

# **Better Cotton and Decent Work:** Activities, impacts and lessons learned

## *Executive summary*

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## 1. Project overview

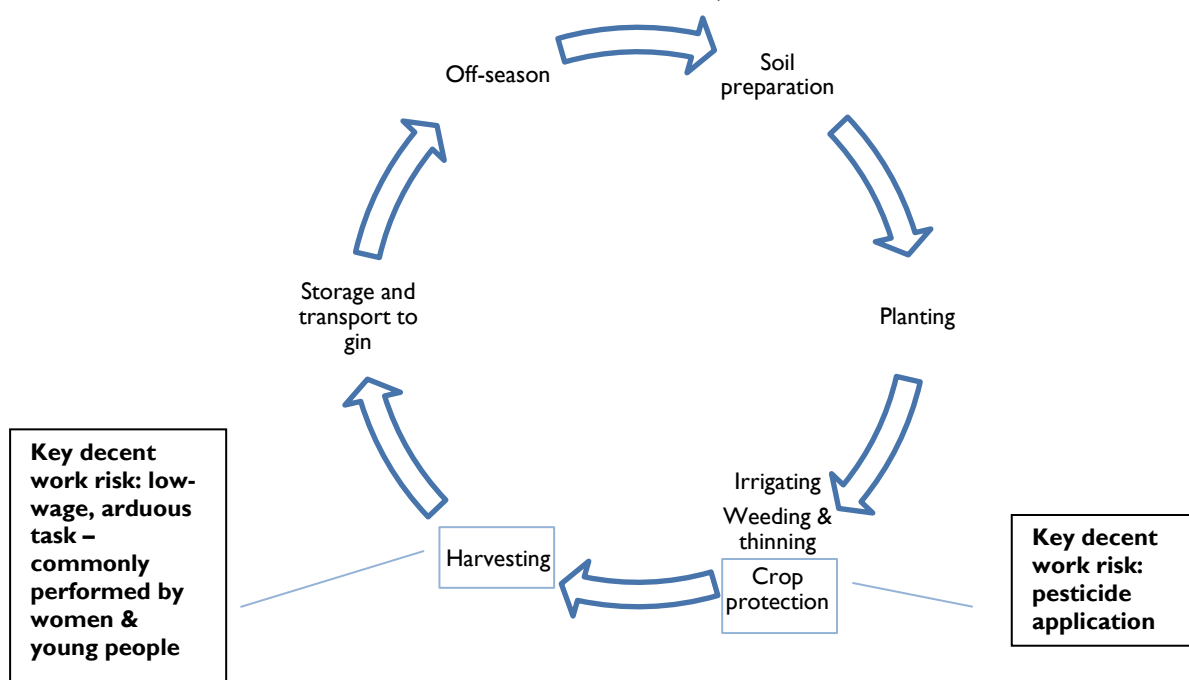
The Better Cotton Initiative (BCI) brings together producers, ginners, mills, traders, manufacturers, retailers, brands and civil society organisations in a unique global community committed to developing Better Cotton as a sustainable mainstream commodity. For BCI, **Better Cotton is 'Better' only to the extent that it entails improvements for farming communities and farm workers, as well as the environment.** As such, one of BCI's Production Principles is that Better Cotton is produced by 'farmers who promote decent work'.

In the context of a review of all of its major programmes, the Sustainable Trade Initiative (IDH), which supports the Better Cotton Fast Track Program (BCFTP), has commissioned Ergon Associates to conduct a **review of BCI activities to promote decent work in India, Mali and Pakistan.** This study uses the definition of decent work adopted in the BCI Principles and Criteria: minimum criteria cover freedom of association, non-discrimination, child labour and forced labour; additional criteria for smallholder employers and large farm employers cover further aspects of freedom of association and collective bargaining, health and safety, employment conditions (including wages and contracts) and basic treatment and disciplinary practices.

## 2. Why decent work matters in cotton production

**Cotton cultivation in India, Pakistan and Mali is heavily reliant on manual labour,** with minimal levels of mechanisation in the cultivation cycle. This commonly means that even micro-/ family smallholders are obliged to find external labour inputs for certain key processes, particularly harvesting.

OVERVIEW OF TASKS IN COTTON CYCLE, AND KEY DECENT WORK RISKS



However, working arrangements in cotton production in all three countries studied are diverse and exist on a spectrum of size and formality: from larger-scale producers who employ hired labour, through to small-holders who may hire workers formally or informally, to forms of self-employment and various forms of formal and informal employment (casual, seasonal, itinerant and family labour).

In all three countries, there are a number of factors exerting **significant downward pressures on producer incomes and profitability**, which has follow-on implications for the attention and resources dedicated to improving working conditions and incomes.



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Further, in each country, decent work is affected by a range of local economic, social, political and cultural circumstances. However, whilst there are unique local challenges and barriers in each country, this analysis finds clear **common themes that emerge across all three countries**. These include:

- ➔ **Status of women:** In each country, women play an important role in the cultivation of cotton; however, women face serious structural gender bias in the sector. Key challenges include: occupational segregation, women's unequal access to property title and finance, wage discrimination, women's reproductive health risks associated with pesticide exposure and a lack of voice within household structures, field work and producer organisations.
- ➔ **Child labour:** Child labour can be found in cotton production in all three countries, although the scale of the issue varies between countries. In all three countries, one of the most pressing challenges is to reduce children's exposure to hazardous working conditions, including pesticide application and use of sharp tools.
- ➔ **Wages and incomes:** Work in cotton production tends to be characterised by low income and economic insecurity. In all three countries, it is estimated that average incomes for households are very close to (and sometimes below) the World Bank's extreme poverty line. Waged workers often receive wages below legal minima. Low productivity (caused by lack of knowledge and/or access to credit) is a major barrier to improving incomes.
- ➔ **Health and safety:** One of the major health and safety risks in cotton production across all three countries is exposure to hazardous chemicals, as a result of the lack of use of personal protective equipment (PPE) when applying pesticides. This has particularly serious health implications for women and children.
- ➔ **Forced or bonded labour:** Forced or bonded labour is present in cotton production all three countries, although its prevalence is difficult to pinpoint with any accuracy given that, by its nature, it is mostly a hidden phenomenon.

### 3. Findings and conclusions

**The scale of the challenge is daunting, but the BCI approach is the right one.** Many of the decent work issues that BCI and its implementing partners (IPs) confront are related to complex and entrenched socio-economic challenges. Problems like child labour are not simple or easily resolved and do not lie wholly within BCI's sphere of influence. In this context, BCI's dual focus is the best and most practical way forward: applying differentiated standards<sup>1</sup> whilst also striving to create enabling conditions for cotton producer communities to meet the standards. Activities to raise awareness and share knowledge are vital building blocks of this approach, as they ensure that producers and their communities have a good understanding of decent work standards and why BCI attaches importance to them.

**The BCI production principle on decent work is a strong normative framework, but could be further refined.** There is an inherent tension within the BCI approach to decent work, which is well understood by the organisation. On the one hand, the Better Cotton system requires compliance with internationally recognised core labour standards (child labour, non-discrimination, forced labour, freedom of association) as an entry-level minimum requirement for all Better Cotton farmers, including smallholders. On the other hand, there are well-known ongoing compliance issues with respect to core labour standards in cotton producer communities and these do not always emerge through self-assessment data, which is the primary means for BCI to establish compliance. For instance, the absence of hazardous child labour is a

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<sup>1</sup> That is, different standards on employment conditions apply according to the size of the farm and hence external labour used: fewer, simpler requirements apply to family smallholders, whereas medium and large farms must comply with a number of more detailed requirements on farm employment and working conditions.



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minimum requirement for Better Cotton, so there is little incentive for producers (particularly vulnerable smallholders) to acknowledge or discuss non-compliance as it may jeopardise their involvement in the programme<sup>2</sup>.

**A key piece of the puzzle for smallholder labour is missing: wages.** Wages are a pivotal concern for cotton workers, who are often amongst the most vulnerable members of (often already vulnerable) cotton producing communities, yet this is not expressly addressed by the BCI Production Criterion on decent work for smallholders (whereas wage criteria do exist for medium and large-sized farms). Wages for hired labour on smallholdings also interact closely with risks associated with involuntary labour, and have important implications for livelihoods. In time, there may be scope to consider a continuous improvement criterion on wages in small holder farming that could address key issues such as: timeliness and frequency of payments, records of (substantial) wage advances, in-kind payments and links between wages, profitability and productivity.

**BCI IPs are actively engaged with the concept of decent work, but need more support.** Interviews conducted for this project suggested that all IPs recognised the importance of promoting decent work and wanted to learn more about how to improve the impact of their interventions in this area. Many IPs expressed concern that their staff did not have sufficient expertise or knowledge on social standards and requested additional support from BCI in this area. In particular, all IPs expressed a desire to learn more from their counterparts in other regions and countries, including case studies and lessons learned.

**BCI IPs are engaging in an impressive array of activities to promote decent work.** In terms of number and frequency of activities, at this stage, most IP activities focus on awareness raising and training (the 'building blocks'). However, the total range of activities is much more diverse, covering the following:

- ✓ **BCI processes** (e.g. formal policies on child labour for learning groups or producers units)
- ✓ **Training on decent work** (e.g. training for IPs and producers)
- ✓ **Awareness raising** (e.g. wall posters in villages, children's rallies)
- ✓ **Partnerships** (e.g. alliances with international or local organisations)
- ✓ **Social mobilisation** (e.g. supporting community groups to realise decent work objectives)
- ✓ **Policy and research** (e.g. participating in studies on child labour)
- ✓ **Remediation and rehabilitation** (e.g. linking communities with vocational training opportunities)
- ✓ **Access to credit** (e.g. linking producers with microfinance institutions)
- ✓ **Provision of personal protective equipment** (e.g. subsidised rates for producers)

In terms of subject matter, **the majority of interventions relate to child labour and health and safety.** Areas that receive considerably less attention are non-discrimination and gender equality, forced / bonded labour, migrant workers and freedom of association.

**There are significant challenges associated with measuring BCI impacts on decent work:**

- **Precise details of interventions are lacking:** IPs do not necessarily keep systematic records on activities to promote decent work, particularly with respect to more informal activities that are nonetheless important (e.g. meetings with local schoolteachers). Keeping track of activities is

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<sup>2</sup> We note, however, that not all Better Cotton farmers claim compliance through self assessment, and that benefits for farmers are not directly derived from the licence they receive but by participating in the farmer support program. Further, BCI addresses risk of conflict of interest in self-assessment through its assurance program and external assessment conducted by BCI, IPs and independent verifiers: accordingly, the global compliance rate was 42% in 2010, 72% in 2011 and 74% in 2012.



particularly difficult for IPs in India, some of whom work with several project partners across different states.

- **Change is not always easily quantifiable or attributable:** Change with respect to decent work objectives is difficult to measure without undertaking highly sophisticated measuring exercises. Even then, there are issues related to attribution: change on social issues (e.g. gender relations in producer communities) is likely to come about as a result of multiple factors, rather than BCI interventions alone.
- **The main source of quantitative data is still self-assessment data:** As previously noted, self-assessment data on decent work is compromised by certain conflicts of interest. It also relies on producer awareness of what constitutes non-compliance. (It is however noted that, since 2011 BCI has been conducting case studies with independent researchers on Results Indicators to validate the data provided by farmers.)

**The programme is in its early days, but there are encouraging signs of impact on decent work in relation to incomes, health and safety and child labour.** IPs and external stakeholders uniformly expressed the view that it is too early for BCI to expect to see major changes in labour practices in cotton production. There is a sense that BCI is still in the process of establishing the programme and building the foundations for ongoing sustainability. Nevertheless, field research indicated that there have been positive developments in all three countries, primarily with respect to incomes and livelihoods, health and safety and child labour. This is not surprising, given that these areas have been the focus of much IP activity on decent work. With respect to child labour, the evidence from field research mostly points to improvements in awareness, although stronger impacts have been achieved in Pakistan through a strategic partnership. There was also evidence of improved awareness of health risks for pregnant women in India.

**Impacts in other areas are less evident, particularly with respect to outcomes for marginalised groups including workers, women and forced / bonded labourers.** BCI has done much to recognise the distinct interests of farmers and farm labour, progressing the debate from previous models of agricultural development which promoted a 'farmer-first' ethic. The very existence of the BCI decent work criterion is helping to change attitudes about hired labour in cotton production and to recognise the role and significance of hired labour on cotton farms, even smallholdings, engaging with and questioning the assumption that small holder cotton cultivation entails no 'employment' per se. However, at the moment, very few IP activities target workers as beneficiaries. This has significant gender implications, as women primarily participate in cotton production as workers rather than producers. There is little evidence of any kind of gender focus in IP approaches to decent work; similarly, forced / bonded labour is not being addressed systematically.

**Some IPs are showing how to achieve broader impacts and alliances with other organisations are key.** There are strong indications that:

- ➔ **Partnerships and strategic alliances help to maximise impacts:** IPs will invariably realise greater impact when they act in partnership with others, particularly in light of resource constraints and lack of focused expertise on specific aspects of decent work, including child labour and women's empowerment.
- ➔ **Activities have the greatest impacts where they harness existing structures, services or resources:** IPs emphasised that the most effective activities do not try to 'reinvent the wheel', but rather build on existing structures, services and resources.

There is overlap here: partnerships can help IPs to identify existing services or programmes (e.g. vocational training opportunities) and then publicise them amongst producer communities.



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The diagram below provides a schema for understanding the progression from more basic activities on the left-hand side that are more focused on BCI producers, to more sophisticated activities on the right-hand side that are more likely to target a broader range of beneficiaries, such as local schools.



**Indicators to measure progress on child labour and women’s employment must be carefully tailored to BCI’s needs and circumstances.** The research team was tasked with developing single, global Results Indicators for BCI to apply to smallholder contexts, with regard to child labour and women’s empowerment. As noted above, BCI Annual Reporting on Results Indicators is based on a sampling-based approach.<sup>3</sup> The source of this data will, in most cases, be FFBs (Farmer Field Books). This presents a recognised challenge: developing indicators on these contentious and complex issues which escape conflict of interest in self-assessment. The complexity of the issues at hand raises a second challenge: defining a single indicator. Both women’s empowerment and child labour entail several dimensions, and accordingly most credible M&E approaches use a combination of (quantitative and qualitative) indicators.

As a result of these very specific requirements and constraints, the **research team does not propose that these indicators are of global, transferable application.** Rather, they respond to the specific needs of BCI at this point: they are simple, actionable, and act to nudge IPs towards current good practice objectives in early stages of change. They will be replaced in the next three years by indicators aiming to establish outcomes beyond awareness-raising.

A shortlist of indicators was tested during field research and consultations with IPs and discussed in detail with BCI. As a result of our consultations, we have identified the following indicators as being most feasible for inclusion in the BCI assurance model:

### Child labour

<b>Leveraging partnership with local specialist organisations</b>	Existence of partnership/s <sup>4</sup> established by or on behalf of the Producer Unit with credible local organisations to address child labour, <i>in particular to identify and reduce barriers to formal schooling</i>
<b>Improving understanding and awareness</b>	% of Producer Unit farmers who can accurately differentiate <sup>5</sup> between acceptable forms of children’s work and hazardous child labour

<sup>3</sup> Each Producer Unit has to collect and report annually Results Indicators data from at least 300 farmers per Producer Unit and 100 control farmers. All data have to be reported online.

<sup>4</sup> Partnerships are defined as: “Documented working arrangements with a third party – state agency, civil society organisation or international organisation – which lays claim to recognised expertise in either: child labour remediation; child rights; supporting access to formal schooling. To be eligible, the partnership must include regular contact and joint activities that relate directly to the achievement of BCI Decent Work criteria on child labour, and should include an express objective to increase access to formal schooling, as well as enrolment and attendance of children at risk, in the context of a measurable logical framework.”

<sup>5</sup> This indicator will require the development of country-specific pictorial / photographic materials representing typical farm activities, of which those which are defined as hazardous labour under national law – or in the absence of national scheduled activities, consistent with ILO C182 – are clearly understood by the staff undertaking the assessment. This will likely entail further training and harmonisation activities by BCI.



### Women's empowerment

Women's inclusion in BCI activities	Number of farmers <i>and workers</i> receiving BCI training who are women (by training topic)
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**The business case for Better Cotton cannot be assumed: careful consideration needs to be given to balancing the varying interests of all beneficiaries.** IPs report that labour costs are commonly viewed as a major challenge to the profitability of cotton cultivation and that, at least in the early stages of producer involvement, an emphasis on decent work may serve to undermine the business case for the overall Better Cotton model. BCI can work further to assist IPs in addressing this pre-conception and help them to 'make the case' for decent work. This starts by identifying common interests – e.g. children reaching their potential and empowering the next generation, women's decent employment being a missing link to driving the development of the whole community – and linking these to achievable changes to current practices, discussed and agreed with farmers and their communities. It also involves drawing on IPs' observations that improved profitability and improved labour practices can be mutually reinforcing; for instance, the quality of cotton depends largely on picking and storage practices, which in part reflect the commitment and skill of the workforce.

The long-term incentivisation of farm labour – and, vitally, retention and return of skills from one season to the next – can be much more readily achieved through employment practices which are perceived to be fair by all parties, even in poorly functioning rural labour markets. The next challenge for BCI and its IPs is to consolidate this experience, and to communicate a credible alternative model of both natural and human resource management to farmers, many of whom understandably view their own situation as precarious.