

# BCI Management Response

## Evaluation of the Early Impacts of the Better Cotton Initiative on Smallholder Cotton Producers in Kurnool District, India<sup>1</sup>

*(The evaluation is referred to in this document as the **DIPI Study**, as the evaluation was part of ISEAL's project titled *Demonstrating and Improving Poverty Impacts*)*

### Introduction

The Better Cotton Initiative would like to thank ISEAL, the Ford Foundation, and the researchers at the Natural Resources Institute of Greenwich University and their partners for making this evaluation a reality. BCI would also like to thank our Implementing Partner, Participatory Rural Development Initiatives Society (PRDIS), whose willingness to participate in this study with its rigorous methodology demonstrates their commitment to learning. Engagement with this research effort began in early 2015 and over the past four years we have gained deep insight into the project context. It is also beneficially challenging our thinking around our Theory of Change and how to best improve support to BCI projects.

BCI is encouraged that the study found that, “as a result of the project inputs and activities, knowledge levels on Better Cotton practices have significantly increased for treatment farmers.” BCI is also encouraged that the intensity of project exposure is a predictor of higher adoption of recommended practices among project farmers, indicating general effectiveness of project activities and encouraging us to deepen and strengthen our interventions. We appreciate the authors’ careful explanations of gaps and lessons identified along with their thoughtful recommendations. BCI is committed to learning from this exercise and to continually improving our systems and approaches. The timing is such that the outcomes of this evaluation will inform BCI’s 2030 strategy development process, currently underway.

### General Assessment of the Evaluation

This report presents the findings of a three-year study of the early impacts of the Better Cotton Initiative on smallholder cotton producers in Kurnool District, Andhra Pradesh, India. The study included a baseline assessment (July to September 2015) just as the project was kicking off, an interim monitoring exercise (August to November 2017), and a final evaluation (August to November 2018).

The study methodology used theory-based evaluation<sup>2</sup> and a randomised controlled trial (RCT)<sup>3</sup>. The combined approach enables the attribution of impacts of the BCI intervention

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<sup>1</sup> Published 2019 by ISEAL Alliance. Authored by Kumar, R., Nelson, V., Martin, A., Badal, D., Latheef, A., Suresh Reddy, B., Narayanan, L., Young, S. and Hartog, M.

<sup>2</sup> “Theory-based impact evaluation should enable understanding, not only of whether the intervention has or has not had an impact, but – and as importantly – how.” Pg. 8 of the final evaluation report.

<sup>3</sup> A randomised controlled trial (RCT) is a type of impact evaluation that uses random assignment to run projects as part of the study design. Like all impact evaluations, the main purpose is to determine whether a project has an impact, and more specifically, to quantify how large that impact is. Impact evaluations measure project effectiveness typically by comparing outcomes of those who received the intervention against those who did not.

package analysed by pre and post comparisons between intervention and non-intervention groups. The methods included for both baseline and end line research:

- A survey of 694 households
- 24 focus group discussions
- 15 household case study panel (in-depth discussions with same treatment households over time)
- More than 100 key informant interviews
- Review of BCI and PRDIS data

The data was analysed comparing treatment and control households, as well as distinguishing the spread effect among farmers who were not part of the BCI Learning Groups but were residing in the intervention villages.

BCI believes this evaluation to be of high quality based on robust methodology. Staff from BCI's global and India country offices were engaged in dialogue with the researchers at various points throughout the study to help ensure understanding of the Better Cotton Standard System and the field level project.


The project being evaluated is implemented in a challenging context characterised by low literacy rates, small average landholding size, overuse of chemical inputs, high input costs, lack of government or civil society-provided extension services, and increasingly unpredictable rainfall. Farmers in the area also experience indebtedness to and dependence on commission agents for credit and sale of their cotton, which limits their profitability. The findings are project- and context-specific, but many of the challenges are common to almost all regional contexts in which BCI and its partners are working in India. We believe the findings and recommendations provide insight into effective improvements BCI can consider in response to this evaluation. Many insights are also relevant beyond India.

Overall, the DIPI study results indicate progress along the environmental impact pathway, with a significantly lower proportion of treatment farmers using harmful agrochemicals and in lower doses (pg. 66). Starting from a challenging baseline and facing ongoing structural challenges, we consider the study's findings regarding pesticides as a significant change observed. This contrasts with the rating of 'limited change observed' given in the summary of findings against the project Theory of Change<sup>4</sup> (pg. 80). While harmful chemical pesticides were not phased out to zero, the study did find multiple examples of change and significantly more change for BCI farmers than for those in the control villages. We acknowledge more work needs to be done to build on these early successes, including to seek to address the structural barriers to further reductions of chemical pesticide use (e.g. input dealer recommendations; pack size that promotes excessive use). There is less evidence of progress toward social and value chain-related results. The study report notes the interconnectedness of the four impact pathways and thus the importance of making progress along all pathways in tandem. BCI agrees the project needs to increase its focus on these areas of great concern to the cotton producing community of Adoni mandal.

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There are many methods of doing this, but RCTs are generally considered the most rigorous and, all else equal, produce the most accurate (i.e. unbiased) results. – Definition adapted from the [Poverty Action Lab](#).

<sup>4</sup> The project Theory of Change was co-developed by the research team and BCI's Implementing Partner to identify the impact pathways envisioned for the project. This TOC echoes BCI's global TOC and adds context-relevant detail within the impact pathways.



Not only did BCI Farmer knowledge significantly increase compared to control farmers, but the Better Cotton Composite Index (BCCI)<sup>5</sup>, showed that levels of adoption of the promoted practices have increased. BCI Farmers' adoption scores are significantly higher than the control group of farmers: BCI Farmers' increased their average adoption score 0.46 to 0.71 while the control group showed a much smaller change of 0.53 to 0.62 (pg. 45). Also, of interest, a measurable spread effect is seen with farmers who reside within the intervention villages, but who are not part of the BCI project. This effect is due to the spread of messages within villages through farmer to farmer interactions and due to the Implementing Partner teams' openness to provide support and guidance to all farmers in the intervention villages, regardless of membership in the project. In some cases (e.g. overall knowledge and adoption levels), the spread effect is statistically significant when compared to the control group (pg. ix). This was something we expected but had not reliably confirmed before. In summary, BCI project farmers showed increased knowledge and practice adoption over the three years and higher increases of both knowledge and practice adoption compared to the control group, providing evidence of project effectiveness; there is also a measurable positive project spill over effect in this regard.

It is worth underlining that not all aspects of the project Theory of Change were expected to be achieved within the initial three years of the project; the outcomes and the impacts are expected to be reached over a longer time horizon, beyond the end of the research to approximately cover at least a six-year intervention period. This is a limitation of this 3-year study, but it also offers the opportunity to build on the baseline and methodology developed to carry out follow-up evaluations in the future.

## Conclusion

This evaluation offers myriad opportunities for lesson learning for BCI, ISEAL members, and other stakeholders, particularly around improving our impact potential in India's smallholder context. BCI's model, and that of other credible standard systems, relies on this kind of in-depth evaluation, coupled with our own on-going monitoring, to ensure that our interventions are as effective as possible. Without this kind of evaluation, it is impossible to be certain of the value of any such programme.

BCI acknowledges the many challenges and opportunities identified by the evaluation. We plan to collaborate with our partners and stakeholders to address issues around gender inequality, collective producer action, and supporting cotton farmers in becoming more resilient to climate change, among others addressed in the below response to the recommendations.

We invite anyone reading the DIPI evaluation report to reach out to BCI if you have questions or recommendations to share to support us on our journey of transforming the cotton production sector for the better.

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<sup>5</sup> The research team developed an index called the Better Cotton Composite Index (BCCI), which tracks every member of the learning group, (as well as those who are not part of the learning group in the intervention set and those belonging to the 'control' set) in terms of their knowledge and application of BCI recommended practices. A score of '1' on the index means that the farmer (or a group of farmers) is following more than 80% of the recommended 'Better Cotton' practices. A score of '0' means that the farmer (or group of farmers) in question do not follow any of the relevant practices.

## Response to Report Recommendations

Recommendation	Agree or Disagree	Remarks
<p><b>1. BCI should strengthen its approach to sector transformation in its theory of change, flowing into the design of specific projects.</b> The study posits the following are necessary:</p> <p>a. Improvements in farmer access to services.</p> <p>b. Producer organisational development.</p>	<p>Agree</p> <p>Partially Agree</p>	<p>BCI appreciates the big picture thinking this recommendation puts forward. We will address each of the specific points in turn.</p> <p>a. <b>Farmer access to services:</b> Improved access to services is critical to supporting farmer resilience and strengthening farmer capacity for adoption of more sustainable practices. In India, government sponsored schemes/finance is a complex system, and it needs strong collaboration between government institutions and NGOs to reach rural smallholder farmers. BCI, through its Implementing Partners, has been striving to support better access to existing government-sponsored programmes for farmers. This includes subsidies, technical advice, and lower input prices. Until now, BCI in India has not prescribed to its Implementing Partners which types of services they should be connecting farmers to; this has been the responsibility of partners' own project planning. BCI will consider taking a more active role by starting with an inventory of available, relevant government and private sector services available to farmers. Improved farmer access to services could then contribute to the supporting environment, fostering and enabling more sustainable practice adoption at farm level. BCI may also explore broader funding partnerships to support this recommendation.</p> <p>b. <b>Producer organisational development:</b> BCI agrees with this recommendation in principle and it is officially acknowledged in the Better Cotton Standard's improvement criterion 6.22. This criterion calls for Producers to develop producer organisations that may take the form of cooperatives, farmer associations, producer companies, or informal groups of producers. The intent is to encourage cotton producers to be more competitive in today's global cotton value chain.</p> <p>There are so far a couple of examples of successful Farmer Producer Organisations (FPOs) that have been established by BCI Farmers in India. It is not, however, the right fit for all contexts, and the cotton sector poses particular challenges compared to other commodities.</p>

<p>c. Affirmative measures on gender equity.</p> <p>d. Strengthening the business case via market demand measures and engaging value chain actors.</p>	<p>Agree</p> <p>Agree</p>	<p>Successful models of FPOs in India are driven by farmers and local leadership. BCI Implementing Partners may help to set them on the right path and provide support in terms of skill-building, but for it to be successful in the long-run it needs to be self-driven and self-sustaining. The farmers who agree to join an FPO need to have the interest and, more importantly, the bandwidth and enterprise to be able to take it forward. In BCI's experience over the last 10 years, there have been challenges to supporting FPO establishment if the context is not right, e.g. power struggles, financial issues. The Government of India is currently promoting FPOs with the help of <b>NABARD</b>, SFAC, and state governments. The FPO is an ideal institutional arrangement for sustainable value chain integration of farmers, but a favourable ecosystem is needed. Certain policy reforms would be helpful, particularly concerning agricultural marketing systems; initial financial support is also important to build a sustainable FPO.</p> <p>BCI will explore the lessons learned so far in the promotion and development of FPOs. This may include looking at FPOs associated with Better Cotton projects in India, Pakistan and elsewhere, or partnering with specialised organisations who support cooperative movements. This will help BCI to identify an appropriate type of engagement on the issue.</p> <p>c. <b>Affirmative measures on gender equity:</b> BCI agrees with the gender assessment of the evaluation and through its own gender baseline study (2019) identified similar challenges in many cotton producing areas in which BCI works. Globally, these include: occupational segregation, unequal access to land and property title and finance, wage discrimination, reproductive health risks, and a lack of voice within household structures, field work, and producer organisations. To address ongoing gender disparities, BCI is developing a global Gender Strategy to align staff and partners around a vision and roadmap so that BCI can bring equal opportunity for all in the BCI system. The strategy includes steps to mainstream a gender sensitive approach to BCI's operations to intentionally tackle inequalities. In practice, this means we intend to mainstream gender concerns, needs, and interests across three levels: BCI Farm, the Sustainable Cotton Community, and the BCI Organisation. The Gender Strategy will be operationalised from Q4 2019. BCI will also explore working more closely on this issue with others like IDH and Cotton Connect - partners who have done their own work to improve gender equality and can provide examples for best practice and learning in the cotton sector.</p> <p>d. <b>Strengthening the business case via market measures and engaging value chain actors:</b> BCI generally agrees with the recommendation to strengthen the business case for farmers. Connecting the supply of licensed Better Cotton to ginners and encouraging demand at the local level are key challenges BCI is currently facing in India. A combination of</p>
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		<p>factors like price volatility and large capital requirements for procurement of cotton, among others, with regards to cotton production makes India a unique country in which to operate. In such a complex setting, linking smallholder farmers to ginners is a challenge. To work toward addressing this, BCI will coordinate with its Implementing Partners to identify ginners in the project areas prior to the harvest season; learn about their procurement practices (buying directly from farmers, using middlemen, using <i>mandis</i>); and plans to provide tailored trainings to fit the needs of ginners in different settings. FPOs, or farmers' cooperatives, are linked to this sub-recommendation, as they could strengthen the farmer business case in terms of increased net income for farmers through informed decision making, improved access to inputs and agro-services, institutional credit, marketing facilities, enhanced efficiency in the farming operations, and direct sales opportunities – to ultimately realise higher benefits for producers. There are, however, challenges and policy gaps in the ecosystem, as discussed above in 1b. BCI will continue to work on this issue.</p>
<p>e. Advocacy measures for more supportive national government policies and legislation.</p>	<p>Agree</p>	<p><b>e. Advocacy for more supportive national government policies and legislation:</b> BCI acknowledges the potential benefits of advocacy on government policy and legislation. So far, however, BCI has not had the capacity to develop expertise and strategy in this regard, nor the profile to gain access to decision-makers. Heading into its next strategic phase toward 2030, BCI is better placed to advocate for supportive policies and legislation. Also, as more in-depth action is being taken to track the emerging trends toward embedding the Better Cotton Standard System in national policies and programmes, the situation may be right for a move toward more meaningful and deliberate policy advocacy activities on a range of issues. BCI will consider this recommendation more deeply during its 2030 strategy development in 2019-20.</p>
<p>f. Develop partnerships and learning between development actors.</p>	<p>Agree</p>	<p><b>f. Partnerships and learning:</b> Facilitating knowledge exchange within the BCI Community of Practice (CoP) is the centre piece of BCI's Learning and Development Strategy. The CoP includes participating BCI farmers, as well as all organisations, Implementing and Local Partners, Governments, and expert stakeholders who commit to support farmers on their journey of continuous improvement. BCI provides training modules in both face-to-face and online formats on thematic topics such as Integrated Pest Management, Water Stewardship, Soil Health, Biodiversity Enhancement, and Gender Equality to support the implementation of the BCI standard requirements.</p> <p>BCI's annual Implementing Partner Symposium brings together representatives from partners and organisations BCI is partnering with (see below), to share best practices and learn from what others are doing in different countries that they may be able to apply in their</p>



<p>g. Invest in monitoring, evaluation, and learning systems that include tracking of systemic change.</p>	<p>Agree</p>	<p>own contexts. BCI staff also facilitate regional meetings and national partnerships with technical organisations and local knowledge partners to ensure a rapprochement between theory and practice, while some BCI countries have active online discussion groups, notably in India and China through WhatsApp and WeChat respectively.</p> <p>Later in 2019, BCI will begin the process of setting up an online resource centre of best practices and locally adapted materials for the different BCI countries on the topics covered by the BCI Principles and Criteria. Aimed to be launched in 2020, this will provide a forum for further collaboration and knowledge sharing.</p> <p>BCI country offices partner with a range of civil society actors in support of programme enrichment and delivery. In addition, BCI headquarters has developed a series of strategic partnerships with external organisations on specific topics:</p> <ul style="list-style-type: none"> <li>• Helvetas and the Alliance for Water Stewardship resulting in a series of face-to-face trainings for IPs on water stewardship.</li> <li>• High Conservation Value Resource Network (HCVRN) on land use conversion and biodiversity to develop a risk assessment process specifically for smallholders to determine the risk to high conservation values of converting non-agricultural land to cotton production, and provide a pragmatic method for identifying, maintaining and enhancing biodiversity on the farm and surrounding area.</li> <li>• CARE International for gender equality who provided the keynote speaker for the 2018 Implementing Partner Symposium and have continued to contribute as one of the stakeholders in the development of BCI's Gender Strategy.</li> </ul> <p>These partnerships will have an important role to play as BCI looks to deepen its journey of continuous improvement and provide Implementing Partners with the necessary learning resources to encourage farmers to adopt more sustainable practices.</p> <p>g. <b>M&amp;E to track systemic change:</b> BCI's M&amp;E results framework is undergoing a revision in 2019-2020. During this process, we will strive to strengthen BCI's M&amp;E system to assess transformative change at the project/farm and at global levels. This will include investing in programmatic monitoring at a speed and level of depth to make iterative improvements. In 2019, BCI has already increased investment in M&amp;E, expanding its global team from two to five persons. The organisation has also committed to broadening the scope of the system to monitor and evaluate progress across its Theory of Change, going beyond the current focus on farm-level. This is expected to improve coherence across functions and help identify leverage points across areas of the organisation, e.g. where advocacy is needed to enhance</p>
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		farm-level outcomes. Also expected is increased, targeted investment in technology to ensure this work.
<b>2. BCI projects should pilot the adoption of an area-based approach based upon a social learning approach and bring together a diversity of key stakeholders.</b>	Agree	<p>BCI agrees with the evaluation team that one of the Better Cotton Standard System's strengths is the flexibility for local interpretation and prioritisation – the ability to locally define sustainability priorities and locally-appropriate approaches to address them. The recommendation to pilot and then potentially adopt an area-based approach is insightful and correlates well with our own findings where, in recent years, we have generally observed better project outcomes in countries or areas with stronger local multi-stakeholder oversight.</p> <p>The recommendation matches well with some recent developments in the BCI system. BCI is implementing a revised Continuous Improvement Planning process from the 2019-20 cotton season. This will help identify local challenges and regional sustainability hotspots so BCI Implementing Partners can better prioritise their interventions. Part of the process will involve using the collective action and stakeholder mapping processes that the standard requires under the water stewardship principle more broadly. This is expected to lead to identification and reaching out to critical stakeholders in the local area. Also, our strategic partner, IDH, has undertaken extensive work on a global level to develop various methodologies to work on area-based approaches. Securing such partnerships help BCI move quickly on testing out different ways to promote impact.</p> <p>A fully implemented area-based approach with true multi-stakeholder engagement at the local level will take time to build. There are many BCI projects already headed in this direction; one of BCI's roles is to support and nurture a community of practice among partners to foster the sharing of successes and learning so momentum builds.</p>
<b>3. BCI should recognise the climatic challenges faced by farmers and support climate resilience interventions to strengthen farmer resilience, including for some, livelihood diversification away from cotton.</b>	Agree	<p>Indeed, the effects of climate change are increasingly posing risk and uncertainty for cotton farmers. BCI recently re-emphasised its approach to Climate Change mitigation and adaptation through the release of version 2 of the Principles and Criteria (i.e. the BCI Standard)) and plans to develop a climate change training module by the end of 2019. It will explore the development of a climate change resilience strategy to better support farmers. Also, the Government of India and state governments have introduced climate change adaptation and mitigation measures under Sustainable Agriculture Mission and BCI will take these practices/measures into consideration.</p> <p>The Government of India's plan for doubling farmers' income in India has been in the pipeline and includes livelihood diversification strategies, and BCI could link with such programmes. BCI can also consider exploring livelihood diversification within its 2030 strategy development process.</p>



		<p>In India, several forecasts exist mainly at state and national levels; few at district or local level. Downscaling needs collaboration with organisations who have expertise, and there are several that BCI could explore, like State Agricultural Universities (SAUs), Krishi Vigyan Kendras (KVKs), National Initiative for Climate Resilient Agriculture (NICRA), NGOs who are involved in such activities like Watershed Organisation Trust (WOTR).</p> <p>Finally, over the past year BCI has engaged with the ISEAL Alliance’s Certification Atlas Working Group, which focuses on leveraging standards’ geospatial data to enhance effectiveness. BCI has the ambition to continue in this area. Helping Implementing Partners visualise risk and opportunities with regards to climate change resilience approaches would be a valuable use of such data.</p> <p>Beyond 2020, BCI is also exploring a more collaborative farming paradigm where we work proactively with organisations supporting farmers around the other crops they also grow.</p>
<p><b>4. BCI should strengthen project design and implementation. The BCI project theory of change should flow from an area-based approach involving stakeholder participation and social learning.</b></p>	<p>Agree</p>	<p>We believe this recommendation is very closely tied to the second recommendation, but with a key focus on project design, implementation, and BCI oversight. Directly related to this, BCI created the Field Performance Group (FPG) in early 2019 to enhance the effectiveness of the organisation’s capacity-building work and the field impact of its programmes. As a cross-functional team including staff from Implementation, Standards &amp; Learning, and M&amp;E, the FPG provides global coordination of capacity-building workstreams, and facilitates research, analysis, and guidance to BCI country teams, management, and the governing council on field-level effectiveness.</p> <p>Also, an Implementing Partner Support Framework is currently being piloted across four countries, and is envisioned to help BCI and partners understand organisational strengths and gaps that need to be addressed to improve project quality. In addition, BCI In India has now appointed a relationship managers to portfolios of BCI Implementing projects.</p>
<p><b>5. BCI should conduct a review of the most effective approaches to agricultural extension and ensure that area-based processes have access to such information to inform project design.</b></p>	<p>Agree</p>	<p>BCI Implementing Partners generally use a blended extension approach, which includes exposure visits, demonstration plots, face-to-face trainings, visits of experts, pamphlets, wall paintings, WhatsApp groups, among many other methods. Demonstration plots are an integral part of the change and taking farmers to visit them is key. In India last year, BCI projects had 12,920 demonstration plots in 9,357 villages, which were visited by more than 400,000 farmers. Globally, BCI is working on a strategy to improve agricultural extension including the creation of a knowledge centre, regional expertise hubs, new ways of reaching and training Field Facilitators (e.g. leveraging technology), and a stronger connection to research.</p>

		<p>The evaluation found that the project under study did not include a strong experiential learning component like demonstration plots, a missed opportunity that will be addressed going forward, as experiential demonstrations are indeed an effective way of showing new or established practices, which can positively influence farmers to take them on. This can be especially important in challenging contexts like Adoni. As the evaluation report rightly notes, agricultural extension is central to BCI interventions. The recommendation to ensure that area-based processes (or groups of projects) could access information about effective extension approaches is a good one.</p>
<p><b>6. BCI should support market demand-side measures for 'Better Cotton' and seek to demonstrate the business case.</b></p>	<p>Partially agree</p>	<p>While recommendation 1d refers primarily to ensuring the value chain benefits reach farmers, this recommendation is focused on governments of producing countries; influencing public procurement policies; and market-building campaigns in consumer countries.</p> <p>BCI has worked extensively on the demand-side and to demonstrate the business case. However, until now, our efforts have largely focused on the existing supply chains of our retailer and brand members. We have not yet developed a robust business case for Indian retailers and brands. We acknowledge the business case for spinners and ginners can be strengthened, but in a premium-free model we do depend on Better Cotton becoming a core requirement for doing business, not an option offered as a specialty cotton. This takes time and unfortunately it means that the trickle down of demand to farm-level can be slow. Because the cotton sector is low in trust and in transparency, we believe a progressive approach is more effective (we want to control opportunity for opportunistic and fraudulent behaviour).</p> <p>BCI will carefully consider this recommendation during the 2030 strategy development process that is currently underway.</p>