most critical issues identified by meeting participants were:

- Health & safety
- Child labour
- Forced labour
- Access to finance
- Employment conditions.

With regards to the existing initiatives that BCI could work with to address these critical issues, a range of relevant activities or programmes were identified:

1. UNICEF programme on child protection; a partnership between IKEA, UNICEF, WWF-Pakistan and BCI would be required
2. ILO 'Better Work' initiative, starting in 2009 / 10 as a pilot
3. Crop Maximisation Project: focussed on village-level organisation and support via a village-level revolving fund to establish group purchasing of input supplies, organisation of implementation activities, training, establishment of trading / marketing centres
4. On-going work being done by SDPI looking at the working conditions of female cotton pickers, and awareness raising on the risks associated with pesticide use
5. Work of the Sindh Agricultural & Forestry Workers Coordinating Organisation (SAFWCO), in conjunction with the Pakistan Poverty Alleviation Fund (PPAF) has three areas of interest for BCI: children's education; training in diversification of income sources beyond cotton picking; and a focus on women's health. They are also engaged with migrant workers.

Smallholder and large farms

Nicolas Petit, BCI Social-Labour Coordinator explained to the meeting the critical importance for BCI of distinguishing between smallholders, smallholder-employers and large farmers. The distinction is important as the number of criteria that need to be met under the Decent Work Principle depends upon which category a farmer falls into: for example, large farmers need to meet additional criteria compared to a smallholder farmer.

It was highlighted that the challenge for BCI is that farm size has different meanings in different contexts or regions. For example, a small farm in Brazil might be 100 hectares, whereas 100 hectares would constitute a large farm in Pakistan. Thus the distinction between small and large needs to be made at the regional level, and this session was included to assist BCI in developing an appropriate Pakistani categorisation of farmers.

To help start discussions, participants were provided with a briefing paper developed by BCI with some suggestions as to how the distinction between large farmers and smallholders could be made (See Annexure 2). The briefing paper concluded with a series of questions for the RWG; these questions formed the basis for discussions in plenary, which are summarised below:

Decent Work

Decent Work is understood by the BCI as the International Labour Organisation (ILO) concept that describes work that provides opportunities for women and men to work productively in conditions of freedom, equity, security and human dignity. This concept is understood to encompass respect for the ILO core labour standards and national labour legislation, alongside the promotion of safe and productive work, social protection, and social dialogue. BCI confirmed that one of the core operating principles of BCI is respect for national laws, and existing norms such as Decent Work.

BCI requires that cotton producer-employers comply with national employment and occupational safety and health legislation: national legislation prevails where it sets higher standards on particular issues than BCI criteria. BCI defines ***smallholders*** as cotton producers that are not structurally dependent on permanent hired labour, who manage their farm mainly using their own and their family's labour. BCI defines ***smallholder-employers*** as smallholder farmers who employ a *significant* number of hired workers, either permanently or for a specific task. BCI defines **large farms** as those cotton-farming operations that are structurally dependent on permanent hired labour. BCI defines workers as all categories of workers, including migrant, seasonal, piece-rate and temporary.

The importance of adhering to national and international norms regarding Decent Work was stressed, as was the importance in clearly identifying the role of government, versus the role of initiatives such as BCI, in addressing Decent Work.

Questions for the Pakistan Regional Working Group regarding Decent Work

1. Is the BCI 'Decent Work' Principle relevant to cotton cultivation in Pakistan? If not, why not
   Yes it is highly relevant

2. Do you agree that a distinction should be made in the application of Decent Work criteria, between small family farms and larger farms which depend on hired labour? *Agreed that yes, a distinction should be made. However, while farm size gives some important indication it is not sufficient for categorization as there are also other fundamental issues to consider. For example, landless farmers, tenancy rights and various forms of contract arrangements for labour are also very important to consider in Pakistan. In Pakistan, farms below 5 hectares (12.5 acres) are usually considered as smallholders or subsistence holdings. However, regional differences need to be taken into account. For example, the situation in Sindh is different from that in Punjab. The following general comments were also made by the group regarding labour arrangements: Seasonal workers are becoming more important (casual labour increase instead of family labour). The number of working hours is also important to consider. The wage is paid to family head instead of whole family. Informal /Parchi system for contracts, which lessen the security of jobs.*

Sub Questions on farmers' categorisation:

a) How to draw a line between smallholders, smallholder employers and large farms in the context of cotton cultivation in Pakistan? (see BCI definition above for the different categories). *Farms below 5 hectares are small landholders but it is also related to land fertility and location, i.e. area may change based on these parameters. Also, use of casual labour is increasing, replacing family labour because of unaffordability. The number of working hours matter a lot instead of number of family members. The increased working hours are met while engaging all the family members.*

b) What do you think constitute a 'significant' number of hired workers for the definition of smallholder employer in the Pakistani context? *No agreement could be reached as to what constitutes a significant number.*

c) Are there any forms of farmers' categorization in Pakistan that could be used by BCI for distinguishing between smallholder and smallholder employers? *In Sindh, there is a categorisation of labour based on output instead of number of workers. However, more information is needed to understand how this categorisation works.*

d) What does this farm categorisation mean for working with the Better Cotton System (e.g. who should or should not have access to BCI enabling mechanisms?). *Small farms are more vulnerable and have less capacity than large farms and therefore need more support to address the issue of Decent Work. BCI should prioritise education, women cooperatives and awareness raising activities. It is also particularly important to consider the situation of women due to gender marginalisation and invest in girls because of the dual burden of field and household chores. Women should be part of any cooperative structure. Diversification needs to be considered as workers and farmers are not only involved in cotton cultivation but in multiple activities. Need to adopt a bottom up approach, starting from more vulnerable categories like bonded labourers and small farmers, especially those whose families are also engaged.*

   Need to take into account the slip system, which has the problem of gender marginalisation because the male family members take this slip instead of female; there are also issues surrounding in kind payment that need to be considered

3. What would be the Decent Work criteria to prioritise in the Pakistani Context during implementation (Health and Safety, Child Labour, Forced labour, Employment Conditions, etc.)? *Health and safety via awareness raising and training of women cotton pickers*; *Child labour because of the vicious cycle of poverty. Social mobility restricted, lack of access to education hampers the whole generation to have better living conditions and same poverty cycle goes on.*

4. Are there other important aspects to the Decent Work principle in Pakistan that are not covered in the draft criteria themes? *Living wages; The importance of education should be more explicit in the criteria; Minimum age needs clarification.*

5. Do you think that there should be any work practices which should exclude producers from participating in Better Cotton (i.e. minimum requirements to become a better cotton farmer)? Which one? *Permanent contracts instead of seasonal. In case of seasonal workers, the living wage should be revised; No child and bonded labour*; *Awareness raising among workers for health and safety issues*
6. Who are the actors best able to undertake a Decent Work needs assessment in Pakistan (for both small farms and large farms)? *Independent NGOs, ILO, researchers, academics*
7. Who are the actors best able to undertake assessment of monitoring of Decent Work compliance (with family cotton farms and large farms)? *Government, ILO*

Effective Producer Organisation

It was explained to the meeting that BCI considers producer organisation vital to the ability of farmers to grow 'Better Cotton', as organisational structures provide a channel and network for information, the means by which to promote and embed systems to change farming practices, the opportunity to gain from efficiencies of scale, and a forum to advocate and defend interests collectively.

BCI considers that an effective cotton producer organisation is:

- formally tasked by its members to represent them, defend their interests, and to support them.
- funded, at least in part, with monies from members' cotton farming activities.
- committed to good governance, democracy and transparency.

On the basis of need, BCI will work with existing producer organisations and/or actors supporting (the development of) producer organisations, to strengthen their capacity and ability to participate effectively in the value chain. This work may take the form of developing and strengthening governance structures, training technical teams within the organisation, developing business skills, and supporting the circulation of information within the organisation.

Depending on regional context, the aim is to enable farmers to: procure and use inputs more effectively, negotiate more favourable terms of business and lending, invest in equipment and infrastructure as a group, and market the cotton harvest in their best interest.

Questions and answers for the group looking at Producer Organisation

1. Is the 'Producer Organisation' Principle relevant to cotton cultivation in Pakistan? (If not, why not?). *Yes. Promoting cooperatives, for example, is seen as key to provide a fair price to the farmers*
2. Is there a role for BCI to play in supporting producer organisations? If so, what could BCI's role be? (Developing and strengthening governance structures, training technical teams, developing business skills, etc.) *BCI should answer*
3. How can BCI ensure that efforts to promote producers organisations coordinate with those of state and other actors? *BCI should answer*
4. Who are the key potential partners for BCI to engage with regarding support to producer organisation in Pakistan? *BCI should answer*
5. What are the most pressing needs of producer organisations – and of non-organised producers – in Pakistan cotton farming? Does this vary by state – if so, how? *Easy access to finance; Control on input price*; *Ensure fair price of the produce*
6. What are the main drivers for establishing smallholder producer organisations? What are the benefits to farmers? *Collective access to finance; Collective marketing; Bargaining capacity*
7. In your experience, what are the most important aspects of organisational structure and management in order to ensure that a producer organisation can effectively advance and defend the interests of its members? *Minimize differentiation in farm size*; *Democratic management*
8. What are the barriers against setting up smallholder producer organisations (social, political, economic, etc.)? *Social and economical; Awareness*; *To minimise barriers, it is also important to minimise differentiation between members*
9. What is the government policy with regards to producer organisations? *Favourable*
10. What does 'supporting producer organisation' mean to you? What does it take to really build the capacity of a producer organisation in the particular context of Pakistan? *Refer to the above*

Equitable access to responsible financial services

In several cotton-growing regions, limited access to institutional and transparent finance is an important barrier to farmers adopting better production practices that BCI seeks to promote. Indebtedness both creates and perpetuates unsustainable production.

BCI considers that stimulating, coordinating and extending rural lending can create enabling circumstances for farmers to invest in the long-term sustainability of their operations.

Alongside promoting equitable access to responsible lending, BCI equally strives to promote practices that optimise input use and hence reduce the need for credit. BCI also recognises that access to non-credit products, such as crop and health insurance, may be an important factor in enabling the realisation of 'Better Cotton'.

BCI considers equitable access to responsible financial services as being:

- fair – the terms of lending do not increase the financial precariousness of the borrower, and are not discriminatory
- transparent – both parties agree and commit to the terms of lending
- institutional – lending is undertaken by a financial institution abiding by responsible lending principles

Questions and answers for the group looking at equitable access to responsible financial services

1. Is the 'Access to Finance' enabling mechanisms relevant to cotton cultivation in Pakistan? (If not, why not?) *Yes – Almost more than 90% of cotton growers have landholding less than 25 acres and they do not have access to institutional credit facility for agricultural producers. In order to align cotton production with BCI standards with reference to better management practices farmers need access to finance.*
2. Is there a role for BCI to play in promoting access to finance for small cotton producers in Pakistan? If so, what could BCI's role be? *Yes – By development of linkages between formal/informal credit institutions, Social protection programmes (cash and commodities etc), and farmers.*
3. How can BCI ensure that efforts to promote access to finance coordinate with those of state and other actors? *By establishing of platform of relevant stake holders*
4. Who are the key potential partners for BCI to engage with regarding access to finance in Pakistan? *ZTBL, NRSP, PRSP, Khushhalibank, Ministry of food and agricultural (CMP – 2), Cotton growers' organizations.*
5. How should BCI seek to link promoting access to finance with Farmer Field Schools or other participatory farmer education approaches? *Transforming these FFS groups into Community/Village organizations and linking them with MFIs.*
6. How to ensure that access to lending is equitable? *Empowerment and participation of all members in decision making*
7. How to ensure that microfinance initiatives reach smaller farmers? *Establishment of COs at village level as per population and need – membership should be restricted to small farmers.*
8. Who are the actors best able to undertake financial needs assessment of cotton farming communities and develop appropriate responses? *MFIs*
9. Who are the actors best able to undertake assessment of the impact of promoting access to finance for cotton farming communities? *Socio-Economic impact monitoring/evaluation agencies*
10. How to link access to finance to environmental and social sustainability commitments? *By linking tangible socio-economic indicators with credit supervision*

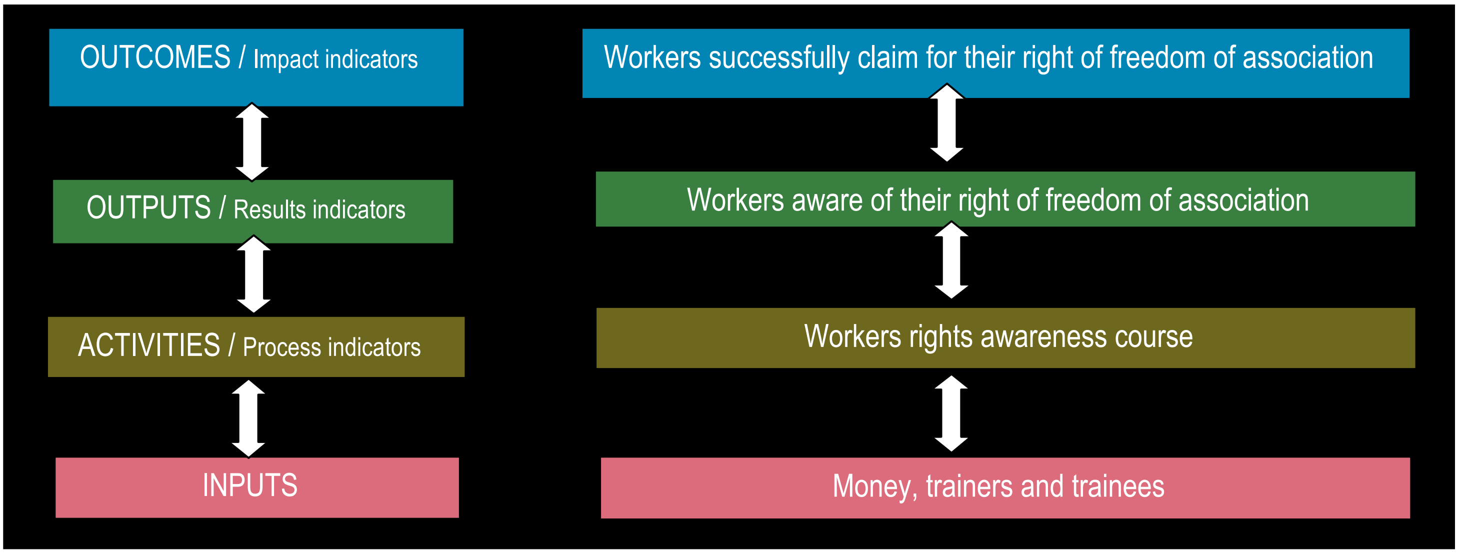
IMPACT AREAS AND IMPACT INDICATORS

Identifying Impact Indicators

Allan Williams (Technical-Environmental Coordinator) provided the meeting with an overview of the BCI approach to assessing the impact of growing 'Better Cotton'. The presentation, which was supported by a hand out provided to meeting participants (Annexure 3), made the following main points:

- BCI defines impact as **"**a **significant or lasting change** in people's lives brought about by a particular intervention or programme"
- There are various types of indicators, based on the type of activity or outcomes they are designed to measure; these different types of indicators, together with examples, are demonstrated in Figure 2 below
- The reason for measuring impact was noted as being driven by BCI's vision of success, and that this vision can be separated between the three pillars of sustainability: environmental, social and economic. Examples were given on what BCI may want to communicate to all levels of the supply chain, including: Do the 'Better Cotton' production principles improve the environment? Does growing 'Better Cotton' improve farm profitability? What are the long-term effects of changing practices socially? Are the results of the 'Better Cotton' activities linked to the impact? Are there any negative effects? It was also pointed out that measuring impact allows BCI to communicate and market the benefits of being involved in BCI.
- BCI will establish global impact areas, i.e. each country growing 'Better Cotton' will need to develop indicators for the same set of issues. However, these impact areas will be broad. An example of a global impact area could be water use, with the actual indicators used to measure the impact being established at the country level
- The choice of indicators will need to take into account a range of factors, including: availability of information, existing practices, cost of collecting the information, and usefulness (including for the farmer).
- BCI has established an Assessment Programme Working Group to finalise the global impact areas, while the national level indicators will be refined as part of the initial implementation phase of BCI. This group will work from February to March 2009.

Figure 2: Types of Indicators



Group Working Session

The purpose of the impact indicator session was to identify some of the key impact indicators that could be used at a national level to monitor and evaluate the impact of the 'Better Cotton' System. Three groups — environmental, social, and economic — were each asked to identify what they considered as the 3 most important impact indicators for the group's 'pillar of sustainability', and any options for collecting the indicators. The results of the group discussions were reported back to the plenary meeting, and are summarised below in Tables 1 – 3.

It was commented, and acknowledged that impact indicators would be inter-related and in some cases could cover more than one pillar of sustainability. The impact indicators for Pakistan identified, such as 'environmental education', 'increased / improved asset creation and investment in other livelihood option' and 'Indebtedness and risk minimisation' are examples of such overlaps in the suggested impact indicators.

Table 1: Environmental Impact Indicators

Impact Area	Potential Indicators:	Possible options for methods of collection:
Use of Pesticides	1. Less pesticide poisoning in human beings, animals 2. Less water contamination.	1. Data collection from hospitals 2. Structured surveys
Water Conservation	1. On Farm water availability is increased 2. More area under cultivation 3. Less use of tube well water.	1. Surveys 2. Water table measurement with Irrigation Dept.
Bio-diversity	1. Honeybee 2. Soil Texture	1. Identification of area specific species 2. Surveys
Soil health	1. Soil biological fauna including microbes and nematodes	1. Organic matter composition
Fertilizer	1. Use of alternate organic fertilizers 2. Less use of chemical fertilizer 3. Composting	1. Surveys (Agri. Extension Dept.)

Table 2: Economic Impact Indicators

Impact Area	Potential Indicators:	Possible options for methods of collection:
Optimum Inputs	Better farm income	Farm data
Technology transfer	Improved Practices	Crop reporting system –provincial agricultural department.
Cotton standardization and grading	Cotton quality	HVI testing

Table 3: Social Impact Indicators

Impact Area	Potential Indicators:	Possible options for methods of collection:
Health and safety	Preventive practices in the process of distribution and applications. Incident and prevalence of occupational diseases Companies are applying regulatory framework for handling pesticides process.	Blood test samples of people in the area. Hospital records
Child labour	Access to food, health and primary education. (increase number of children going to school in the area) Hazardous work: Number of children under the age of 18 involved in hazardous work (to compare with baseline data before implementation) Minimum Age: Number of children below 14 in school on regular basis (to compare with baseline data before implementation)	Field visit Interview with workers Local school records Labour inspectors
Forced labour	People have free choice to go where they want and not trapped in the vicious cycle (bonded labour) Number of workers without debt from employer (to compare with baseline)	Qualitative indicator Interview with workers
Gender issues	Improvement in pay/wages and better work conditions Women are being compensated for the work they do Women are more active in decision making	Quantitative if data on wage exist Qualitative: interview with women workers
Employment conditions	Number of workers earning minimum wage for 8 hours/day Number of workers that change employers from year to year	

FARM ASSESSMENT

Presentation

Nicolas Petit (Social-Labour Coordinator) provided the meeting with an overview of the BCI approach to Farm Assessment. The presentation, which was supported by a background memo provided to meeting participants (Annexure 4), made the following main points:

- In contrast to Impact Assessment, Farm Assessment is farm-focussed and relates to the activities conducted on the farm, for example, has an integrated pest management programme been implemented?
- The reasons for assessing a farm / a group of farms are to measure progress, drive progress and communicate progress
- BCI has a Version 1.0 of its Farm Assessment Programme, as provided to meeting participants (and see Annexure 4). BCI's approach to finalising how it will undertake Farm Assessment — including the minimum requirements expected of 'Better Cotton' farmers — will be to finalise its consultations with the RWG's, and then to brief the Assessment Programme Working Group, which will report to BCI on options. The BCI Steering Committee (SC) will then agree on the form of Farm Assessment in April 2009.
- It was highlighted that for the first phase of implementation of 'Better Cotton' the SC has decided that BCI will not develop an accredited labelling / audit programme – but that it could still undertake third party assessments. How this could be done would be an objective of the Assessment Programme Work Group. The position on an accredited audit programme will be reviewed at the end of 2012.
- The approach will seek to be simple and realistic; allow for regional flexibility; be linked to capacity building (and not operate independently from implementation); and endeavour to impose no extra burdens on farmers
- It was stressed that not all criteria have to be complied with immediately: that the starting point will be to achieve the minimum requirements (within a defined time-frame), and then the criteria will need to be met progressively via the achievement of defined progress requirements.
- Areas to be discussed by the RWG are: what is assessed, how is it done, who undertakes the assessment, how much does it cost and who pays for it?
- Regarding *what* is assessed, currently this centres on the proposed minimum requirements for 'Better Cotton', i.e.:
  - Pesticides are used on crops for which they are legally registered for use, and are correctly labelled (Crop Protection Principle)
  - Child Labour: For hazardous work, the minimum age is 18 years of age (Decent Work Principle)
  - Forced Labour: Employment is freely chosen: no forced or compulsory labour, including bonded or trafficked labour (Decent Work Principle)
  - Plus other minimum requirements (yet to be defined), plus progress requirements
- Regarding *how* it will be assessed, BCI is considering a range of options, including self-assessment, participatory assessment, group assessment, second party checks and random 3rd party checks
- Regarding *who* pays, this is still to be determined: there is a diversity of opinion, with some people believing that it is better for the farmer (and all supply chain stakeholders) to contribute something (as this will create genuine 'buy-in'), while others maintain that the people who desire the check should be the ones to pay.
- In summary, BCI aims to develop an assessment programme that is flexible and built through a consultative and participatory approach.

Discussions

Following the group working sessions, each group reported back to the plenary. The results of the discussions are summarised below, under each of the questions

1. Do you have any comments on the following criteria being selected as minimum requirements for 'Better Cotton' production?

Table 4: Comments on proposed minimum requirements

Criteria	Comments
Pesticides are used on crops for which they are legally registered for use, and are correctly labelled *(Crop Protection Principle)*	*Agreed appropriate* *It was clarified during discussions that there is a pesticide de-registration process, so that pesticides are not effectively registered forever; and that the toxicity etc. of the other constituents of the pesticide are also considered as part of the registration process.* *Regarding the use of PPE, it was noted that while not a minimum requirement, it will nevertheless form one of the progress requirements, given that all criteria ultimately need to be complied with* *Regarding the suggestion that IPM also be a minimum requirement, it was noted by BCI that IPM requires support to be provided to farmers, and that as BCI is adopting an inclusive approach, BCI did not want to exclude people from getting the necessary support to implement IPM, given the length of time it may take to organise and provide the necessary support.*
Child Labour: For hazardous work, the minimum age is 18 years of age *(Decent Work Principle)*	*Agreed appropriate; It was reiterated by BCI that 18 years is the international norm for defining a child, and that hazardous work referred to work that is detrimental to a child's health or education.*
Forced Labour: Employment is freely chosen: no forced or compulsory labour, including bonded or trafficked labour *(Decent Work Principle)*	*Agreed appropriate.*
Additional suggestions on minimum requirements	*A range of additional suggestions for minimum requirements were made:* *That proper harvesting and handling procedures are adopted (to minimise contamination; it was argued that as a minimum requirement it would help ensure that 'Better Cotton' was perceived as a premium product, and valued as such. Added that practices to control contamination during transport to the gin should also be included* *That water and fertiliser management be included as progress requirements*

During discussions on potential other minimum requirements, a number of broader issues were discussed:

- Having minimum requirements runs the risk of them becoming the focus of implementation efforts, and work on other issues may be neglected, or lower priority
- The use of progress requirements — to raise the bar gradually — was seen as the way of minimising the risk noted above
- A suggestion was made to have base minimum requirements, and then a higher benchmark ('BCI plus') that would recognise those farmers doing more than just meeting the minimum requirements

2. Do you agree that group assessment should be used for farm assessment of smallholders? *Yes, self-assessment should form the base for assessment; noted by a participant that once the BCI matures, then 3rd party assessment may be necessary*

3. How do existing assessment programmes in Pakistan drive progress? Do they have progress requirements? If yes, what are these and how does it work? Please give examples and describe. *No examples noted*

4. Who do you think should pay for the assessment of farms in Pakistan? *One participant suggested that spinners should pay; no consensus was reached on the issue*

5. Do you have any ideas you want to put forward to BCI regarding how farm assessment is implemented in Pakistan? *One participant proposed that self assessment, with 3rd party random checks (10 -20% of farmers) should be conducted*

THE 'BETTER COTTON' SUPPLY CHAIN

Presentation

Allan Williams (Technical-Environmental Coordinator) provided the meeting with an overview of the Supply Chain System that the BCI Steering Committee recently agreed to. The purpose of the session was to receive feedback from the meeting on the various Supply Chain System elements, in particular to seek advice as to who has to be involved to operationalise the elements, and to receive any feedback about constraints or issues that might have to be addressed to implement these elements in the Pakistani context.

The main points made in the overview of the Supply Chain System were:

- One of the critical components of the Better Cotton system is how to take the cotton produced by a farmer involved in BCI, and make it available to interested retailers. And equally as critical is to work out how to do this in a way that is credible, yet minimises any additional cost burdens on the various supply chain participants, from farmer to ginner to spinning mill.
- BCI very clearly recognises that discussion with, and collaboration and support from a range of partners will be required to make these elements a reality.
- The rationale for having a supply chain system was provided: In summary, it derives from a number of factors including the need for any communication about 'Better Cotton' being based on a system that provides a level of assurance that the product being sourced is somehow 'better', or more responsibly produced.
- It was highlighted that the challenge is of course how to best balance this need for assurance with minimising cost.
- The elements of the supply chain system were developed following a series of interviews with representatives from the various stages of the supply chain in each of the 4 BCI focus regions. For Pakistan, a number of organisations were contacted, including people running projects, ginners, merchants, exporters and spinners.

The actual elements of the 'Better Cotton' Supply Chain are as follows:

- *Establishment of a common system, globally*: It is the strong preference of BCI that there is only 1 system irrespective of where the cotton is grown, in order to keep things as simple as possible, and therefore to also keep the costs as low as possible. However the need for some modifications to take account of regional differences is expected.
- *Have 100% 'Better Cotton' bales*: BCI considers that 100% 'Better Cotton' bales are required to provide the greatest number of options to the supply chain, and thus allows the greatest ability to build demand for 'Better Cotton'. 100 % 'Better Cotton' bales are considered the minimum requirement for satisfying market demand. (There will be an allowance for non-'Better Cotton' gin runs - that is, there will not be a requirement that the gin be cleaned down between gin runs of 'Better Cotton', and other cotton.).
- *A 'Better Cotton' Descriptor*: As well as the bale actually containing 100 % 'Better Cotton', BCI will seek to have the bale identified as such, for example, by adding initials to the current descriptor / bale tag / stencil.
- *Segregation of 'Better Cotton' to the bale*: Given that 100% 'Better Cotton' bales are sought, the cotton needs to be kept separate at all stages up to ginning; and BCI will take responsibility for the system up to the creation of the bale.
- It was emphasised that the BCI Supply Chain System *will only operate up to the gin*, and that responsibility for tracking the bale of 'Better Cotton' from the gin to the garment will be the responsibility of the person interested in sourcing 'Better Cotton', likely the retailer. A number of reasons are behind this boundary:

  1) Resource requirements and cost considerations: BCI sees its primary on-going role as focussed at the farm level, in particular supporting the adoption of better farming practices so that 'Better Cotton' can actually be produced. Stopping the involvement of BCI at the bale helps to maintain this focus, and to ensure that its resources are not spread across too many responsibilities; and

  2) Flexibility. Different end-users of cotton will have different needs, and different requirements regarding the level of knowledge they want about the cotton in their supply chain. For example, it could range from the typical organic supply chain, whereby the source of the cotton in a specific garment is known, to knowing that a specific product range contains some cotton of a particular quality (such as 'Better Cotton') to knowing only that the cotton has not come from a particular region or country. Rather than BCI trying to design a system that caters for this wide range of needs, it was considered that it should be left to the end - user to set up a system that suits their individual need - especially as the end-users are the people best placed to identify the best way to work with their existing supply chains to source bales of 'Better Cotton'.
- *Regionally based:* As BCI appreciates that keeping 'Better Cotton' separate when storing and transporting will require additional work on the part of all those who handle, store and process the cotton, BCI would like the supply chain to be based on existing - but regionally appropriate - boundaries that are preferably linked to commercial quantities or lots. This was also presented as a

good example of where regional differentiation will be necessary: an appropriate boundary in Pakistan may be the village, in parts of West & Central Africa it might be an entire gin catchment, and in Brazil an appropriate boundary may well be a single large farm.

- *Weighing:* The Supply Chain system will seek to keep track of cotton weight at both the harvest stage where it will be vital for monitoring yield, and also at the gin - to build in an element of cross-checking to ensure that the quantity of cotton coming off farms matches the cotton being delivered to and baled by the gin as 'Better Cotton'.
- *Documented:* Lastly, a manifest system, such as a paper trail, or other appropriate system will be sought, that documents the chain of custody of the 'Better Cotton' from the farm to the gin.
- The meeting was then asked to consider the issues:
    - Who are the critical organisations for BCI to discuss implementation of each of the elements detailed above?
    - Are they (the organisation) regionally - dependent? e.g. local ginner vs. APMC / trade association
    - Can the auction / secondary market system be by-passed in the initial implementation stage?

Discussions

During discussions in open plenary, two main issues were addressed: who does BCI need to talk to regarding the implementation of the various elements, and what practical considerations or issues does BCI need to be aware of. The following points were made:

One participant suggested that APTMA should take the lead and a proactive role for the procurement of Better Cotton, rather than individual retailers interested in purchasing Better Cotton undertaking field-level procurement. Demand for Better Cotton exists, and APTMA could play a lead role in helping satisfy that demand. For example, they might be able to help address some of the issues in the supply chain (see below) that currently make it difficult for farmers to realise the full value of their cotton. Involvement of APTMA could help 'broad base' the growing of 'Better Cotton'

Another participant stated that one of the major supply chain issues still to be addressed is the handling practices (picking, storing, ginning, etc) that lead to the cotton becoming contaminated and which results in financial losses to the industry. One of the reasons is that the current system is not based on rewarding or recognising quality so there is no incentive to look after the quality. However, there are plans to shift the current marketing system towards a quality-based system.

Another issue to address to better manage quality is payment to pickers (currently on weight picked basis which is said to affect the quality of cotton).

An education programme / awareness raising activities with the farmers, ginners, pickers etc. is required as part of the move to a quality-based marketing system. The awareness-raising programme would inform farmers about the quality standards defined by the Pakistan Cotton Standards Institute, and help put them in a better position to bargain with the buyers.

It was proposed that there should be a common standard between buyers and sellers that is known by both buyers and sellers. Once the marketing system is based on quality, the next step is to ensure that better quality results in a better price. Currently there are only discounts, and no premiums. Thus, if the cotton does not have acceptable moisture or trash levels, it is discounted, but being rewarded for good quality is equally important.

Regarding identifying a bale of 'Better Cotton':

- It is the government policy that the bale should be marked but this policy is not yet implemented
- Control over bale markings is by provincial ordinance, so if there is market demand for marked bales, it might be possible to use this avenue to ensure that it happens
- The ginners have a key role in ensuring that bales are marked
- It is important that the market place understands what the 'Better Cotton' marking on the bale means

Regarding people to talk to about implementing other elements of the supply chain, participants noted:

- It is important to work with both the workers federation and farmer association on awareness raising regarding quality
- Regarding how the supply chain works logistically (moving cotton from the farm to the gin)
    - For small farmers there are middlemen who undertake this aspect
    - For large farms, the cotton goes directly to the gin.
- There are two forms of middlemen: They can be a facilitator, for example, to ensure that farmers get money from ginners (if farmers go directly to the gin, it is more difficult to get the money)
- The middleman is also a moneylender and farmers can be tied to them as a result.
- It is possible to approach ginners collectively through the cotton ginners association, but difficult to approach individual middleman.

General points made were:

- Whatever system is implemented should not penalize the farmer.
- If custom ginning is used as a strategy to streamline the supply chain (mainly relevant for middle/large farms) then 1200 maunds is the minimum for a custom gin run. This maybe possible to achieve for small farmers if they are part of producer organisation

In summary, meeting participants considered that it would be possible to implement the BCI supply chain system in Pakistan — but there would be challenges. It would be essential for BCI to work with ginners association and APTMA, and to streamline the current handling system, eg. through custom ginning. Small farms would be organised in order to get sufficient quantity to justify custom ginning. Documentation systems would also need to be developed, as there are currently no receipts issued on weight/payment in Pakistan. It is all informally done

Some suggestions were made on possible incentives to participate in the Better Cotton supply chain, in the form of better purchasing practices: timely payment to farmers; transparency in weighing and payment of a premium for good quality

IMPLEMENTING 'BETTER COTTON' IN PAKISTAN

Presentation

Arif Mukhdum (WWF-Pakistan) provided an overview of the Pakistan Sustainable Initiative Project being run by WWF-Pakistan in collaboration with IKEA. Points made included:

The importance of cotton in Pakistan: It involves 1.4 million farming families, and is the source of livelihood for several millions of labourers in cities and towns; cotton production may account for up to 40% of cash income of rural households, it represents 60% of Pakistan's export earnings and provides 85% of the oil for domestic consumption. Domestic cotton production provides the raw material for 458 textile mills, 1200 ginning factories and 5000 oil refineries.

Issues however associated with cotton production identified by WWF include: Indiscriminate use of pesticides and associated health risks, irrational use of fertilizers, excessive water use and lack of profitability.

Pesticide impacts identified: pesticide residues in the food chain, contamination of water and associated public health concerns, development of pest resistance, elimination of natural enemies, impacts on wild life and loss of pollinators

The project has 3 components: collation of Best Management Practices; validation of those BMP's; and capacity building so that farmers can properly implement those BMP's

Impacts achieved by the project to date include: significant savings in water use per acre (average of 36 %), through the use of best practices such as laser levelling fields, using bed and furrow irrigation and alternate furrow irrigation; a 42 % reduction in fertiliser use and 55% reduction in use of pesticides; and a 12 % increase in yield, leading to a gross margin for BMP farmers of 73 %, compared to 65% for FP farmers.

Questions and Discussion

A participant queried why – given that cotton is not a perishable product – farmers do not store cotton until a better price becomes available. Two reasons were noted as to why this does not happen: 1) even though cotton is not perishable, it is still subject to deterioration and contamination during storage (especially if stored when too moist), and the longer it is stored, the greater the risk; and 2) farmers cannot delay receipt of crop income as they have loans and expenses that need to be repaid as quickly as possible.

A question was asked about the process for undertaking the verification of BMP[1] compliance (i.e. how is BMP cotton distinguished from non-BMP cotton?). Permanent IKEA staff are involved in this process. It was advised that IKEA also hires about 25-30 people, who visit each farmer, and ask them a series of standard questions about their farming practices. Once the practices are confirmed, the farmer is listed as a 'BMP' farmer.

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[1] 'BMP' Cotton is to be distinguished from 'Better Cotton'. BMP cotton is the name given to cotton produced by farmers in the WWF / IKEA Sustainable Cotton Initiative project that has been verified according to the requirements of IKEA, based on water use, pesticide use and fertiliser use. It is anticipated that the project will align with the requirements of BCI, and therefore produce 'Better Cotton' once i) the exact requirements for doing so are finalised and ii) once the project farmers have been assessed against these BCI requirements.

CONCLUDING REMARKS

OVERVIEW

A very brief overview of some of the issues noted by BCI over the course of the meeting was provided:

- Excellent feedback
- Strong retail interest in sourcing Better Cotton
- Child work - more detailed explanation of distinction between acceptable and non-acceptable forms required
- There are a number of projects / activities where there is potential for collaboration with BCI
- These projects were supportive and interested in exploring opportunities for collaboration
- There was agreement on main priority areas for 'socially' Better Cotton: health & safety, child labour, forced labour, access to finance and employment conditions
- The elements of the 'Better Cotton' Supply chain are feasible; working with gin associations and APTMA to implement them will be critical
- It is also critical to endeavour to link price paid with quality delivered
- The role of the middleman needs to be recognised ... And do not underestimate practical /logistical challenges

NEXT STEPS

- Draft Report: This will be sent the week of 23 March (together with the presentations) on a CD
- Comments due back: 10 April
- Report Published on BCI website: Mid - April
- Collaborating with WWF-Pakistan ... Transition to full 'BCI' projects & protocols
- The BCI South Asia Regional Co-ordinator recruited: By June 2009
- Version 2.0 published: July 2009
- Finalisation of the other components of the Better Cotton System: Assessment programme etc. July 2009
- The first point of contact at BCI for members of the Regional Working Group is Allan Williams: allan.williams@bettercotton.org.

PARTICIPANTS

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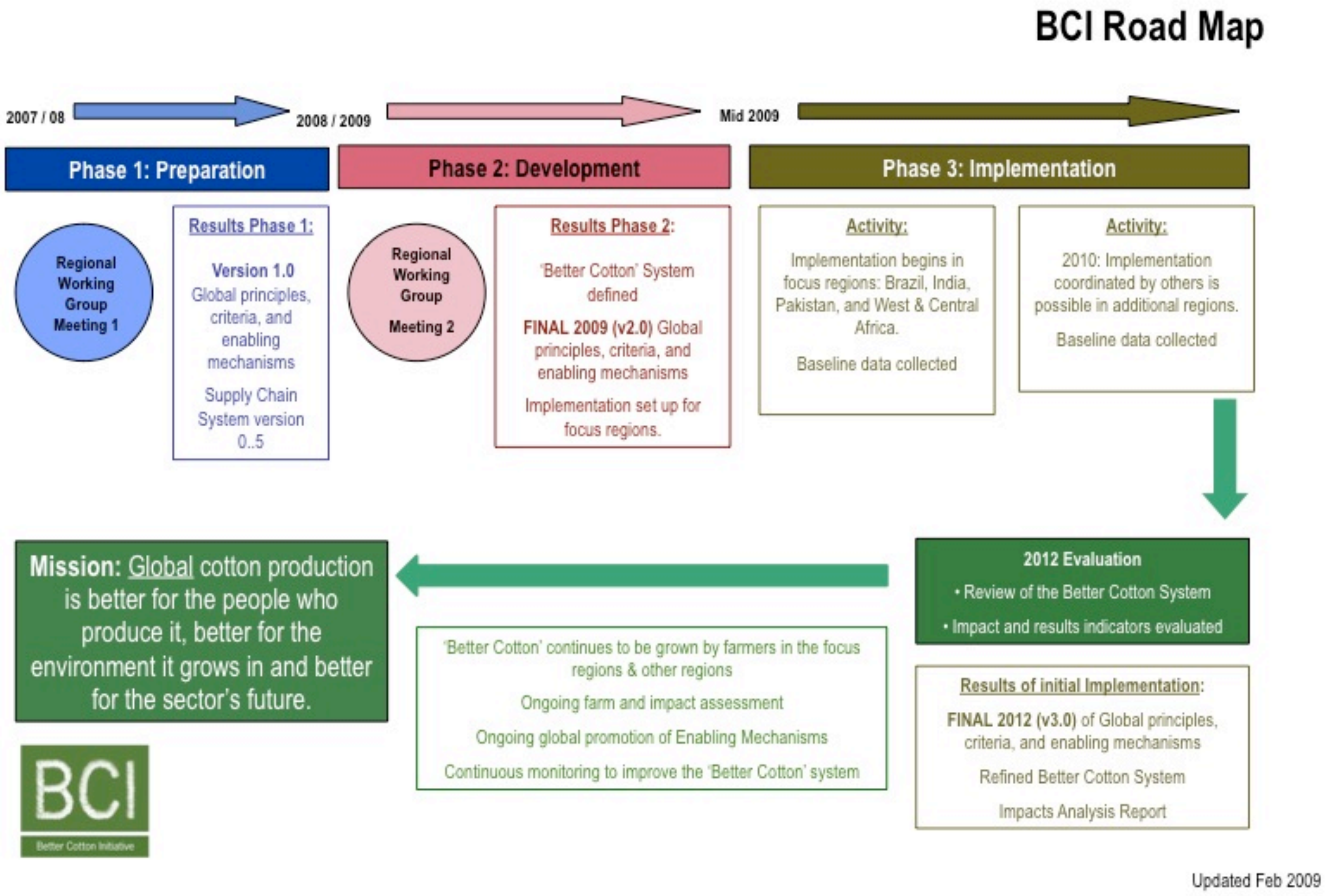
BCI	
Nicolas Petit	BCI
Allan Williams	BCI

ANNEXURES

ANNEXURE 1: BCI ROAD MAP



ANNEXURE 2: DISTINGUISHING SMALLHOLDERS AND LARGE FARMERS

Memo on Large and Smallholder Distinctions

2nd Regional Working Group Pakistan, Lahore 3-4 March, 2009.

What's the issue?

BCI is committed to developing a conception of 'Better Cotton' which can be grown by *all* cotton farmers (i.e. including both smallholders and large farms) as Better Cotton will not be 'Better' if it is achievable only by a certain category of farmers. BCI recognises that there is a diversity of cotton farming in Pakistan, and that not all farms or farmers have the same needs or the same capacities.

For example, the Production Principle on Decent Work is understood to be relevant to both large-scale and family forms of cotton farming, but has different provisions according to the size of the farm – small or large – and the proportion of family or hired labour involved in cotton cultivation. In particular, BCI makes the distinction between three types of cotton producers: smallholders (self-employed/family smallholdings), (ii) smallholder *employers* and (iii) large farm *employers* (see Version 1.0 of the Global Principles, Criteria and Enabling Mechanisms)

BCI defines **smallholders** as cotton producers that are not structurally dependent on permanent hired labour, and who manage their farm mainly using their own and their family's labour.

BCI defines **smallholder-employers** as smallholder farmers who employ a *significant* number of hired workers, either permanently or for a specific task.

BCI defines **large farms** as those cotton-farming operations which are structurally dependent on permanent hired labour.

Accordingly, some criteria for the Decent Work production principle are applicable to all, and some only to smallholder employers and large farm employers.

Moreover, this distinction has also important implications for the implementation of BCI enabling mechanisms. BCI will provide and/or coordinate resources based on the assessment of the needs of different cotton farming communities. For instance, the needs of smallholders with regards to access to finance and producer organisation are likely to be different than large farms. The achievement of the enabling mechanisms will therefore assume different forms, priorities, and scale in different farming contexts.

The question remaining is: where and how to draw the line between these three categories of cotton farmers in Pakistan?

Cotton farmers and farm size in Pakistan

Based on the 2000 Agricultural Census data (Government of Pakistan, 2003), 25 percent of the total 6.62, million private farms are cotton farms: i.e. an estimated number of 1.6 million cotton farms. According to table 1, smallholders (below 10 ha) represent approximately 94% of cotton farmers in Pakistan.

Table 1: Cotton area and farms reporting cotton by size of farms

Size of Farm (Hectares)	Total Farms	Number of Cotton farms	Percent of total farms	Area under cotton
All farms	6620224	1626779	25	3202126
Government Farms	170	37	22	912
Private –Farms total	6620054	1626742	25	3201214
Under 0.5	1290098	167282	13	48260
0.5-1.0	1099330	242804	22	146168
1-2	1425370	387419	27	391162
2-3	966411	273853	28	428732
3-5	890755	259511	29	593695
5-10	580200	193952	33	684438
10-20	260791	75211	29	473697
20-40	77773	19174	25	223915
40-60	15277	3823	25	74101
60 and above	14054	3736	27	137038

Source: Government of Pakistan (2003) - Agricultural Census 2000

One of the most recent reports from ICAC indicates that in Punjab and Sindh, 93% and 70% of farms are below 10 ha respectively.

Table 2: Farm Size in Pakistan

	Farm Size	% of total
Punjab	up to 1ha	27
	1 to 3 ha	37
	3 to 10 ha	29
	10 to 20 ha	5
	Over 20 ha	2
Total		100
Sindh	up to 5 ha	40
	5 to 10 ha	30
	10 to 20 ha	20
	20 to 50 ha	5
	Over 50 ha	5
Total		100%

Source: ICAC (2008)

For BCI, it is important to understand and coordinate with established norms in Pakistan regarding farmers' categorization and the different categories of farmers presented here are therefore a useful starting point. However, the distinction on the basis of farm size is often not sufficient for the purposes of the differential application of the BCI Decent Work criteria as we need to clearly distinguish between smallholder, smallholder employers and large farm employers.

Labour arrangements and land ownership

The number of hired workers will vary depending on the size of the farm as well as land ownership (see table 3) which also has a major influence on labour arrangements.

Various types of labour contracts prevail for different operations in Pakistani cotton cultivation processes, including both skilled and unskilled workers employed on regular and casual terms. Unskilled labour is employed on a regular basis, particularly for the application of fertilisers, sowing, soil-softening and irrigation. Regular waged labourers may be used to supervise casual and seasonal labourers employed on the farm in harvesting and picking – locally known as a *kamdar*, or overseer. Some arrangements between landlords and tenants - or labourers own household arrangements - are fairly complex and tenants often engage in a combination of labour and tenancy arrangements to maximize their earnings. According to agricultural labour statistics, the use of family labour and of permanent hired labour has declined-matched with a corresponding increase in the hire of casual workers. It is also important to note that there are many landless agricultural labourers and migrant workers in Pakistan. Therefore, it would be therefore important for BCI to ensure that all categories of workers are explicitly included.

Table 3: Farm reporting use of casual labour by tenure and by size of farm[2]

SIZE OF FARM (HECTARES)	ALL FARMS			OWNER FARMS			OWNER-CUM-TENANT FARMS			TENANT FARMS		
	TOTAL	USING LABOUR PERMA-NENT	USING LABOUR CASUAL	TOTAL	USING LABOUR PERMA-NENT	USING LABOUR CASUAL	TOTAL	USING LABOUR PERMA-NENT	USING LABOUR CASUAL	TOTAL	USING LABOUR PERMA-NENT	USING LABOUR CASUAL
1	2	3	4	5	6	7	8	9	10	11	12	13
PAKISTAN												
PRIVATE FARMS-TOTAL	6620054	251926	2764768	5134504	201060	2053368	558991	34486	268170	926562	16381	443232
UNDER 0.5	1290098	10688	393348	1185969	9787	359939	13504	115	4777	90619	785	28640
0.5 TO UNDER 1.0	1099330	12067	407905	911004	10978	333880	38128	309	13777	150212	783	60247
1.0 TO UNDER 2.0	1425370	25795	622928	1068766	21682	445163	105547	1476	45247	251065	2631	132533
2.0 TO UNDER 3.0	966411	29871	447476	693173	24664	310352	105110	2655	47257	168139	2556	89857
3.0 TO UNDER 5.0	890755	46394	427804	608402	37400	285181	125250	5812	60708	157108	3185	81909
5.0 TO UNDER 10.0	580200	53390	281264	392168	41461	188480	108030	8734	57059	80003	3195	35732
10.0 TO UNDER 20.0	260791	44020	129867	190795	32160	90005	46906	9854	28988	23097	2014	10876
20.0 TO UNDER 40.0	77773	19562	38788	60137	14704	28413	12522	3930	7684	5124	919	2696
40.0 TO UNDER 60.0	15277	4616	8085	12508	3796	6238	2094	675	1383	669	146	466
60.0 AND ABOVE	14054	5540	7307	11608	4450	5709	1909	925	1305	530	162	287

Source: Government of Pakistan (2003)

References:

ICAC, 2008. *Cotton Production Practices*: *A report by the Technical Information Section of the International Cotton Advisory Committee*. November 2008, Washington DC: 122 pp.

Government of Pakistan, 2003. *Agricultural Census 2000: Pakistan Report*. Statistic Division, Agricultural Census Organization. May 2003: Lahore.

[2] **Land Tenure** is concerned with the rights / arrangements under which the land is operated: a) **Owner Farm:** A farm of which entire land is owned by the operator; b) **Tenant Farm:** A farm of which entire land is taken from other household(s) against a fixed rent in cash / kind or a share in the produce; c) **Owner-Cum-Tenant Farm:** A farm of which a part of the area is owned by the operator household and the remaining taken from other household(s) against rent or share of the produce (Government of Pakistan, 2003)

ANNEXURE 3: IMPACT INDICATORS HANDOUT

IMPACT INDICATORS WORK SESSION

Summary

An impact is a **significant or lasting change** in people's lives brought about by a particular intervention or programme. Assessing impact is more than a measure of how effective and efficient a programme is at using its inputs, or how consistent it is and needs to go beyond measuring the activities of the programme or the direct results of those activities. BCI is interested in measuring impact both qualitatively and quantitatively for each pillar of sustainability: environmental, social and economic.

When determining appropriate national indicators, a balance between accuracy, cost effectiveness and ease of collection will need to be sought. For example, an indicator may provide a very good assessment of impact, but be extremely expensive and time consuming to collect.

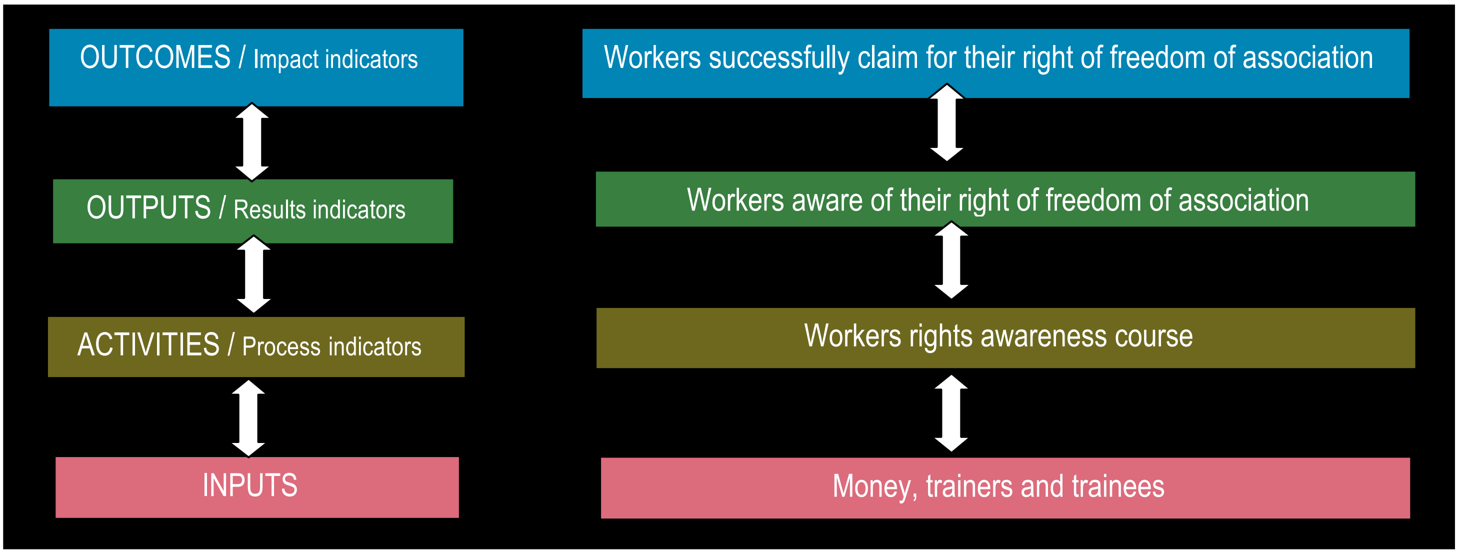
Why measure impact?

BCI has always recognised the need and importance in demonstrating its impact. It is inherent in the 'Better Cotton' System, due to the concept of 'Better', and so evidence is needed that as a result of any intervention by BCI, that 'things' are indeed better. It is important for BCI to measure impact to ensure that its investment has been worthwhile, and to also assist in efforts to promote the BCI approach, i.e. the demonstration of positive impacts is essential to maintain farmer's and other member's interest and involvement in the 'Better Cotton' System.

What is impact?

Figure 2 illustrates how impact indicators can be differentiated from results and processes, and shows an example in which the causal link has been inferred. For example measuring progress requires recording process and results indicators that can be used to relate to the impact indicators. To measure the use of inputs is to measure the efficiency of the programme; in the example that follows this would be to measure how many trainers are used and how much money is spent. To measure the activities and hence record process indicators is to measure the consistency of the programme. To measure the outputs and hence record results indicators is to measure the effectiveness of the programme; in the example below this would be to measure the awareness level of workers to their right of freedom of association. Only by measuring the impact does a programme measure the change in the lives of people, in the environment and in the economy overall; and in the example below this would be reflecting in the actual successful use of their knowledge of the right to freedom of association.

Figure 2: Results based monitoring diagram, showing impact, results and process indicators along with an example.



GROUP WORK

1. Divide into three groups
    a. Environment
    b. Social
    c. Economic
2. Identify a note taker and a presenter to represent the group
3. Discuss and propose 3 impact indicators for Pakistan within the group's pillar of sustainably
    a. Specify states that the indicators apply to
    b. Specify any particular methods that are relevant
4. Present back to the Working Group

The following table provides examples of areas within each pillar in which BCI could measure its impact. The table provides examples of impact areas and specific indicators that could be measured at a national level. This is for assistance in the work groups.

Please note: these are just a selection of indicators and impact areas for example, please add and discuss more.

Pillar of Sustainability	Example of impact Area	Example Impact Indicators
Environmental	**Water use**	1. The water table level 2. The volume of water contained in water bodies in an area
	Water quality	1. Nutrient levels 2. Toxicity
	Soil health	1. Organic matter content 2. Level of erosion
	Habitat	1. Average numbers of farm birds species 2. Average numbers of on-farm pollinator species 3. Tree & shrub cover
Social	**Health & Safety**	1. Annual incidents of cotton farming related injuries 2. Days lost to cotton farming related injuries
	Child Labour	1. Annual incidents of child labour in cotton farms 2. School attendance
	Forced Labour	1. Annual incidents of forced labour in cotton farms
	Other Social Impacts	1. Level of knowledge exchange between farmers 2. Number of producer organisations, 3. Migration level 4. In-debtness
Economic	**Fibre Quality, Trash Content & Contamination**	1. Trash and contamination levels 2. Grade
	Poverty Alleviation	1. Numbers living below the poverty line
	Farm profitability	1. Average gross margins (supplied with yield & area information)

ANNEXURE 4: FARM ASSESSMENT MEMO

Update Memo – February 2009

Dear Participants of the Second BCI Pakistan Regional Working Group Meeting,

This memo is provided as an update to inform you about recent decisions made by the BCI Steering Committee with respect to BCI's **Farm** Assessment Programme, and serves to complement the document describing the *Better Cotton Initiative Assessment Programme, Draft 1.0 For Consultation, August 2008*.

Draft 1.0 of the Assessment Programme has been through consultations since August 2008, with the Brazil Regional Working Group, West & Central Africa Regional Working Group, India Regional Working Group, experts on assessment in agriculture, and the BCI Steering Committee.

Through these consultations, the BCI received useful and important feedback which the Steering Committee fully considered and led to the following decisions:

Relating to **<u>what</u>** is assessed:

1. BCI will work with 'minimum requirements', (terminology to be discussed); which will include:
   - *Pesticides are used on crops for which they are legally registered for use, and are correctly labelled*
   - *Child Labour: For hazardous work, the minimum age is 18 years of age*
   - *Forced Labour: Employment is freely chosen: no forced or compulsory labour, including bonded or trafficked labour*
2. Additional minimum requirements must be added to this list and will be defined through discussions with Regional Working Groups and the Assessment Programme Working Group in order to get a balance of requirements across the areas addressed by the BCI Production Principles.
3. BCI will work with progress requirements, i.e. not all BCI Production Criteria need to be met for farmers to sell their cotton as according to BCI ('Better Cotton'), where continuous progress in line with the BCI Production Criteria is required for farmers to continue to sell their cotton as 'Better Cotton'. How that progress is measured is yet to be defined.

Relating to **<u>what methods</u>** are used to assess and **<u>who</u>** assesses:

1. BCI will **not** set up an accredited auditing programme, labelling programme or certification scheme before 2012.
2. In 2012 BCI will review the entire 'Better Cotton' System and consider whether the supply chain component is capable of supporting a certification scheme, and therefore whether an accredited auditing programme is needed.

Beyond these decisions there are key areas of both a Farm Assessment **and** Impact Assessment Programme that need to be discussed, upon which we would be very grateful for the Pakistan Regional Working Group's input.

- What is assessed?
- What methods are used to assess?
- Who does the assessment?
- Who pays for the assessment?

BCI will also establish an Assessment Programme Working Group (at a global level) to consider feedback received from the BCI Regional Working Groups and make recommendations to the BCI Steering Committee on both Farm and Impact Assessment at the end of March 2008 for approval.

I wish you all fruitful and interesting discussions. Thank you for participating.

Yours sincerely,

Lise Melvin / Initiative Manager

Better Cotton Initiative

The BCI aims to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future