

FOM-Conference

FOM International CSR Research Conference


Implementing Sustainable CSR Management Solutions

Track 1, Session 1
Global Sustainability

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„Cotton made in Africa (CmiA) –
A global initiative of the Aid by Trade Foundation“

Dr. Ortrud Kamps, PhD, MA, FOM, Germany



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FOM Hochschule für Oekonomie & Management
Rheinauhafen Süd | Aggripinawerft 4 |
50678 Cologne | Germany

Cotton made in Africa

An Aid by Trade Foundation Initiative



Aachen 2013



Outline



Approach

Sustainability Actions

Outreach in SSA

Verification/Impact Assessment

Retail & Supply Chain

Dr. Michael Otto initiated Cotton made in Africa in 2005, after the WTO conference in Cancun collapsed



"Cotton made in Africa

is based on the principle of a Social Business, **improving the sustainable development of cotton farmers** in Africa and enabling international **companies to integrate sustainably produced cotton** successfully and profit oriented in their product design and marketing."

Dr. Michael Otto

Founder / Chairman of the Board of Trustees,
Chairman of Supervisory Board of the Otto Group



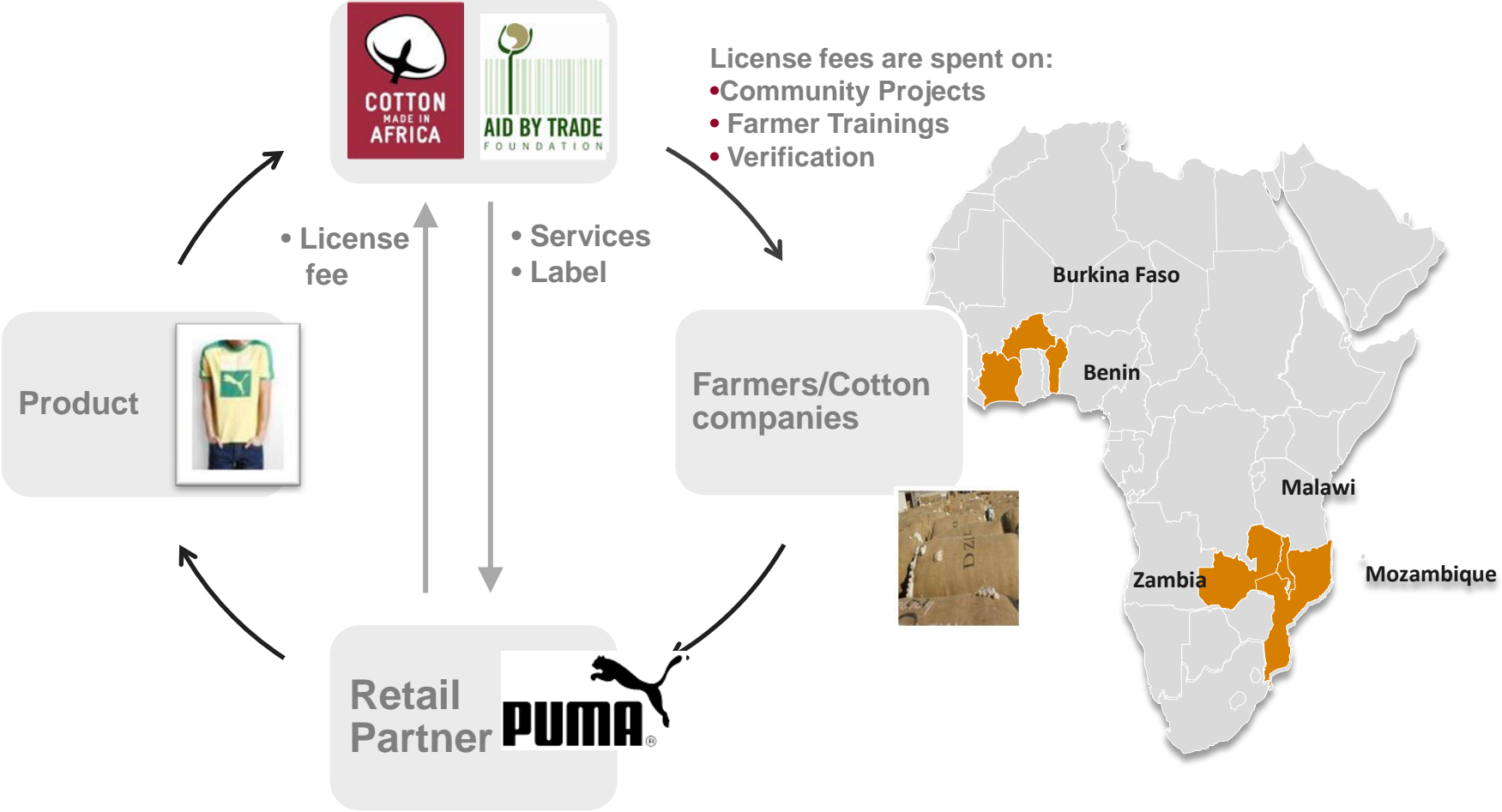
Aid by Trade Foundation

Mission:

Improve livelihoods and support environmental protection in developing countries through trade.

Support sustainable production of agriculture and forestry products and support regional process chains to keep value added in the production countries

The Aid by Trade Foundation markets the CmiA cotton and spends the earnings on generating social impact in Africa



Finance & implementation support



CmiA's mission is to improve the living conditions of smallholder cotton farmers in Africa

Average cotton farmer in Sub Sahara Africa *



Income:

- Ø daily per capita income is 1.11 USD * *
- Ø Share of cotton in total cash income is 47 %

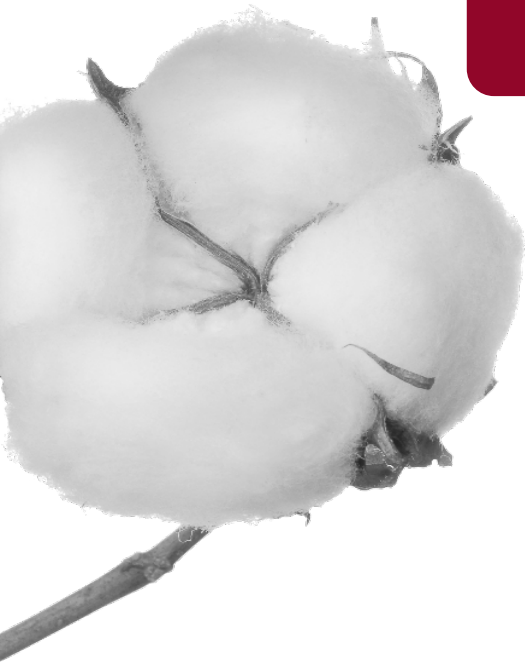
Household:

- Ø household size is 7.9
- Ø farm size is 7.9 ha
- Ø Share cotton field of total farm size is 29 %
- Ø cotton yield are between 250 and 450 kg/ha
- Ø 31 % of households reported hungry season
- Ø 65 % of children complete primary school education

* Cross County Comparison from COMPACI Baseline Surveys, by NORC at the University of Chicago

** Using PPP, Worldbank figures adjusted by inflation

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Cotton made in Africa creates sustainability in three areas

People



Social:
Percentage of children
who complete schooling

- **Exclusion of worst forms of child labor** (according to ILO conventions)

- Improvement of **educational infrastructure** in the project areas
- **Health & Safety**

Planet



Ecological:
Water use and
soil fertility

- **Water management**, using only rainwater for cultivation

- **Stimulate crop rotation**

- **Integrated pest management**

- Preservation of **soil fertility**

- **No deforestation** of primary forests

Profit



Economic:
Farmers' incomes

- **Higher income for farmers** through higher yields

- **Punctual payments** thus **reliable income**

- Transparent and **fair contracts** with cotton companies

- „**Paybacks**“ from licensing income

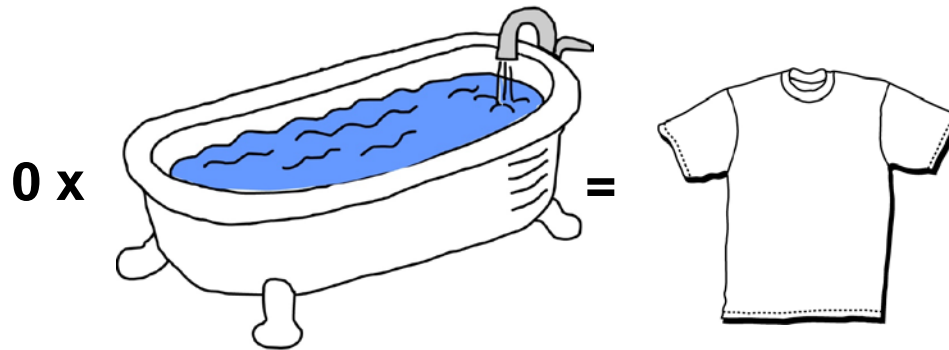
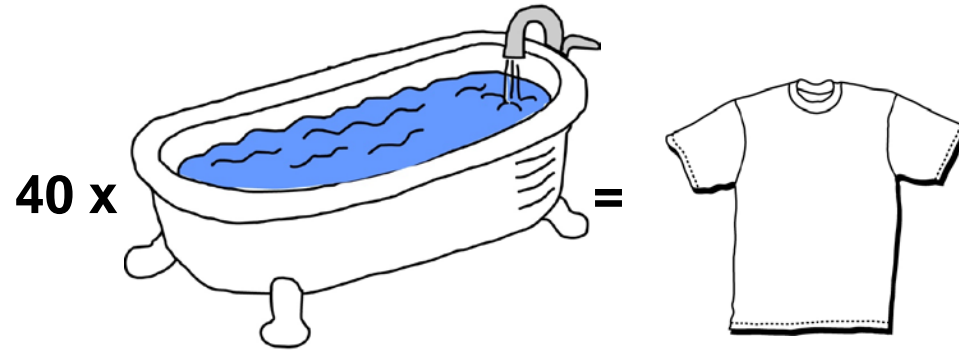
Environmental Actions

Agro-Chemicals	Soil Fertility	Water	Biodiversity
<ul style="list-style-type: none">• Exclusion of pesticides banned under the Stockholm Convention and the Rotterdam Protocol• Exclusion of pesticides classified by WHO as hazardous*• Reduction of leeching into ground and surface water• Optimization of pesticide application	<ul style="list-style-type: none">• Construction of compost pits• practice main elements of conservation farming• Stipulate crop rotation (minimum three crops)	<ul style="list-style-type: none">• Maintaining surface water and streams• Increasing water storage capacity of soil• Reduction of water utilized for pesticide application and leeching of agro-chemicals in the ground and surface waters	<ul style="list-style-type: none">• Exclusion of cutting primary forest or destruction of other forms of protected natural resources• Stipulate crop rotation (minimum three crops)

* extremely hazardous Class 1a or highly hazardous Class 1B

40 bathtubs of water (= 2.000 l) versus zero surface water – CmiA is by far the more water efficient way to produce cotton

Flood irrigation



- **Rainwater-fed**
- **Training in water management**



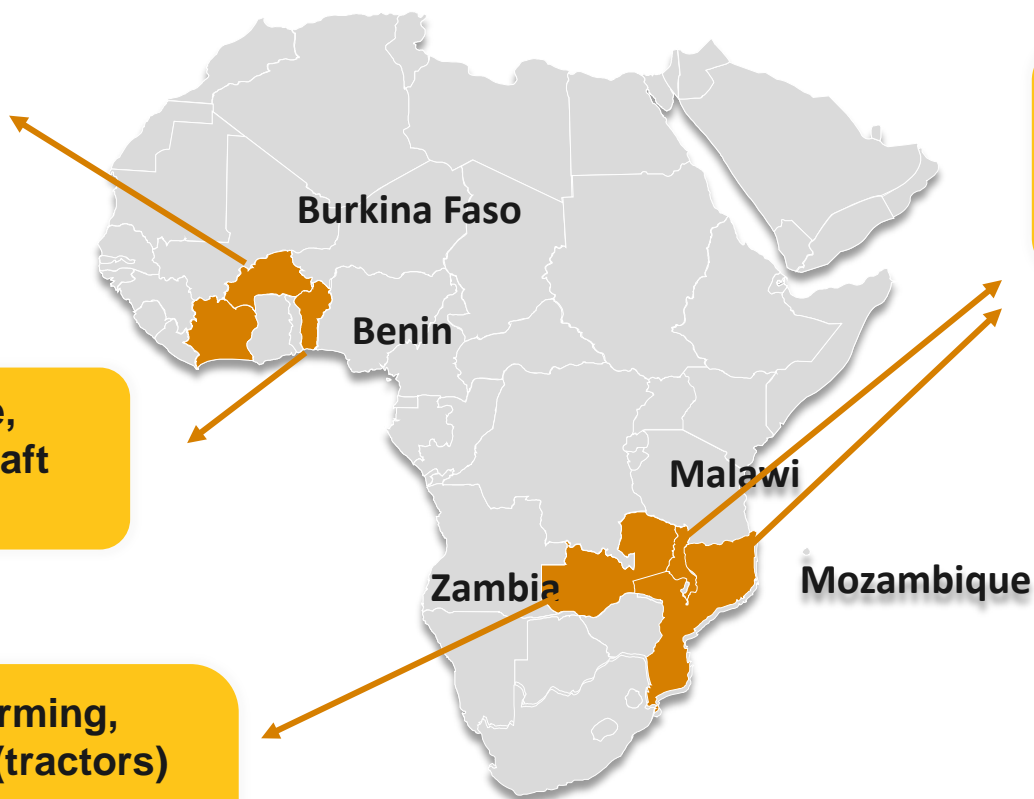
No one-fits-all technological package to improve yields and ecological effects

Compost pits and stone walls against erosion

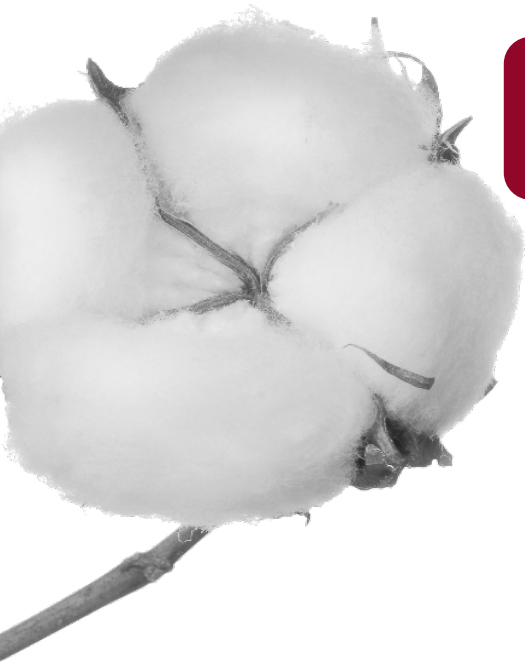
Seed improvement and introduction of foliar fertilizer

LEC technique, guidance of draft animals

conservation farming, mechanisation (tractors) plus stepwise introduction of mineral fertilizer



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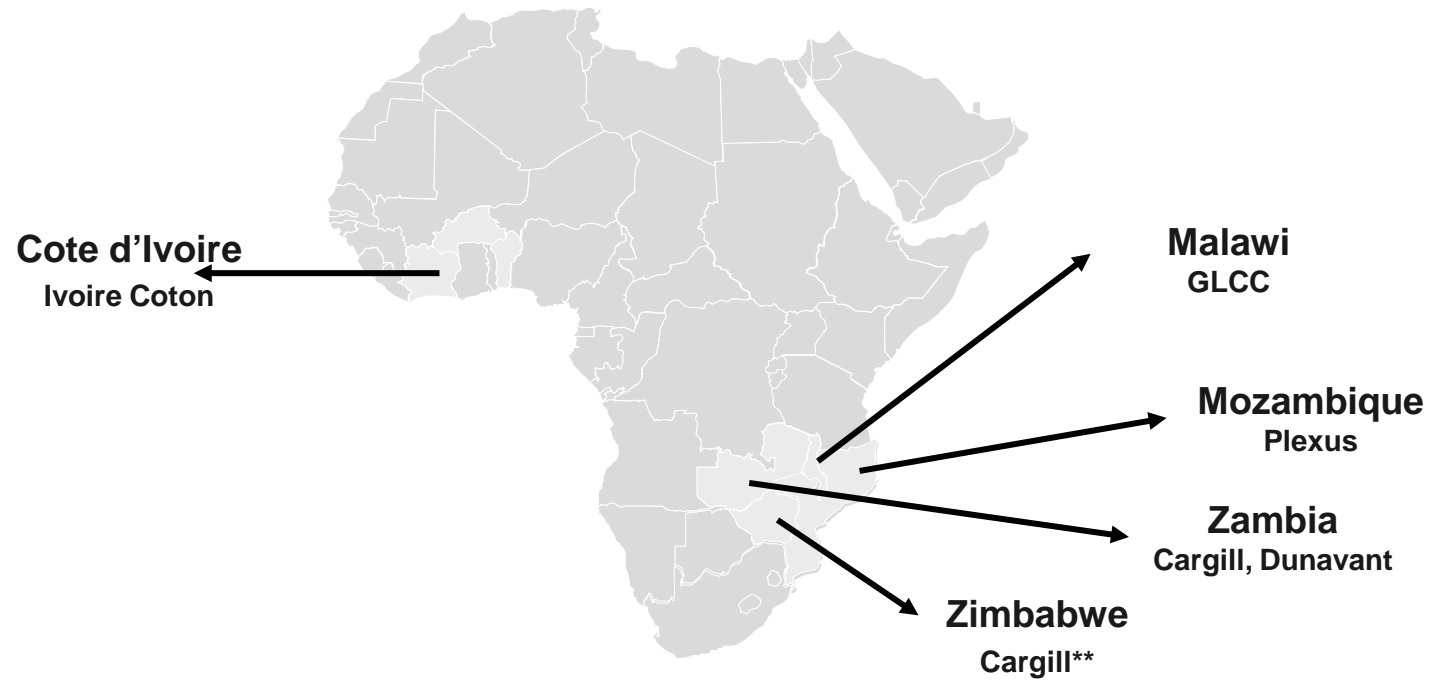


Outreach: Facts and Figures

Outreach*

2012

No. of farmers	435,000
No. of direct dependants, e.g. family members	2,800,000
Acreage (in ha)	564,000
Total verified yield seed cotton (MT)	393,000
Amount of verified lint cotton (MT)	163,000



*Data was gathered by the 31/01/2013 cut-off date.

West Africa: Harvest January 2012; East Africa: Harvest June/July 2012.

**Data from Zimbabwe will be integrated into calculations starting with the 2012/2013 campaign, as it joined CmiA in November 2012.

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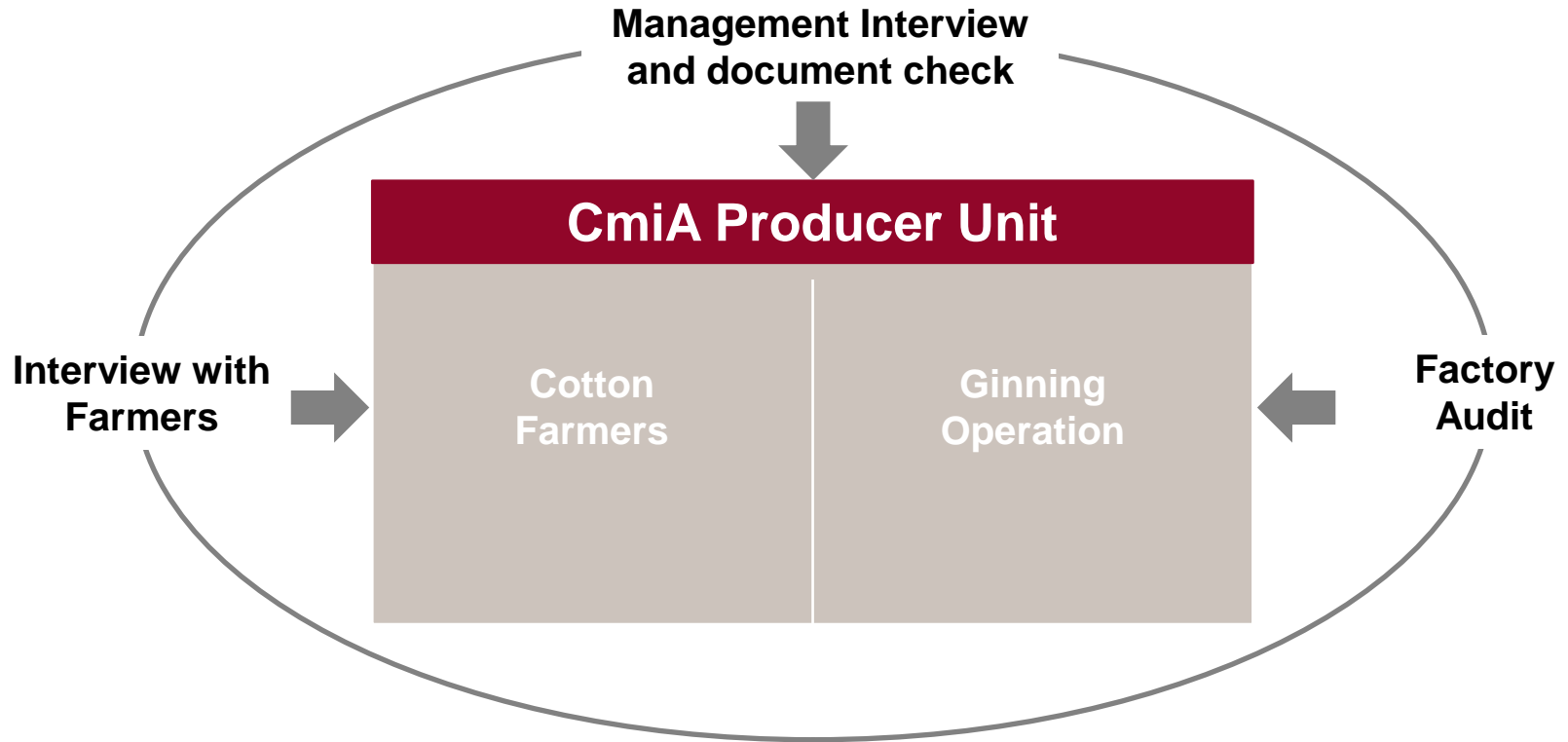
Verification/Impact Assessment

Retail & SupplyChain



Compliance check

Third Party (EcoCert, AfiCert) checks every two years that the CmiA Producer Unit operates in compliance with the CmiA Standard and ranks the progress according to a traffic light system.



Results from mini-surveys/ measuring impact *

Benin and Burkina Faso were the first countries where the CmiA standard was implemented in 2007/2008. Therefore it was possible to do impact surveys while comparing the performance of CmiA farmers and non-CmiA farmers (control groups).

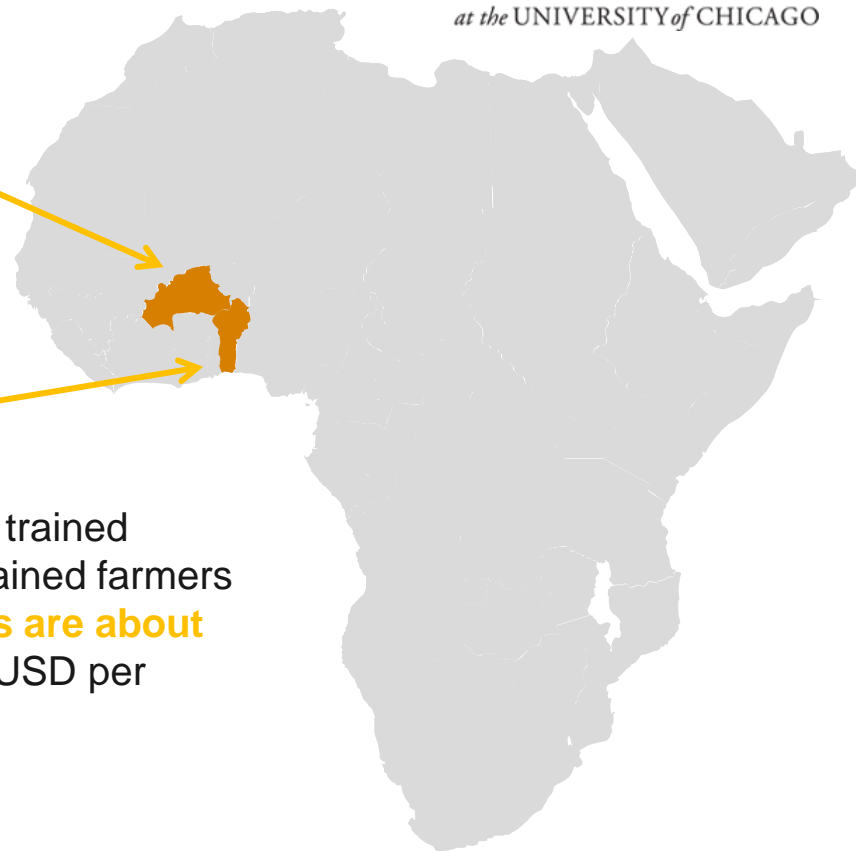
Burkina Faso

- training / use of compost **increased cotton yield by 24%**
- increase in revenues from cotton
- increased yields in food crop production.

Benin

- **yield** increases of **14%** for trained farmers compared to non-trained farmers
- Related **income increases are about 35%** or between 62 and 86 USD per hectare.

NORC
at the UNIVERSITY of CHICAGO



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The demand alliance is the engine that drives the success of Cotton made in Africa



Licence fee

-
- Farmers:
 - + Training
 - + distribution of surpluses
 - + School and infrastructure projects

otto group

anvil
Quality Activewear®

Tchibo
A new experience every week

TOM TAILOR

s.Oliver®

PUMA

REWE GROUP

Long lasting, positive effects are created when producers and retailers can both profit from their commitment

COTTON MADE IN AFRICA

Fahim, 48:

"Now that I can sell my cotton through CmiA, it has made many things much easier."

Kandi, Benin

Benin
Kandi
Porto Novo

[Learn more](#)

- **Healthy soils and environment**
- **Less inputs -> less costs**
- **Higher yields -> higher income**
- **Reliable partners**
- **Access to education for farmers and their children**

COTTON MADE IN AFRICA

"The use of African cotton makes our Africa collections even more authentic, and thus more desirable." [learn more](#)

Jochen Zeitz
CEO of PUMA AG

- **Purchasing price with no premium**
- **Verified, robust standard**
- **Supply chain support**
- **Multiple communication possibilities**

The Global Sourcing department offers multiple services to CmiA's retail partners

- **Local support for merchandisers and traders in order to build up the supply chain for CmiA production**
- **Workshops introducing CmiA sourcing system for retailers and their import organizations**
- **Workshops in the RGM production countries**
- **Support in sourcing CmiA cotton wherever needed**
- **Market information for price transparency and overview of sources**
- **Introduce new spinning mills to CmiA**
- **Ensure transparency of the cotton flow**

Currently there are 16 CmiA spinning mills in 7 production markets



Retailers use CmiA verified Cotton on a volume based fee model and communicate either on a corporate or product level



Chain of Custody Verification

Mass Balance Check (MB)



Corporate Level



Corporate & Product Level

Identity Preserve Check (IP)

Communication

Cotton made in Africa Licence model

Partner can choose between 3 alternatives in the context of a 3-year partnership agreement:

	Annual Fee	+	Volume Based Fee
A	5.000 €	+	0,10 €/pc 0,15 €/kg
B	50.000 €	+	0,05 €/pc 0,10 €/kg
C	Flat Fee Agreement based on specified volume		

License fees are spent on generating social and ecological impact in Sub-Saharan Africa



- **Verification**
Ensuring the claim for Cotton made in Africa through third-party verification



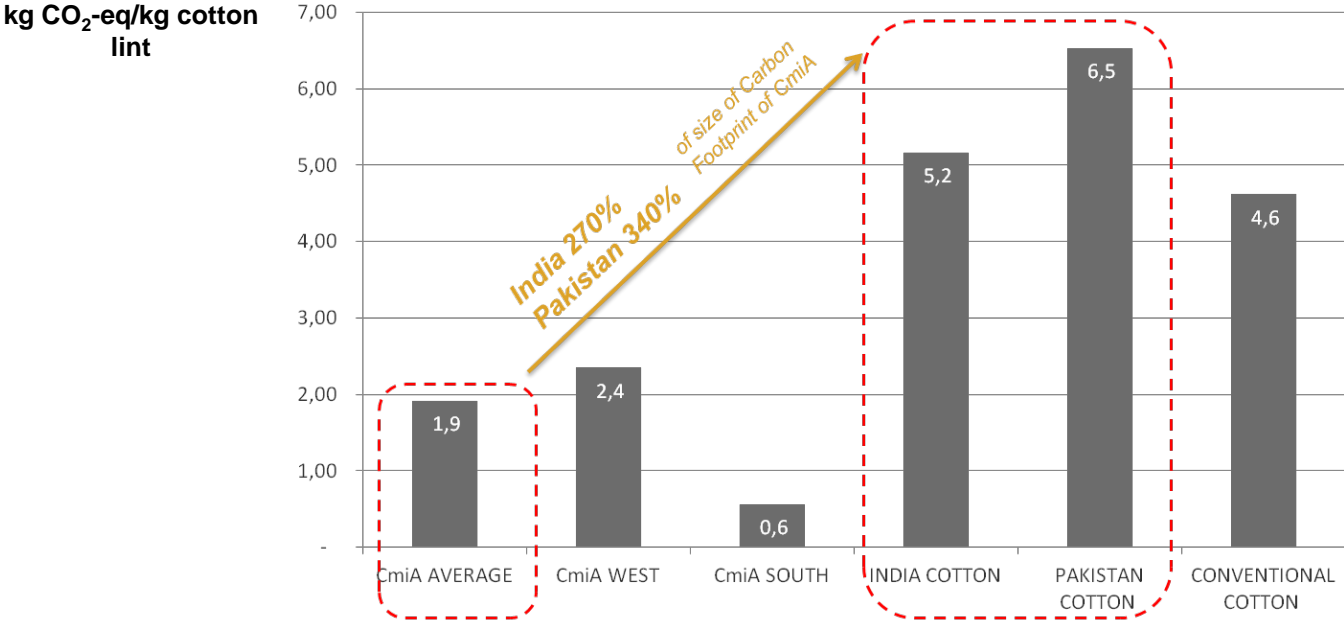
- **Farmer trainings** in efficient and environmentally sound farming methods



- **Community Projects** (PPP projects) creating social value for the producer's villages as well as practical demonstration of corporate responsibility

Low Impact Cotton (ENVIRONMENT): CmiA Eco-Footprint

The Carbon Footprint of CmiA (west and south) is up to 3 times smaller than the Footprint of cotton from Pakistan and India

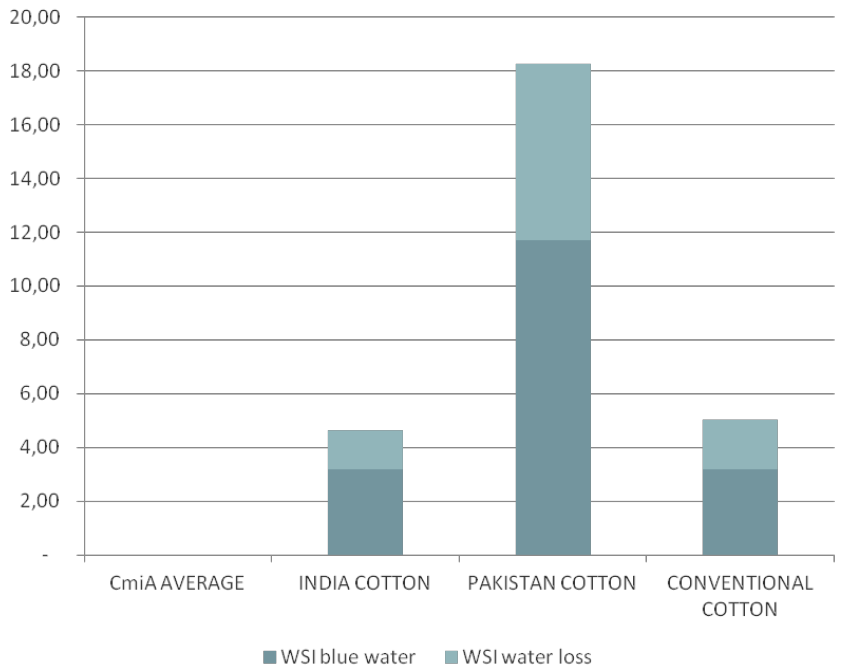


CO2-EQ PER KG COTTON LINT PER COUNTRY AND REGION

Low Impact Cotton (ENVIRONMENT): CmiA Eco-Footprint

CmiA has a considerable advantage with regard to the use of water potentially damaging the environment

m3 water (stress weighted) /kg cotton lint



- **CmiA**
No irrigation – leads to no potentially harmful water consumption
- **CONVENTIONAL COTTON**
Potentially harmful water consumption:
5 m3 water/kg cotton lint
- **PAKISTAN**
79% share blue water, 44% irrigation efficiency, water stress Index 96,7%

STRESS-WEIGHTED WATER CONSUMPTION PER KG COTTON LINT

Thank you



MILESTONES

