BCI IMPACTS PUBLIC SYSTEM REPORT

January 2017

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1. Summary

BCI is committed to measuring sustainability improvements everywhere Better Cotton is produced and to evaluating the environmental, social, and economic impact of the Better Cotton Standard System.

The annual collection of Results Indicator data is at the core of BCI's M&E system. BCI's Results Indicators quantitatively measure differences between Better Cotton farms and conventional farms, and the requirement to report is integrated into the Better Cotton Assurance Program. Data is collected every season from a representative random sample of participating smallholders, and from all medium and large farms. In addition to the data recorded by Better Cotton farms, BCI collects data from farms using conventional methods in order to make a comparison.

BCI also commissions independent outcome evaluations to fulfil part of BCI's plan to conduct evaluations of a select group of projects on an annual basis. These formative performance evaluations focus on the outcome level and inform BCI and its implementing partners about progress made to date and enable project improvements to be made. The evaluations are meant to contribute to an environment of learning and promote accountability of performance. Value added also comes from lessons learned and recommendations, which will be used by BCI to improve its standard, assurance program, and guidance to implementing partners.

The next step for our M&E System is to progress towards measuring impacts through scientifically conducted, independent Impact Assessments. By 'impact', we mean the positive and negative long-term effects resulting from the implementation of a Better Cotton Standard System, either directly or indirectly, intended or unintended (from the ISEAL Impacts Code, adapted from OECD Glossary). Impact takes time to achieve and measure, but BCI has already commissioned studies and partnered with academic institutions to seek greater understanding of the impact of Better

Cotton on the people who produce it and on the environment. Two Impact Assessments have been launched in 2014 and 2015, and progress and findings will be shared as they become available.

2. Scope and Boundaries of the M&E System (5.2.1)

The Better Cotton Initiative exists 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. **BCI aims to transform cotton production worldwide by developing Better Cotton as a sustainable mainstream commodity.**

The M&E system, which monitors the outputs, outcomes, and impacts of the implementation of the Better Cotton Standard and BCI's work with the textile supply chain and market, is central to measuring progress towards this vision of success. BCI is positioned as the convener, building alignment across the sector and strengthening trust and transparency. More specifically, BCI:

- **Facilitates multi-stakeholder dialogue**
- **Sets the blueprint for Better Cotton through its Principles and Criteria**
- **Offers tools and processes to support knowledge, understanding, and trust** by:
  - Overseeing the assurance programme;
  - Managing traceability systems;
  - Monitoring claims; and
  - Measuring results and impact.

BCI has a role to play in the farm and market spheres, as well as engages in targeted action in the supporting policy environment and textile supply chain.

Farm
- **Direct and manage quality capacity building**, which is conducted by qualified Implementing Partners.
- **Promote continuous improvement at farm level**, leveraging a global Community of Practice that facilitates exchange of learning among cotton stakeholders.
- **Co-manage the Growth and Innovation Fund (GIF).** The GIF brings together financing from Retailer & Brand members matched with institutional donor funds and redistributes it to farm-level projects – covering costs of extension services for farmers and implementation of the assurance program.

Market
- **Educate retailers and brands** about the importance and value of Better Cotton via the business case.
- **Assist retailers and brands in mapping and engaging their supply chains** and promote Better Cotton more broadly across the industry.

Supply Chain
BCI plays a critical role in linking supply and demand to activate the supply chain. This includes developing and managing the online mass-balance traceability system – the Better Cotton Tracer.
- Train and support supply chain actors (gins, spinners, traders, garment manufacturers, cut-and-sew) to participate in the Tracer, allowing end-to-end traceability.

Supporting Policy Environment
- Engage in and encourage advocacy activities to promote sustainable procurement and trading policies.
- Conduct benchmarking processes in countries with an appropriate and relevant standard or programme.
- Engage and support local and national governments to integrate BCSS into its cotton policies, regulation, and extension services.
- Support organisations in mapping out funding opportunities (e.g. PPP, CSR, regional development banks).
- Advocate to governments for financing for implementation of BCSS (or equivalent standard/programme).

The expected Impacts (in italics) and associated outcomes (with bullet points) of these interventions are listed below:

Intended Impacts on the Farm and in Cotton-Producing Communities
Economically Viable (Profitable)
- Increased profitability through cost savings, higher productivity, and a higher quality product.
- Farmers choose to grow cotton as a viable livelihood option.

Enhanced Environment
- Input use is optimised, with less reliance on synthetic and chemical inputs.
- Crops, soil, water and habitats are enhanced, biodiversity improved.

Better Quality of Life for Communities
- Health and safety improvements for farmers and workers.
- Labour conditions are improved.

Intended Impacts in the Market
Market Values Better Cotton
- Embedded costs into procurement and cost-savings through supply chain and sourcing efficiencies enabled through uptake.
- Diverse market players (retailers and brands across of different sizes, different geographies) and their respective supply chains are all committed to and engaged in sourcing Better Cotton.
- The market raises awareness with consumers who demand Better Cotton.

BCI's M&E system covers all Better Cotton projects, in both countries of direct implementation or through a benchmarking agreement.

3. Roles and Responsibilities (5.5.1, 5.5.2)

The BCI M&E programme is managed by the M&E Manager, Kendra Pasztor:

- Contact information (6.3/6.7): Kendra.pasztor@bettercotton.org
- Link to contact information for M&E inquiries on the BCI website: http://bettercotton.org/about-better-cotton/better-cotton-standard-system/results-and-impact/

The M&E Manager is part of the Standards and Assurance team and reports to the Director of Standards and Assurance. The M&E programme is also supported by a full-time Data Analysis & Learning Coordinator based in the secretariat, and in-country staff in the field. In addition to these core staff, the Supply Chain Manager, Partnership Managers, and the Leadership Group make contributions to the M&E Programme.

It is important to note that an important portion of the human resources involved in the M&E Programme depend on Implementing Partners.
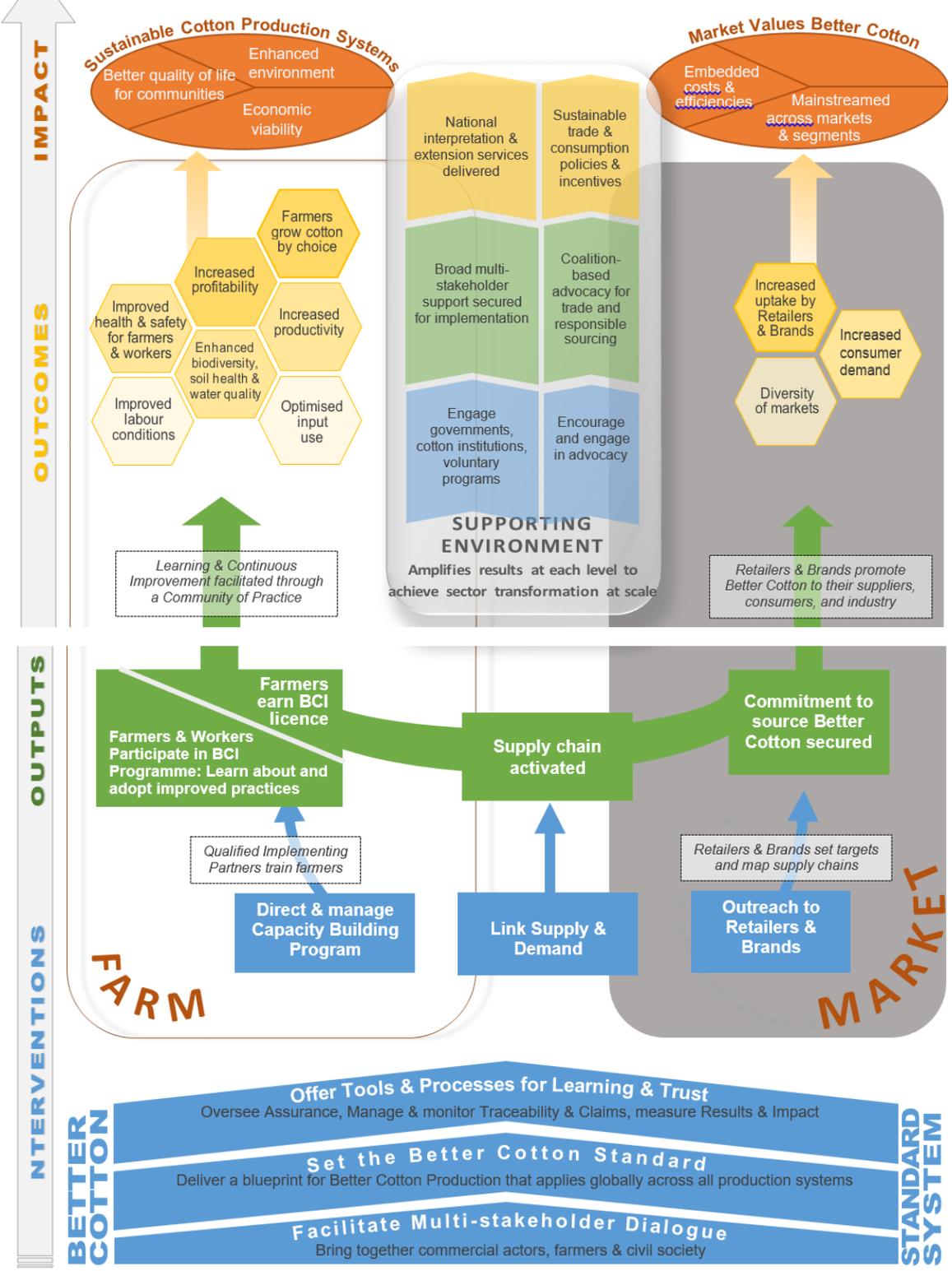
M&E Roles and Responsibilities

Functions	BCI Leadership	M&E Mgr.	Data Analysis Co.	M&E Officers	Implementing Partners	Comments
Stakeholder engagement processes	x					Stakeholder engagement started in the "preparation" phase of BCI (2007 to 2009). Stakeholders remain active as members in the governance structure of BCI, implementation of activities, and through consultations.
Overall development and management of the programme	x	x				The M&E programme was developed in the preparation phase. The current programme has been applied from 2010. Elements of the programme were improved in 2013.
Defining the intended change	x	x				The intended change was developed by BCI, with large stakeholder consultation, prior to the implementation of the standard. The Monitoring and Evaluation Manager is currently producing an updated definition of the intended change to reflect BCI's new strategic phase.
Data collection and processing		x		x	x	The M&E Manager and M&E Officers work with Implementing Partners to coordinate the collection, analysis, and presentation of Better Cotton Results Indicators in order to ensure that quality data is provided consistently and in a timely manner to measure the changes brought by Better Cotton.

Data analysis and reporting		x		x		Once the data is cleaned, BCI centrally analyses the data. It is reported in the annual Harvest Report and other communication material. The data is also reported back to the Producer Units to ensure that it can support learning.
Organisational learning		x			x	The M&E Manager coordinates baseline and impact assessment studies in collaboration with partners to accurately measure the environmental and social impact of Better Cotton in the medium-long term. Participatory learning is encouraged at production level to support continuous improvement toward fulfilment of Better Cotton production principles and criteria. Note that while the M&E Manager ensures that learning is happening, the whole organisation, including partners and farmers, are actors of learning.

4. Defining the Intended Change (7.1.2)

BCI's working theory of change graphic is presented on the following page (updated January 2017):

Better Cotton is a Sustainable Mainstream Commodity
Better for the people who produce it, better for the environment it grows in, and better for the sector's future

IMPACT

Sustainable Cotton Production Systems
- Better quality of life for communities
- Enhanced environment
- Economic viability

Market Values Better Cotton
- Embedded costs & efficiencies
- Mainstreamed across markets & segments

OUTCOMES

- Farmers grow cotton by choice
- Increased profitability
- Improved health & safety for farmers & workers
- Increased productivity
- Enhanced biodiversity, soil health & water quality
- Improved labour conditions
- Optimised input use

Learning & Continuous Improvement facilitated through a Community of Practice

- National interpretation & extension services delivered
- Sustainable trade & consumption policies & incentives
- Broad multi-stakeholder support secured for implementation
- Coalition-based advocacy for trade and responsible sourcing
- Engage governments, cotton institutions, voluntary programs
- Encourage and engage in advocacy

SUPPORTING ENVIRONMENT
Amplifies results at each level to achieve sector transformation at scale

- Increased uptake by Retailers & Brands
- Increased consumer demand
- Diversity of markets

Retailers & Brands promote Better Cotton to their suppliers, consumers, and industry

OUTPUTS

- Farmers earn BCI licence
- Farmers & Workers Participate in BCI Programme: Learn about and adopt improved practices
- Supply chain activated
- Commitment to source Better Cotton secured

Qualified Implementing Partners train farmers

Retailers & Brands set targets and map supply chains

INTERVENTIONS

- Direct & manage Capacity Building Program
- Link Supply & Demand
- Outreach to Retailers & Brands

FARM

MARKET

BETTER COTTON

STANDARD SYSTEM

Offer Tools & Processes for Learning & Trust
Oversee Assurance, Manage & monitor Traceability & Claims, measure Results & Impact

Set the Better Cotton Standard
Deliver a blueprint for Better Cotton Production that applies globally across all production systems

Facilitate Multi-stakeholder Dialogue
Bring together commercial actors, farmers & civil society

5. Performance Monitoring

Overview of BCI's Monitoring and Evaluation Activities (8.1.1):

» **Farm-Level Results:** 8 Results Indicators, as reported by farmers themselves.

» **External Evaluations and Assessments:** to explore specific, medium-term outcomes achieved through implementation of the Better Cotton Standard.

» **Impact Assessments:** in-depth and longer-term assessments to measure the reduced environmental and improved social impacts of Better Cotton.

Central to the M&E programme are BCI's 'Results Indicators.' Reporting on Results Indicators is fully integrated into the Better Cotton Assurance Program to ensure that sustainability improvements are adequately measured everywhere Better Cotton is produced. This data must be collected every season at either the Producer Unit or farmer level depending on the category of farmer (8.3.1.)

In addition to the data recorded by Better Cotton farmers (in their Farmer Field Books), BCI requires data to be collected from farmers using conventional methods for comparison.

The table summarises the indicators to be collected and reported for each type of farm (8.2.1).

Better Cotton Results Indicators				
Results Indicators	**Measurement**	**Small-holders**	**Medium Farms**	**Large Farms**
1. **Pesticide use**	Kilograms / hectare / for each active ingredient	✓	✓	✓
2. **Fertiliser use**	Kilograms / hectare / for each type of fertiliser	✓	✓	✓
3. **Water use for irrigation**	Cubic metres / hectare	✓	✓	✓
4. **Yield**	Total cotton produced in kilograms of lint / total cotton production area in hectares	✓	✓	✓
5. **Profitability**	Net income / hectare	✓	✓	
6. **Elimination of child labour A** - Leveraging partnership with local specialist organisations	Existence of partnership(s) established by or on behalf of the Producer Unit with credible local organisations to address child labour, in particular to identify and reduce barriers to formal schooling	✓	✓	
7. **Elimination of child labour B** - Improving understanding and awareness	Percentage of farmers who can accurately differentiate between acceptable forms of children's work and hazardous child labour	✓	✓	
8. **Women's empowerment**	Number of farmers and workers receiving BCI training who are women, by training topic	✓	✓	

Results Indicator data is analysed and published annually in the Better Cotton Harvest Report, available here: http://bettercotton.org/about-bci/bci-reports/

Note that BCI is currently working to design and use indicators and evaluation methods to be used for the measurement of impact (from numbers of farmers trained on record-keeping to effects on livelihoods, for example,) and these will be included in the report in the future (8.2.2)

6.   Data Management

BCI has a clearly defined process for the collection, management, and analysis of data. Data collection is supported by templates and guidance documents, and is conducted in accordance with the following steps for each farmer category:

<u>Smallholders:</u>

1. **All farmers** participating in the Better Cotton program **record data** in their Farmer Field Books or other data management system from the beginning of each season.
2. BCI randomly selects 10 Learning Groups (LG) from each Producer Unit (PU).
3. At the end of harvest, BCI informs Producer Units of the Learning Groups selected.
4. Each Producer Unit informs the selected Learning Groups that Results Indicator data is to be collected.
5. The selected Learning Groups each collect data from **all farmers** in their groups and submit compiled reports to the Producer Unit.
6. The remaining Learning Groups submit Results Indicator data for the **lead farmer** (the fixed sample) in their groups.
7. Each Producer Unit collects Results Indicator data from **100 control farmers** (farmers in the area with similar living conditions who use conventional cotton production methods).

The table below summarises the selection method and sample size of the four sources of Results Indicator data for smallholders.

Sources of data	Sampling	Estimated Number of farmers providing data per PU	Advantages
Lead Farmers	1 per LG	100	• Capacity to collect and record accurate data • Enables comparisons over time
Farmers from a Sample of LGs	10 LG per PU	10 x 35 = 350	• Representative sample • Informs on differences within LG and different adoption level with lead farmer
Control farmers	100 per PU	100	• Informs comparisons with Better Cotton farmers
Independent case studies	Done at country level		• Independent data, validates or invalidates data reported by PUs

Comparison data

Producer Units are responsible for collecting data from **100 comparison smallholder farmers** (farmers who are not part of Better Cotton related capacity building programmes and use conventional cultivation methods).

Comparison farmers can live in the same village as Better Cotton farmers, in neighbouring villages or even in other locations, as long as they are similar to BC farmers. The critical issue is that their key characteristics make them as similar to project farmers as possible.

Representativeness

The sampling approach adopted to collect Results Indicator data is representative. For farmers grouped in Producer Units, data of a representative sample is collected on a yearly basis. For an average-sized Producer Unit of 3,500 farmers, data is collected from about 450 farmers: 100 lead farmers and farmers from 10 randomly selected LGs, or

about 350 farmers. These 350 randomly selected farmers alone represent about 10% of the whole population. Using a basic computation, this is associated with a 5 point confidence interval and a 95% confidence level.

Beyond its mere size (in total, data from about 125,000 farmers is expected to be collected by 2015), the representativeness of the sample is ensured by the selection approach. It is further strengthened by the comparison with the data collected by the independent case studies.

Medium and Large Farms

In the case of medium and large farms, data is collected from all participating farmers. Therefore no sampling methodology is required. Comparison data is also collected for medium and large farms. The minimum number of control farmers from whom to collect data will be 10% each of the number of medium and large farms.

Summary of the data collection process for medium and large farms

Sources of data	Sampling
Participating medium and large farms	100%
Control medium and large farms	10% of participating medium and large farms
Independent case studies	Done at country level

Data analysis

BCI uses Tableau software to analyse and visualise its annual harvest results. Learning Dashboards have been developed to enable BCI M&E staff and country managers to analyse and report results, and provide feedback to Implementing Partners. At the end of the 2015 harvest season, after improving and finalising the dashboards, BCI plans to share results visualisations with its implementing partners to engage them in deeper analysis and learning.

8. Outcome and impact evaluation (8.1.1, 8.5.1)

BCI is pleased to be engaged in the following ongoing Impact assessment work:

CBS Research in Punjab/Gujarat, India and Punjab/Sindh, Pakistan (2014-2016)

  i.   Conducted by the Copenhagen Business School (CBS).
  ii.   Funded by the Danish Social Science Research Council.
  iii. Objectives - The study seeks to answer two questions:
        » How have BCI's Standard been formulated, implemented, monitored, and its impact assessed in South Asia (outcome expected 2015), and
        » What difference – if any – does the implementation of BCI's Standards make for the income, work, and environmental conditions of cotton farmers and on-farm workers in Pakistan and India (outcome expected 2016)?

Demonstrating and Improving Poverty Impacts (DIPI) evaluation in Andhra Pradesh, India (2015-2018)

  i.   Commissioned by ISEAL, call for expression of interest from independent researchers open until 25 February.
  ii.   Funded by the Ford Foundation.
  iii. Objective - Demonstrate the contribution that voluntary standard systems can make to poverty alleviation and pro-poor development.
  iv.   Other information – BCI is one of three cases examined by the DIPI evaluation project. BCI is joined by two evaluations of work in coffee: 1) 4C/Rainforest Alliance in Kenya, and 2) UTZ/Fairtrade in Indonesia. Overall project steering group brings together selected ISEAL members (incl. BCI), funder, etc.

9. Publicly Available Information about the M&E System (10.1.1)

BCI is committed to transparency in its M&E activities, as evidenced by the following publicly available information:

- Contact point for submission of any comments, questions or complaints about the M&E system: http://bettercotton.org/about-better-cotton/better-cotton-standard-system/results-and-impact/

- Description of the M&E system: http://bettercotton.org/about-better-cotton/better-cotton-standard-system/results-and-impact/

  (A complete description of the scope and boundaries of the monitoring and evaluation system, including the plan for expansion, will be made publicly available once BCI's M&E Strategy document is finalised.)

- All indicators being used in the monitoring and evaluation system: http://bettercotton.org/wp-content/uploads/2014/06/Working-with-Results-Indicators_final_eng_ext-UpdateJune2014.pdf

- A list of completed research reports, and links to full reports: http://bettercotton.org/resources/research/

- Reports on Results Indicators (in Annual Reports up to 2013 and Harvest Reports from 2013): http://bettercotton.org/about-bci/bci-reports/