



State of
Sustainability
Initiatives

A Blueprint for Enabling Sustainable Commodities

Voluntary Sustainability Standards and the Cotton Sector

Commentary Report

November 2016

Mainstreaming Sustainable Markets

The turn of the century saw the rise of single-sector voluntary sustainability standards (VSSs) focussed on achieving scale for mainstream markets (Komives & Jackson, 2014; Potts et al., 2014). The Roundtable for Responsible Soy (RTRS), the Roundtable for Sustainable Palm Oil (RSPO), Bonsucro and the Better Cotton Initiative (BCI) are a few examples of such VSSs that have brought stakeholders together for enabling sustainability within specific supply chains.

Propelled by private sector commitments to sourcing sustainable materials, single-sector VSSs have captured a significant market share, having reached double digits in some sectors (Komives & Jackson, 2014; Lernoud et al., 2015; Potts et al., 2014; Supply Change, 2015). For example, the RSPO certified 17 per cent of palm oil production in 2016 and BCI produced 11.9 per cent of total cotton produced in 2015. In addition, the coffee sector is poised to become the first sustainable commodity having reached 40 per cent standard compliant production in 2012, with the 4C Association leading the way with 22 per cent of the market share (Ellie Gaffney, personal communication, August 15, 2016; Potts et al., 2014; Roundtable for Sustainable Palm Oil, 2016).

To achieve scale for mainstream markets, some single-sector VSSs have established more accessible programs for farmers. A lower barrier to entry has resulted in greater volumes of sustainable production with the ultimate goal of making sustainability mainstream. Many of these single-sector initiatives have been growing in the more

developed economies, where better equipped farmers are more easily found, as opposed to least-developed countries where their uptake could have greater benefits among poorer farmers (Potts et al., 2014).

The Cotton Sector and Voluntary Sustainability Standards

The cotton sector provides an exception to this observation. The major VSSs are now working in concert to overcome many of the sustainability challenges facing the sector, such as the misuse of pesticides, water overconsumption, maintaining cotton varieties threatened by the proliferation of genetically modified organisms (GMOs)¹, as well as staving off gender inequality and preventing child labour. Shifting cotton cultivation towards more sustainable modes of production is an important sustainable development opportunity, as it remains an important cash crop for many smallholders and is an important raw material for the textiles and clothing industry², employing tens of millions of people globally (International Labour Organization, 2014)³.

The notable VSSs operating within the cotton sector—International Federation of Organic Agriculture Movements – Organic International (Organic), Fairtrade, BCI and Cotton Made in Africa (CmiA)—have seemingly

¹ Over 75 per cent of cotton production originated from GMO varieties in 2012 (Potts et al., 2014)

² Cotton represents approximately 30 per cent of the fibres used in the textiles industry (Potts et al., 2014).

³ The textile and clothing industry employs over 21 million people across the top 28 producing countries (International Labour Organization, 2014).

taken on complementary roles with their sustainability efforts. Organic and Fairtrade, actively working in the cotton sector for decades, have raised the cotton farming sustainability ceiling to ensure that farming operations protect the environment and provide farmers and labourers with fair compensation. BCI is working on raising the sustainability floor by establishing an accessible program for cotton farmers to work towards continuous improvement. CmiA is working with cotton farmers that are most in need of capacity building and development so they can also contribute to establishing a sustainable cotton sector. Together their efforts provide a blueprint for VSSs working in a complementary fashion to shift the commodity sector towards sustainability.

Raising the Sustainability Ceiling

Organic and Fairtrade have been working in the cotton sector for decades, establishing niche markets for cotton-based products. Together, they represented approximately 0.5 per cent of the global cotton production in 2012/2013 (Laine, 2015c). Organic and Fairtrade have strengths in enabling sustainability by focusing on the environmental and socioeconomic aspects of cotton cultivation respectively. For this reason, they are deemed to be complementary and well suited for double certification (Organic Cotton, n.d.).

Organic Cotton focuses on enabling a more environmentally sustainable approach to cotton cultivation by requiring less harmful farming practices to the natural environment, such as using organic fertilizers and banning the use of synthetic pesticides and non-GMO cotton varieties. To this end, it has developed a rigorous standard that must be met for farming operations to become certified organic. Fairtrade has focussed on providing farmers and labourers with a fair wage by implementing a minimum return plus potential premiums for their efforts. Enabling farmers to get a fair compensation for their harvest has buffered them against the market volatility that the cotton sector has experienced over the last 10 years, with cotton prices dropping since 2010 as synthetic fibres have captured more market share in the textiles sector (Fairtrade Foundation, 2012; Sette, 2015). Both Organic and Fairtrade demand environmental and socioeconomic production requirements from the cotton farmers they certify.

The production and consumption of certified organic cotton dates back to the early 1990s (International Trade Centre, n.d.).⁴ Fairtrade cotton, which started in 2004 with African and Indian farmers, was first available in France and the UK in 2005 (Fairtrade Foundation, 2012). Although both organic and Fairtrade cotton have

experienced periods of growth, demand has recently dropped (Lernoud et al., 2015; Organic Cotton, n.d.). The expansion of organic and Fairtrade has been challenged in part due to the rapid proliferation of GMO cotton, which has led to the abandonment of once readily available non-GMO varieties. Furthermore, the more hands-on and mechanical approach to growing organic and Fairtrade cotton has been replaced by synthetic-input-intensive approaches to secure yields.

Despite the market challenges faced by Organic and Fairtrade, both these VSSs have raised the sustainability ceiling in the cotton sector by implementing rigorous standards to strive towards. Their proliferation in the food sector has been more straightforward due to the direct negative health impacts (both acute and chronic) that synthetic inputs could potentially have on consumers, as opposed to the potential health risks of skin contact with fibres. As GMO crops face emerging challenges, such as resistant pest outbreaks, Organic and/or Fairtrade-certified cotton may experience a resurgence (Deshpande, 2016). Furthermore, farmers adopting less stringent VSSs take steps towards becoming Organic and/or Fairtrade certified. Nevertheless, for Organic and Fairtrade to remain important VSSs in the cotton sector, market signals for their product will have to strengthen.

Raising the Sustainability Floor

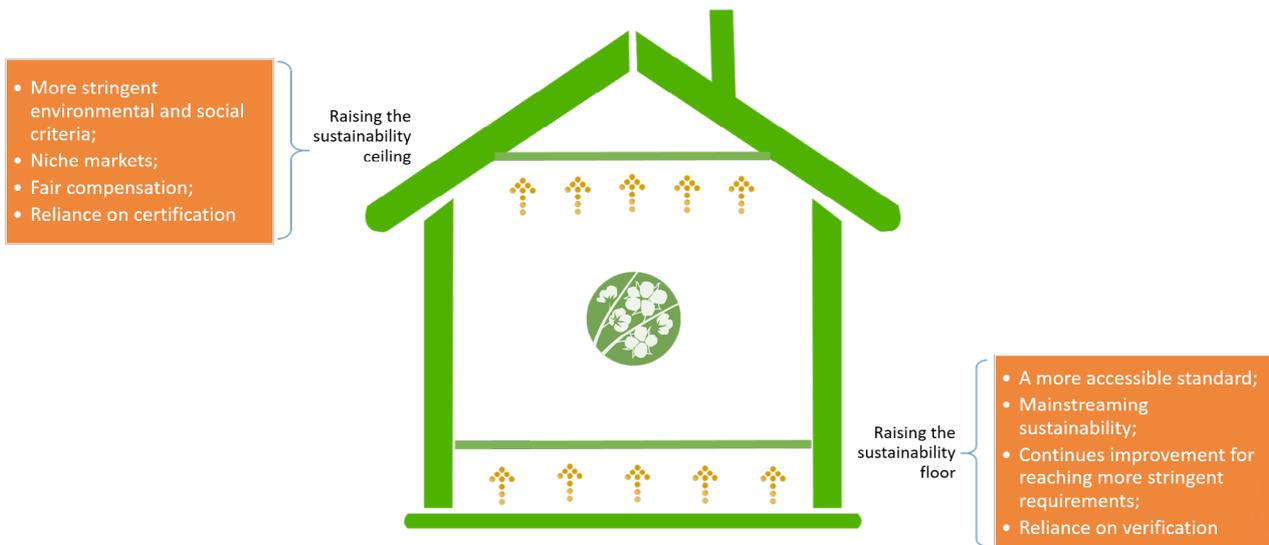
The BCI program, established in 2005, has grown substantially, capturing almost 12 per cent of global production in 2015 (Laine, 2015a). The rapid growth of the BCI program is in part due to its less stringent requirements, which enable farmers to access it more easily (Laine, 2015a). Providing cotton farmers with greater access is justified by BCI because it is accompanied by an expectation program that enables and requires farmers to continuously improve their cotton

Did you know?

Around the turn of the century, synthetic fibers surpassed cotton as the most consumed fiber for textiles with its share dropping to almost 30 per cent between 2010 and 2015 (Sette, 2015). Competing with synthetic fibers is difficult due to their flexible properties and lower prices (Sette, 2015). Nevertheless, cotton remains a ubiquitous fiber found in a variety of products due to its comfort and longevity. It is also a renewable fiber deemed more environmentally friendly than fossil fuel derived synthetics, with potential to alleviate poverty among smallholder farmers (750 million poor people worked agriculture in 2010) (Sette, 2015).

⁴ Demand for organic cotton dropped by 35 per cent in 2010/2011 (Organic Cotton, n.d.).

Shifting the cotton sector towards sustainability



production practices over time. This approach has led to some success—for example, in 2014, BCI reported that farmers in Pakistan saw, on average, 46 per cent higher profits than comparison farmers due to increased yields and decreased water, pesticide and synthetic fertilizer use (Ellie Gaffney, personal communication, August 15, 2016).

BCI aims to capture 30 per cent of the cotton market by 2020, which they believe will be a tipping point for shifting the cotton sector towards mainstream sustainability (Laine, 2015b). In this way, BCI is working toward raising the floor of sustainability within the cotton sector. BCI has expanded significantly in more developed economies: 38 per cent of its production originated from Brazil in 2014. It has also made important inroads in Pakistan and India, where VSSs can have important sustainable development impacts. BCI reached 270,000 cotton farmers in India alone in 2014.

BCI's big tent approach has resulted in collaboration with the other cotton sector VSSs. BCI collaborates with Organic and Fairtrade on a number of different fronts. CmiA, my Best Management Practices (myBMP) in Australia and Algodão Brasileira Responsável (ABR) in Brazil have formed strategic partnerships with BCI in which the standards are benchmarked, allowing BCI to recognize these standards as delivering "Better Cotton."

Although the level of ambition under the BCI standard appears to be somewhat lower than other standards in the sector, as dictated by the rigor and coverage of its requirements (Potts et al., 2014), a more accessible BCI program leading to greater volumes may result in more overall sustainability benefits compared to more stringent programs producing lower volumes. It must also be noted that BCI is a business-to-business initiative that relies on

verification to ensure compliance with their program—a practice that is deemed less rigorous than certification.⁵ By offering cotton farmers a more accessible standard and by working more closely with the other VSSs in the sector, BCI plays an important role in driving the cotton sector towards mainstream sustainability.

Accessible Sustainable Cotton Markets

CmiA, established in 2005, focuses on enabling sustainable cotton production in sub-Saharan Africa. This region has the lowest human development index in the world and, consequently, can benefit the most from sustainable development efforts (United Nations Development Programme, 2015). Although some of the highest-quality cotton is grown by African farmers (long-staple cotton with high fibre strength), they have struggled compared to their counterparts from more developed countries.⁶

On the supply side, CmiA is supported by the Competitive African Cotton Initiative (COMPACI), an initiative financed by the Bill & Melinda Gates Foundation, German Federal Ministry for Economic Cooperation and Development and AbTF/CmiA, and implemented by Deutsche Investitions und Entwicklungsgesellschaft (DEG) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). It builds the capacities of African cotton farmers to shift their farming practices towards sustainability and enable them to participate in the

⁵ "To verify compliance throughout BCI's one-year licence period, all BCI-compliant enterprises are required to undergo verification audits, with all verification audits performed by third-party auditors" (Potts et al., 2014, p. 28). Verification, although conducted by third parties does not have the same level of independence as certification.

⁶ Some of the challenges that African cotton farmers are facing include a need for capacity building and access to farming equipment to improve yields; limited infrastructure for accessing farming inputs, supplies and markets; and difficulty competing with countries offering farming subsidies.

CmiA program. On the demand side, CmiA is supported by an alliance of international textile companies that are supplying consumers with sustainable cotton products. Today, approximately 30 per cent of all cotton produced in sub-Saharan Africa is certified CmiA cotton (T. Stridde, personal communication, August 21, 2016).

With partners such as the Otto Group and Jack and Jones, CmiA has enabled the development of cotton-based products with a “Cotton Made in Africa” consumer-facing label that communicates a commitment to support African cotton farmers via their products (Otto Group, n.d.; Scarano, 2016). For instance, the Otto Group advertises on its web shop various garments in their “Good Product” line as derived from cotton made in Africa, which supports smallholder African farmers. Consumers searching for more information beyond the geographical origin of the cotton they purchase are pleased to find that CmiA is not only supporting the livelihoods of African cotton farmers and protecting the environment (reducing toxic chemical use, water and greenhouse gas emissions), but also development projects within their communities.

COMPACI, established in 2009, provides capacity-building support to Africa cotton farmers. Their activities revolve around training for agricultural operations, establishing farmer business schools, working on gender equity and enabling farmers access to microfinance.⁷ COMPACI has made important progress building the capacity African farmers to undertake more sustainable forms of cultivation practices, enabling them to access sustainable markets such as the one offered by CmiA.

By establishing a sizable supply of sustainably produced cotton within the continent, CmiA, alongside and in partnership with other VSSs, is providing the foundation for establishing an African-based sustainable textiles and clothing industry. From cotton cultivation to the manufacturing, marketing and sale of various cotton-based products, a sustainable African-based textiles and clothing sector could be a catalyst for the development of associated industries. For instance, the manufacturing of apparel often requires zippers, buttons, dyes, etc., which could also be produced in Africa. As sustainability continues to emerge as a business advantage, positioning Africa as the hub of the sustainable textiles and clothing industry offers the continent great promise for creating employment and enabling sustainable development. The importance of CmiA to shift the cotton sector

towards sustainability cannot be overstated. By working with the cotton farmers that are most in need, CmiA is ensuring that sustainable cotton markets remain accessible to them. This has required indispensable capacity-building efforts by COMPACI and adaptability by CmiA to remain relevant to changing African cotton cultivation practices. For instance, the introduction of GMO cotton in Burkina Faso prompted CmiA to develop additional provisions within its standard, once focussed on smallholder non-GMO cotton, to accommodate GMO cotton varieties.

Towards a Sustainable Cotton Sector

Shifting the cotton sector towards sustainability is an important opportunity, as it has clear advantages over synthetic fibres that have overtaken cotton in the textile industry for almost two decades (Sette, 2015). With the details of a global climate change agreement still being worked on, sustainable cotton is a low-carbon-emitting fibre with many potential co-benefits for the world to rely on (Food and Agriculture Organization, 2009).⁸ Some of these co-benefits include a source of rural livelihoods, improved food security from cottonseed oil and better reusability, recyclability and degradability as an organic fibre. Furthermore, as an important share of the world’s cotton production continues to be grown by smallholder farmers, sustainable cotton is a fibre with important sustainable development potential, as it can fulfill a number of the sustainable development goals adopted by the United Nations in 2015.⁹

Taken together, CmiA, BCI, Fairtrade and Organic cotton have set the stage to move the cotton sector further and faster towards becoming a sustainable commodity. Organic and Fairtrade have raised the sustainability ceiling in the sector by establishing niche markets for cotton products that are free of environmental and social exploitation. BCI emerged later, establishing a more accessible standard with the promise of continuous improvement to raise the floor of sustainability by reaching a tipping point in the market to shift the entire cotton sector towards more sustainability. CmiA is contributing to maintaining an inclusive sustainable cotton sector by providing African cotton farmers with access to sustainable cotton markets. The complementary roles undertaken by prominent VSSs in the cotton sector provides a potential blueprint for other VSS efforts, to shift their commodities towards sustainability.

⁷ COMPACI’s offers training in basic agricultural techniques, conservation agriculture to enhance soil fertility, integrated pest management, pesticide use and handling, cotton ginning according to CmiA criteria, farming business practices and building the capacity of female farmers. COMPACI has also established a number of farmer business schools where farmers are taught business-planning measures to better manage their operations. Lastly, COMPACI enables access to microfinance for farmers by establishing micro-banks.

⁸ The Food and Agriculture Organization maintains that, depending on the cultivation method, cotton fibre has a relatively lower carbon footprint than synthetic fibres.

⁹ SDG 1 – no poverty, SDG 2 – zero hunger, SDG 12 – responsible consumption and production and SDG 13 climate action (United Nations Department of Economic and Social Affairs, 2015).

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