

# Terms of Reference (ToR) for improving farm to gin link in the Better Cotton supply chain

26 August 2020

## 1. Introduction

BCI would like to commission an external, independent consultant to carry out a research project to improve the linkages between the farm and gin, using India and China as case studies. This document outlines the terms of reference (ToR) for this research which covers the background, objectives, activities, timeline, competence requirements, and expected deliverables.

BCI is currently developing the organisation's 2030 Strategy with high-level ambitions and targets for 2021-2030. One of the focus areas is 'scaling Better Cotton production and procurement'. This piece of research project on improving the farm to gin traceability is one of the components in our physical traceability work and links to our wider planned work on exploring CoC models (please see diagram 1).

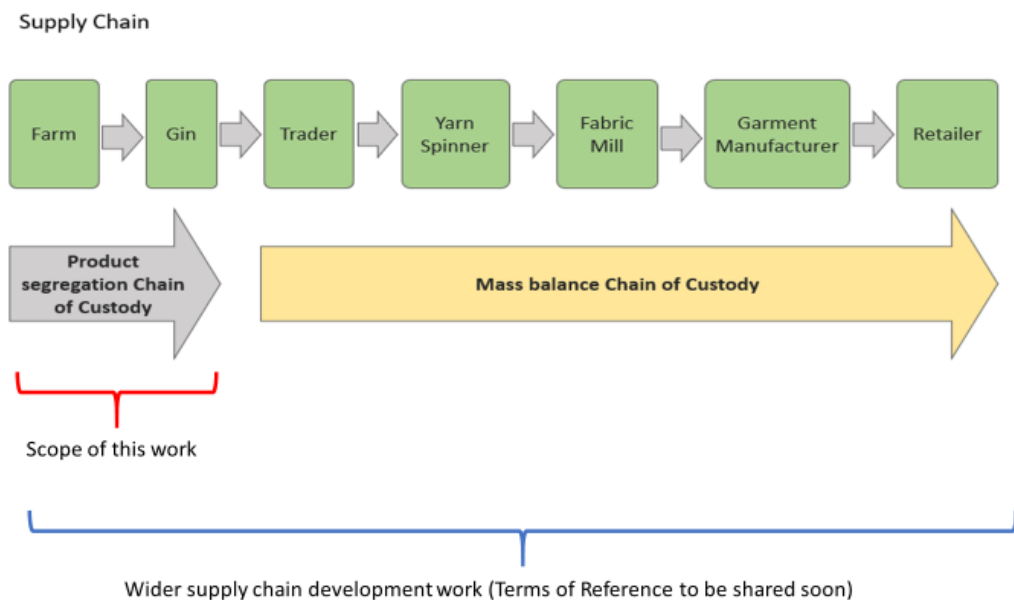


Diagram 1 Infographic representation of the scope of the farm to gin link traceability project.

## 2. Background

The Better Cotton Initiative (BCI) is the largest cotton sustainability programme in the world. We are truly a joint effort – encompassing organisations all the way from farms to fashion and textile brands, and civil society organisations – driving the cotton sector towards sustainability.

The Better Cotton Standard System (BCSS) is a holistic approach to sustainable cotton production which covers all three pillars of sustainability: environmental, social and economic. BCSS has 7 elements, and each of the elements – from the Principles and Criteria (P&C) to the collection of farm-level results data – work together to support continuous improvement at the field level and protect the credibility of Better Cotton.

BCI has two formal ways it interacts with the supply chain (in addition to regular direct staff engagement, training, etc): through our Chain of Custody (CoC) Guidelines which set out requirements for organisations in the supply chain who are buying or selling Better Cotton or cotton-containing products sourced as BCI orders; and through our online system Better Cotton Platform (BCP) for tracking purchases and sales of Better Cotton or cotton-containing products sourced as BCI orders and associated Better Cotton Claim Units (BCCUs). The BCI Chain of Custody Guidelines constitute the key framework that connects demand with supply of Better Cotton to help incentivise cotton farmers to adopt more sustainable practices.

The CoC Guidelines incorporate two different chain of custody models: product segregation at the beginning of the supply chain (farm to gin) and mass-balance after the gin stage (trader/ spinner to retailer brand). In the segregation method, the purpose is to ensure that Better Cotton is not mixed or substituted with conventional cotton. In the mass balance approach, the objective is to ensure that the quantity Better Cotton purchased does not exceed the quantity of Better Cotton sold by individual suppliers.

One of the key requirements for ginners in the segregation model is to ensure that all seed Better Cotton purchased can be traced back to licensed BCI Farmers. This can be challenging if ginners do not purchase Better Cotton directly from farmers. In some key cotton growing areas, such as India, Pakistan and the two river deltas of China, particularly where there are large numbers of smallholder farmers (with land ownership of less than 20 hectares), middlemen purchase and aggregate cotton from farmers and sell to the ginners. There are also markets where farmers sell their cotton to ginners through auction by authorized market committees, so traceability to licensed BCI farmers can be difficult to establish.

## 3. Aim and objectives

The project aim is to understand the challenges gins come across in tracing seed Better Cotton back to licensed BCI farmers so that solutions can be explored to improve the link between farm and gin.

The objectives of this research project are to

- Understand the different purchasing methods (focusing on indirect purchase) ginners use to purchase seed Better Cotton, and how these affect their ability to trace back to licensed BCI farmers;
- Gain an overview of the current practices that ginners use to trace back to licensed farmers and identify areas of improvements;
- Understand the different measures used by Implementing Partners to support ginners trace cotton back to licensed BCI farmers;
- Identify and explore potential technological and/or conventional solutions in improving the farm to gin link, covering costs and economic feasibility;
- Describe how these traceability tools can be used to measure progress against SDGs and ESG strategy/ sustainable finance policy.

Because of the country specific differences in how cotton is purchased, it is important to narrow down the geographical locations. Considering the number of smallholder farmers and the complexity of buying methods in India and eastern China, we will use two states (Maharashtra and Telangana) in India and two provinces (Shandong and Hebei) in China as an example for the case study.

## 4. Activities

The consultant will be required to explore the following activities:

- a. Develop an overview of all the purchasing methods (including the roles of middlemen and markets) in Maharashtra and Telangana in India, and Shandong and Hebei provinces in China, highlighting the key challenges in tracing back seed Better Cotton to farmers;
- b. Develop an overview of current practices practiced at gins in the selected locations in India and China to trace their purchase of seed Better Cotton to licensed BCI farmers, highlighting areas for improvements to ensure credibility;
- c. Examine the current practices of Implementing Partners (IPs) in the selected locations in linking farmers with ginners (this may include, training with farmers, sharing farmers details), identifying areas for improvements to strengthen the practices;
- d. Examine how other sustainability schemes address the issues of traceability back to smallholder farmers, using cocoa and sugar as examples (or any other commodities that have similar set-up as cotton farmers (note: cotton farmers are usually not tied with any specific gins as in the palm oil sector));
- e. Examine existing tracking technologies used in the textile and other sectors that can potentially improve farm to gin link, focussing on those that are applicable and technically feasible at farm level. The inventory should include a brief description of the technologies, their viability and scalability, costs and economic feasibility, and the potential funding models;

- f. Analyse whether BCI can adapt any processes used by sustainability schemes to address the issues of tracing back to smallholder farmers;
- g. Analyse whether and what, tracking technologies can potentially address the challenges identified in a farm to gin link, considering the potential implications of current practices conducted by gins in above point b. and Implementing Partners in point c;
- h. Describe whether and how tracking tools can contribute to measuring progress against SDGs and ESG strategy/ sustainable finance policy<sup>1</sup>;
- i. Provide recommendations on the next steps, which may include conducting field trial of some of the suitable technologies with BCI members (retailers/brands and their suppliers).

The above activities will be conducted in combination of desk-based research, interview with relevant stakeholders (BCI staff, Implementing Partners,<sup>2</sup> ginners, middlemen, farmers etc) and site visits to ginners and project areas wherever possible<sup>3</sup> by the consultant. BCI will provide background information on BCI and facilitate contacts with Implementing Partners, ginners and farmers to ensure that the consultant has access to relevant stakeholders to conduct the assignment. BCI staff may also participate in field visits to project areas and ginners.

## 5. Timeline

The consultant is expected to conduct the research between October and December 2020, with a first draft report due on by the 11 January 2021, and final report due by the 12 February 2021. The consultant is required to participate in a kick-off call in the beginning of October to discuss their ideas and plans to ensure that both organisations are aligned. Regular calls should also be scheduled to provide progress and discuss any issues arising during the update.

A tentative timetable is as follows:

<b>Timeline</b>	<b>Activity</b>
5-15 October 2020	Kick-off meeting with BCI
October – December 2020	Consultant to conduct the research including field visit <sup>4</sup> and stakeholder consultation

<sup>1</sup> Raw material traceability is one of the ESG indicators used in various initiatives such as SPOTT and CDP. Our project aims to explore technological and conventional solutions in improving the traceability between farms and gins, therefore, we would like the consultant to explore whether there is any linkage between the two.

<sup>2</sup> The number of Implementing Partners that the consultant needs to include in the research will be between 3 and 5 per states/ provinces. The final number will be confirmed before the start of the project.

<sup>3</sup> In light of travel restrictions in place as a result of coronavirus, we will assess if it is safe to conduct site visits to gins and project areas, if it is not feasible to carry out site visits then the consultant will gather information remotely.

<sup>4</sup> Field visit to China can be conducted in October. It is more appropriate to conduct field visit to gins in India in November and December as this is the start of ginning activities.

<b>Timeline</b>	<b>Activity</b>
5-15 October 2020	Kick-off meeting with BCI
By 11 January 2021	Consultant to submit first draft report
By 25 January 2021	BCI to submit comments
By 12 February 2021	Consultant to submit updated draft report
By 12 - 22 February 2021	BCI to review updated report and submit outstanding feedback
By 26 February 2021	Consultant to address any outstanding comments and submit final report
By 5 March 2021	Consultant to produce summary version of the final report

## 6. Deliverables

The consultant will produce a final written report based on the components (a to i) detailed in section 4. The report should contain:

- An executive summary of the main conclusions and recommendations (max 4 pages)
- Detailed analysis from the desk-based review, field visit and interviews
- Clear recommendations on next steps, particularly on how to address traceability when sourcing from middlemen and markets, and briefly describe whether and how traceability tools can be used to assess progress in achieving ESG strategy and/or SDGs.

Based on the final report, the consultant will also develop a summary version excluding any commercially sensitive information that is inappropriate to share publicly.

## 7. Competence requirements

The successful consultant will have the following qualifications/ experience (all are considered essential unless indicated as desirable):

- Demonstrated experience in supply chain/ chain of custody audits for sustainability standards in the agricultural and/ or forestry sector (preferred experience in CoC systems that are similar to BCI, i.e. segregation and mass balance modules).
- Appropriate technical expertise preferably with experience in developing and/or working with traceability/ chain of custody technologies for forestry or agricultural commodities (e.g. blockchain, DNA, isotopes)
- Demonstrated experience in working with upstream suppliers to demonstrate raw material traceability back to the sources.

- Fluent English with a demonstrated ability to produce high quality reports that are concise with clear objective evidence
- Demonstrated experience and knowledge working in agricultural commodity sectors in China and India, preferably with experience in the cotton sector (desirable)
- Ability to speak Mandarin, and local languages in India such as Hindi or any other regional languages like Gujarati, Marathi, Telugu or Punjabi (desirable)
- Appropriate experience in sustainable finance, especially on Environmental, Social and Governance (ESG) reporting including raw material traceability
- Previous experience with the Better Cotton Standard system or work with BCI and our members/ other stakeholders (desirable)
- Ability to develop creative solutions

## 8. Application


Proposals that respond to this Terms of Reference should be a maximum of 10 pages (excluding CVs), and include the following:

- Overview of relevant experience
- Proposed team names, along with CVs
- Proposed methodology, including plan to gather information if field visit to China or India is not feasible due to Covid-19
- Health and safety measures for field visit to China and India if no travel restrictions are placed in these countries
- Detailed and transparent budget, including time allocation and day rates (preferably in Euro) for each person working on this project
- Pricing including any applicable VAT and estimated expenses for travel to India and China for field visit. Please note a total of €25,000 – 30,000 can be used as an indicative budget.

Travel and expense costs will be reimbursed at cost.

Proposals will be evaluated based on quality and clarity of the proposed approach, relevant expertise and experience of the team member(s), alignment with the criteria set out in the ToR and overall cost effectiveness.

Any questions on the nature of this work may be directed to Joyce Lam, Supply Chain Integrity Manager at [joyce.lam@bettercotton.org](mailto:joyce.lam@bettercotton.org). We would appreciate it if interested



parties can indicate whether they intend to submit a proposal by the 11<sup>th</sup> September.  
Proposals should be sent to Joyce latest by Friday 18<sup>th</sup> September.