



# Cotton made in Africa (CmiA) Verification Governance



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Based on the framework of the CmiA Verification, the CmiA Verification documents have been developed by the AbTF with specific contributions by its members and further experts and in cooperation with PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft.



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## **1. Purpose verification governance document**

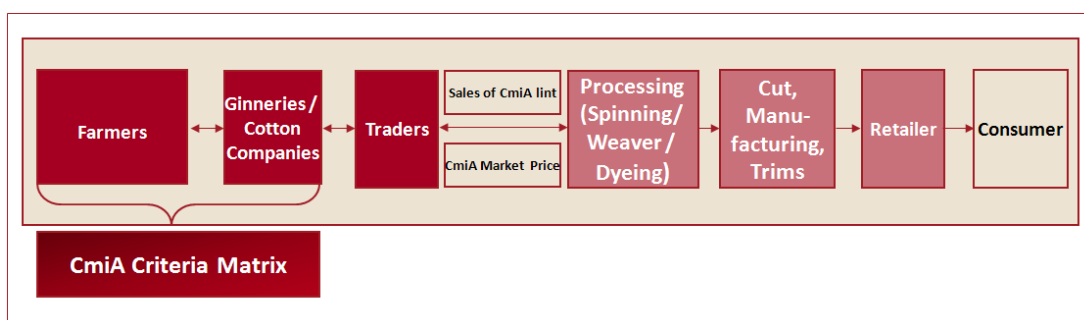
1. The Verification Governance document defines the main roles and responsibilities of the different organisational entities within the scope of CmiA verification and describes the agreed policies and procedures for an objective, independent and credible verification system.

## 2. Background

### 2.1 What is Cotton made in Africa?

2. The trademark and hangtag "Cotton made in Africa" (CmiA) is sold to buyers and consumers as a baseline sustainability concept with the aim to improve the livelihoods of African cotton farmers and to work for more sustainable cotton production in African countries. The CmiA sustainability claim focuses on the supply and value chain in the participating African countries, i.e. the growing and ginning of cotton. The CmiA lint is sold further downstream.

3. Scope of the CmiA sustainability claim in the cotton value chain:



4. The CmiA claim is more thoroughly defined in a criteria matrix that includes social, environmental and economic aspects for the growing and ginning of cotton and production / treatment of cotton seed.

5. Main pillars of the overall CmiA system are the criteria matrix, targeted investments for continuous improvement of small holder cotton farmers in Africa through partnerships with bilateral, international and private donor organisations, a verification system and additionally an impact assessment.

### 2.2 What is the scope of the CmiA criteria matrix?

6. The criteria matrix focuses on all main actors of the CmiA cotton supply chain who are in direct contact with cotton seed, seed cotton and/or lint, i.e. farmers, gineries and cotton companies.



7. The Criteria Matrix consists of three parts, supplemented by management criteria:
  - i. Exclusion criteria: Exclusion Criteria are defined as unacceptable practices relevant to all actors of the CmiA Unit.
  - ii. Farm level sustainability criteria: These criteria focus on farmers as well as cotton business related interactions between the main actors. Criteria are categorised as Green (good or sustainable), Yellow (improvement needed), and Red (not sustainable).
  - iii. Ginnery sustainability criteria: These criteria should be applied in ginneries as well as for employees working in cotton seed treatment. They focus on social aspects, including health and safety and refer to the application of national law. Criteria are categorised as Green/Yellow/Red.
  - iv. Management criteria: This part is relevant for the internal management system of the CmiA Unit, to be implemented by the Managing Entity.

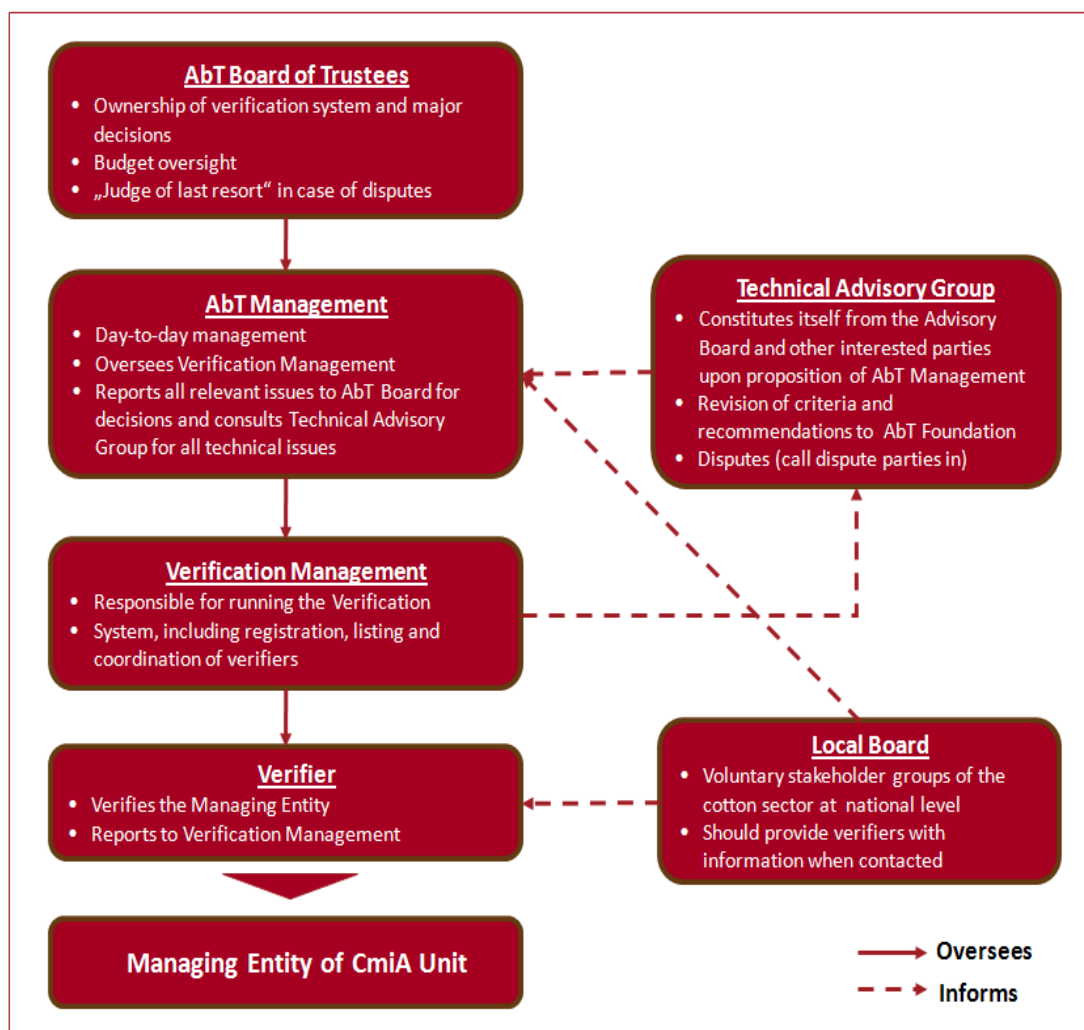
### **2.3 Why does CmiA need a verification system?**

8. The marketing objective of CmiA is to build a credible trademark "Cotton made in Africa". Verification represents an important means to gain confidence on the expected credibility. Therefore, the verification system includes external verification by independent third party verifiers. Verification is needed to guarantee comparability and consistency as key elements of credibility, to identify a status quo as well as needs of improvement with regard to the implementation of the criteria matrix.

9. However, CmiA verification does not issue a certificate. With CmiA being a baseline standard for the mainstream market, every two years verification focuses on confirming the overall results of the Self Assessment and verifying continuous improvement priorities outlined in the management plan. A licence to sell CmiA cotton is issued after successful verification.

### 3. Key roles and responsibilities

#### 3.1 Overview governance and main responsibilities



### **3.2 The Aid by Trade Board of Trustees**

10. The Aid by Trade Board of Trustees (in the following referred to as "AbT Board") is the highest decision making body and consists of leading personalities from key non-governmental and academic institutions as well as business.

11. The AbT Board has ownership of the implementation of the Verification Scheme. The AbT Board generally advises and oversees the Verification Management.

### **3.3 The Aid by Trade Foundation Management**

12. The Aid by Trade Foundation Management provides sufficient information to the Managing Entity to understand the requirements for entering the CmiA system, i.e. completion of Self Assessment, rating requirements, and makes obligations and potential benefits transparent to the Stakeholders.

13. The Aid by Trade Foundation Management provides access to completed and submitted Self Assessments for Verification Management and verifiers.

14. Verification fees, including travel and accommodation expenses, shall be paid after completion of the verification by the Aid by Trade Foundation after authorization of the Aid by Trade Foundation Management excluding follow-up verification visits that are to be paid by the Managing Entity (refer to chapter 5). Payment to verifiers is facilitated after validation of the report from Verification Management.

15. As the operational body, the Aid by Trade Foundation Management provides the Verification Management with suitable and valid data to plan the verification events for the subsequent verification period.

16. The Aid by Trade Foundation Management approves the budget as well as the business plan for Verification Management.

### **3.4 Technical Advisory Group**

17. The Technical Advisory Group consists of experts of all main stakeholder groups: NGOs, cotton companies, ginneries, producers, trade, retailers, and donor organisations. It constitutes itself from the Aid by Trade Advisory Board in cooperation with the Aid by Trade Management.

18. The Verification Technical Advisory Board constitutes itself from the Aid by Trade Advisory Board (consisting of the major CmiA stakeholders). Additional interested parties



can be nominated upon proposition of the Aid by Trade Foundation Management or the Aid by Trade Advisory Board..

19. The main tasks of the Technical Advisory Group are to revise the criteria and make respective recommendations on amendments to the Aid by Trade Foundation Management, and - as part of the dispute resolution process - to advise the Aid by Trade Foundation Management upon request.

20. The recommendations on amendments to the matrix are reported to the Aid by Trade Management who proposes them to the AbT Board, which makes the final decision on the amendments.

21. In the case of complaints, the Technical Advisory Group may also play a role in the Verification Scheme as technical advisor or mediator.

### **3.5 Verification Management**

22. The Verification Management is responsible for the running of the Verification Scheme, which includes the registration, listing and coordination of verifiers. It also includes the drafting of the annual business plan for consideration and approval by Aid by Trade Foundation Management.

23. Verification Management is responsible for identifying, contacting and contracting of the allocated Verifier to schedule and undertake the verification within the required time.

24. Validation of reports as well as (un-) announced witnessed verification visits are means for verification management to control verification quality.

25. Verification Management provides transparent access to the pool of approved verifiers within the CmiA system.

26. Verification Management collects and aggregates country based reports based on Verification Reports. Summary results and analysis are subsequently reported to the Aid by Trade Foundation Management.

27. Verification Management proposes improvements to the Verification Scheme to the Aid by Trade Management considering recommendations of the Technical Advisory Group and/or analysis from verifications.

28. Verification Management offers mechanisms with which verifiers can be kept up to date with verification requirements, e.g. modifications of content and concept by Aid by Trade Management.

29. Verification Management resolves cases of conflict or escalates them to the Aid by Trade Management, if appropriate.

30. Verification Management advises the Aid by Trade Foundation on payment of verifiers after validation of the completed and signed verification report.

### **3.6 Verifier**

31. The verifier is responsible to verify the overall results of the Self Assessment of the Managing Entity of the CmiA Unit, including field checks of members of the CmiA Unit. Verification also covers evidence on yield and volume of ginned seed cotton.

32. The verifier is contracted and coordinated by Verification Management.

33. The verifier decides on the sample selection for verification, based on a risk-based approach, including criteria that are defined by the impact assessment, such as specific control groups, and submits the report to the Verification Management as well as to the Managing Entity. The verifier contacts the Local Board for relevant information prior to verification.

34. Verifiers ensure to be kept up to date with verification requirements through the mechanisms offered by the Verification Management.

35. After completed verification the verifier sends the respective invoice to Verification Management.

### **3.7 CmiA Unit and Managing Entity**

36. Members of the CmiA Unit are all important participants relevant to the CmiA claim, thus the criteria matrix: farmers (including seed producers), ginneries and cotton companies.

37. Compliance of a CmiA Unit is managed by the "Managing Entity" which either is a cotton company or a ginnery or an institution within the cotton sector that has the power to influence policies in the cotton supply chain. Main requirement is the ability to exercise downstream management control. The Managing Entity is the first point of contact for the verifier.



38. The Managing Entity takes the ultimate decision about who will be a CmiA farmer. CmiA farmers can either be all contracted farmers respectively, all contracted farmer associations by the cotton company or ginnery. Or, CmiA farmers can be farmers who are specifically identified to participate in CmiA. All ginneries processing CmiA seed cotton are automatically members.

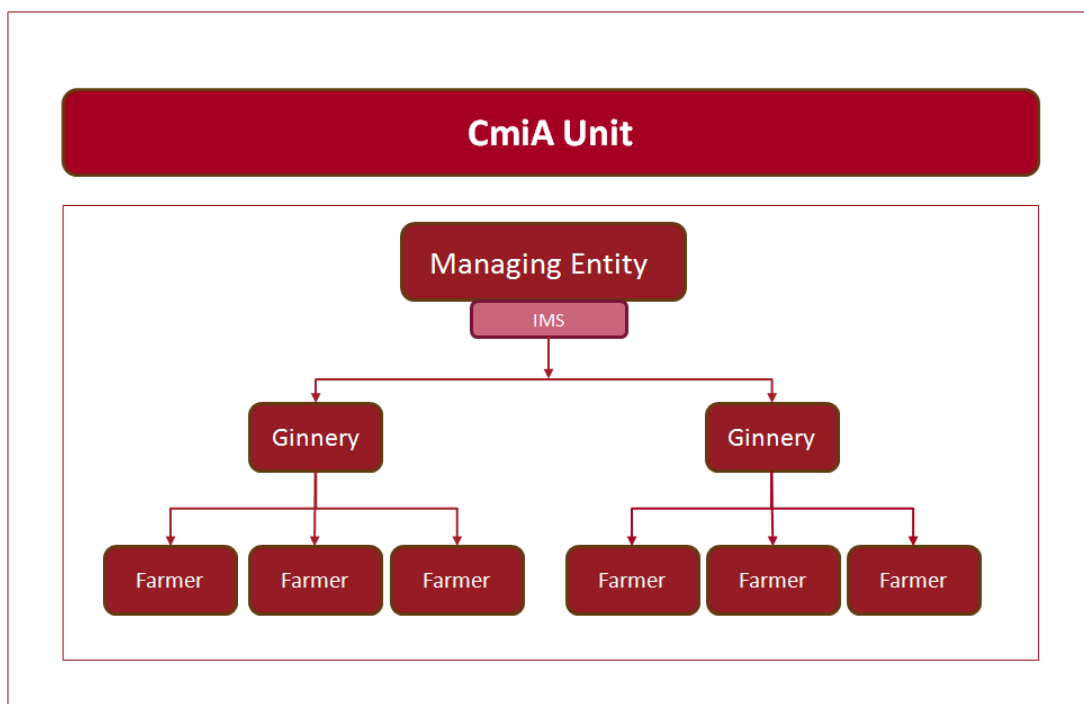
39. An up to date list of all CmiA farmers needs to be made available to the verifier. In addition, for re-verifications a list of all CmiA farmers and ginneries need to be made available, who have been growing or processing CmiA cotton since the previous verification, regardless of whether they do, or do not grow or gin cotton in the year of verification.

40. The Managing Entity of the CmiA Unit bears the responsibility for compliance with the requirements of the criteria matrix. The Managing Entity commits to implement an internal monitoring mechanism in order to control compliance of the members of the Unit.

41. The Managing Entity is responsible for conducting the initial and subsequent annual Self Assessments and submitting it to the Aid by Trade Foundation. The Self Assessment needs to annually inform about the size of the CmiA Unit and changes in its structure, if applicable.

42. The Managing Entity ensures that required information and evidence are available to the Local Verifiers. The Managing Entity also provides sufficient and appropriate assistance to the Verifier Team in order to ensure an efficient and effective verification. This includes in kind contributions such as the provision of staff with local geographical knowledge as well as transportation.

43. Overview CmiA Unit



### 3.8 Local Boards

44. Local Boards are stakeholder groups of the cotton sector at national level. They are voluntarily formed and should be contacted by the verifier for information on specific events or incidents prior to verification.

## 4. Continuous improvement mechanisms

### 4.1 Criteria Matrix

45. The CmiA criteria matrix focuses on performance as well as management requirements. The management requirements formulate the framework within which the performance requirements are implemented. Criteria are adapted to basic management requirements. This basically means that "green" can only be reached if a management plan regarding the specific principle is in place.

46. CmiA seeks to promote systemic compliance, not a "check-list" or "inspection-day" approach. For this reason, the management system requirements of the matrix are important and the Managing Entity should integrate the requirements of the criteria matrix into its processes in order to reach green. This approach implies that the burden of proof is on the Managing Entity for the respective verified CmiA Unit.

47. The concept of continuous improvement is reflected in the traffic light criteria of the matrix.

### 4.2 Entry and progress requirements

48. The Self Assessment is the potential candidate's statement of interest to join the CmiA system and to become subject to verification. It is also a declaration of compliance with all "exclusion criteria".

49. As a prerequisite to join CmiA the Managing Entity has to implement and maintain sufficient management capacity and resources to fulfil the requirements of the management criteria as lined out in the criteria matrix.

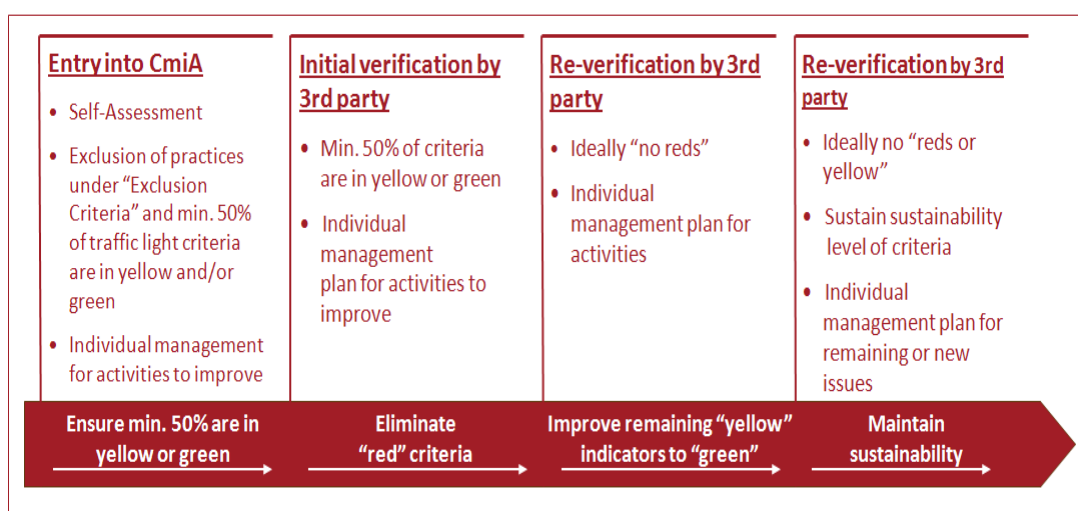
50. In addition, the Managing Entity of the Unit has to have procedures, records and controls in place to separate CmiA cotton from cotton processed by non CmiA farmers or GMO cotton.

51. The Aid by Trade Foundation formally validates the Self Assessment and registers the Unit with CmiA. If no more than 50% of the evaluated practices show "red" in the traffic light assessment, the CmiA Unit receives the initial verification visit. Only if verification is completed successfully, the Managing Entity receives the formal licence to sell CmiA cotton for the whole CmiA Unit.

52. The Self Assessment has to be completed annually and be sent to and validated by the Aid by Trade Foundation. It contains information on the structure of the CmiA Unit as well as facts and figures, inter alia, the types and numbers of its members, total hectare of its farmers, (expected) yield, processed CmiA cotton and numbers of farmers trained.

53. Over time, progress requirements foster the continuous improvement approach. Each re-verification needs to confirm the improvement of at least 2 red criteria. In case all reds have been removed, yellow criteria should be improved towards green. In case of no improvements or regress, the licence may not be issued and the Managing Entity is required to consult with the management of the AbT Foundation. In the case where all criteria show green, sustainability should be maintained and proved that management systems are in place to identify issues and implement improvement.

54. Overview of ideal continuous improvement process:



55. The exclusion criteria as well as the criteria matrix are reflected in the Self Assessment.

56. Based on the outcome of the Self Assessment as well as the verification, the Managing Entity should be able to identify the areas of improvement (e.g. red practices to be rectified) and prioritise them. These need to be transferred into a management plan to remove red and yellow criteria. The prioritisation will help the Managing Entity to plan the improvements. The planned improvements shall be part of the Management Plan and subject to the regular verification



57. Re-verifications check the level of compliance, monitor the continuous improvement process and allow a continuous development of management plans. Improvements and other developments are reflected in the next years Self Assessment.

### **4.3 CmiA investments for continuous improvement**

58. Targeted investments for continuous improvement through partnerships with bilateral, international and private donor organisations support the Managing Entity in its continuous improvement objectives.

## 5. Verifying compliance with the matrix

### 5.1 General approach of verification

59. The general objectives of the CmiA verification are

- To verify the overall results of the Self Assessment
- To verify progress requirements
- To verify effectiveness of the internal monitoring system to ensure compliance with the criteria matrix
- To provide reasonable corroborative evidence through field checks

60. Verification can confirm that certain requirements are met at the time of verification, but cannot guarantee that they continue to be met in the future. However, verification can partly analyse the maturity of the management system and hence make a statement on the likeliness of implementation over the next two years.

61. It is obligatory that the verifier checks compliance with the ginning criteria of the matrix. Therefore, verification will take place in the first half of the ginning period, verifying the entire criteria matrix.

62. Verification will be undertaken by independent, listed verifiers. The verification management will generate a list of the most appropriate verification body to conduct a verification visit; the main criteria are -without order of priority- price and effort estimate, geography, quality and track record.

63. Verification will require the validation of the overall results reflected in the Self Assessment by means of sufficient appropriate corroborative evidence. This may or may not cause a change in the rating. Any change in the rating will be based on the professional judgement by the verifier.

64. For each criterion the verifier should record the evidence used to verify compliance and use professional judgement for evaluation.

65. Methods of evidence collection from the Local Verifiers include the following:

- Management interview
- Staff interviews
- Farmer interviews

- Document review
- Observation and/or inspection

66. Objective evidence of compliance might mean the result of the interviews with management, interviews with members of staff and farmers, review of a written document such as a manual, procedure or map, physical inspection or testing of a piece of equipment, or a sample; viewing an example of a particular operation, such as harvesting or spraying, review of records such as written contracts, invoices, pay records or bank statements.

67. Guidance on how to gather corroborative evidence is compiled in the verification manual.

## 5.2 Sampling

68. The objective is to gain sufficient insights to be able to reach verification objectives. In order to reach a sufficient level of comfort, a qualitative approach is applied to obtain samples suitable for gathering sufficient corroborative evidence. With increasing focus in the selection process, interviews, document checks and business model assessments, a representative sample is gained not through size but through a qualitative top down approach. Sampling, therefore, is based on the degree of risk, geographic criteria, samples for the impact assessment or simply randomly. Finally, sampling is a matter of professional judgement of the assigned verifier.

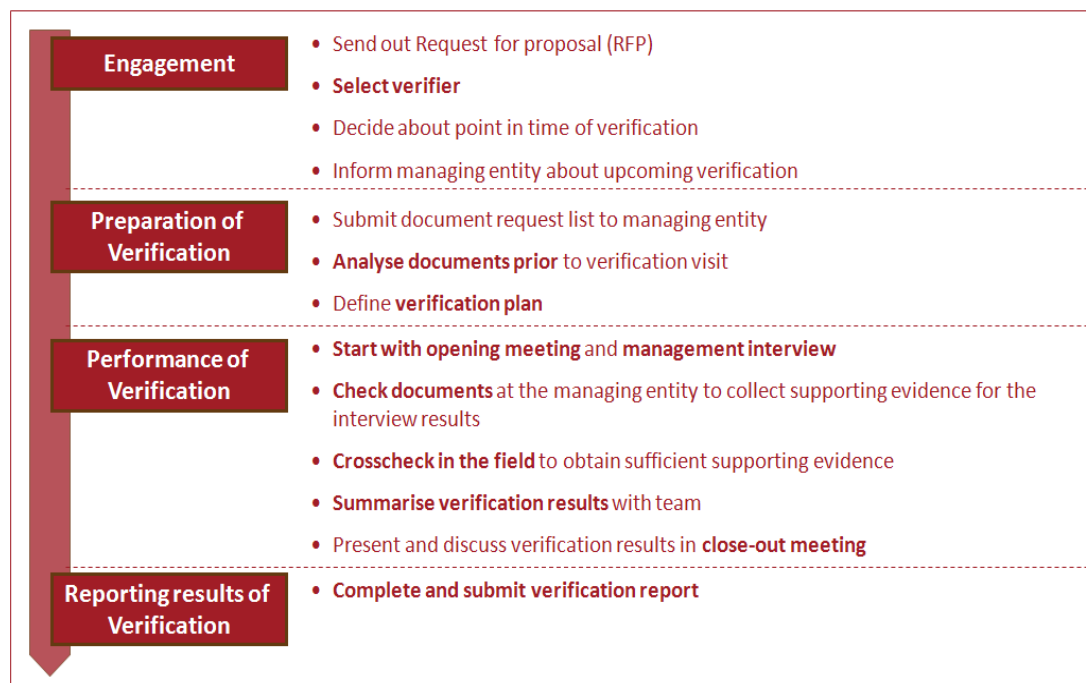
69. Recommended risk parameters include volume of cotton produced, evaluation results of the Managing Entity of the Unit's internal monitoring. Others are stakeholder information, recent events or incidents. The inclusion of the field checks will also assist in the assessment of the effectiveness of the internal monitoring system.

70. The Managing Entity will not determine which sites are visited. Verifiers found to be taking instructions from a Managing Entity on the sample to be visited risk losing their right to verify.

71. The verification manual provides detailed guidance on sampling.

### 5.3 Overview verification process

72. Overview of verification process:



73. The verification process document provides detailed guidance.

### 5.4 Types of verification visits

74. Regular verification visits take place every two years. However, there might be notable changes to the size of the CmiA Unit between two verifications or the CmiA Unit loses its licence to sell CmiA cotton due to the result of the verification. The types of verification visits are defined as follows:

#### ***Initial Verification***

75. The initial verification visit is the first verification visit to a CmiA Unit. After submission of the Self Assessment that excludes all exclusion criteria and no more than 50% of the evaluated sustainability practices show red, the initial verification visit takes place as soon as possible.

#### ***Regular re-verification***

76. Re-verification visits are regular verification after initial verification. In general, these visits take place every two years.

### ***Follow-up verification***

77. Follow-up visits may be necessary if the CmiA Unit is rated below minimum requirements, or progress requirements are not met (if the latter applies, the Managing Entity should consult with the AbT Foundation). Minimum requirements are exclusion of exclusion criteria and a minimum 50% of the sustainability criteria are rated yellow and green. Progress requirements apply to continuous improvement obligations towards green criteria, i.e. improvement of at least 2 red and/or yellow criteria. The follow-up verification takes place when a management plan is developed and implemented to remove exclusion criteria or a sufficient number of red and/or yellow criteria. The follow-up verification visit will focus on specified criteria. Expenses for the follow up verification will be met by the Managing Entity.

### **Addendum verification**

78. The licence is valid until the next regular verification visits (2nd, 3rd, 4th, etc.) if there is no change in the CmiA Unit in terms of its members .If there is a relevant change in those regards, an addendum verification can take place and a new licence may be re-issued and will replace the existing one.

79. A relevant change occurs if the number of CmiA farmers growing cotton increases by at least 20% compared to the previous status, if there is a new ginnery integrated, and / or the total volume of CmiA compliant cotton is expected to increase by at least 40% compared to the previous harvest.

80. In case these criteria do apply, the cost for addendum verification will be paid by the Aid by Trade Foundation. Preferably, the verifier selected for the first verification will also perform the addendum verification.

## **5.5 Rating of exclusion criteria**

81. Non compliance with exclusion criteria may be categorized into two different types (i) incidental non-compliance, (ii) systematic non-compliance.

### ***Incidental non-compliance with exclusion criteria***

82. Incidental non-compliances are defined as follows:

- i. a non-compliance is incidental and observed as a single event, and



- ii. Management has provided sufficient evidence that internal controls and mechanisms should prevent such practices.

83. Consequence: The rating of exclusion criteria under scrutiny will remain under investigation. This means that the exclusion criteria stay open and are not rated red or green until the risk of incidental non-compliance can be mitigated or confirmed by a follow-up verification. However, they are marked as "under scrutiny". The Managing Entity must implement immediate mechanisms in order to prevent the identified exclusion criteria in the specific case in the future. A follow-up verification will be undertaken as soon as it is feasible to verify whether the measures taken by the Managing Entity are appropriate to mitigate the risks of non-compliance associated with specific exclusion criteria. The follow-up verification must take place within a period of 12 months. This period starts with the last day of verification (Close-out Meeting) during which the risk of incidental non-compliance was determined. The precise timeframe of the follow-up verification needs to be negotiated between the verifier and the Managing Entity. The verifier will inform Verification Management about the agreement reached. The verification will focus on the identified case. Verification has to be paid for by the Managing Entity.

### ***Systematic non-compliance***

84. Systematic non-compliances are defined as follows:

- i. Corroborative evidence demonstrates that exclusion criteria are applied, and
- ii. Management cannot provide sufficient evidence that internal controls and mechanisms prevent such practices.

85. Consequence: The CmiA Unit loses its licence to sell CmiA cotton immediately, until a follow-up verification (paid by the Managing Entity) will provide sufficient evidence that exclusion criteria no longer apply and sufficient controls are in place that the verifier has reasonable comfort that such practices are prevented in the future.

## **5.6 Dispute resolution in relation to verification**

86. Independent dispute resolution involving the Technical Advisory Group will be established on a case by case basis for the resolution of disputes such as:

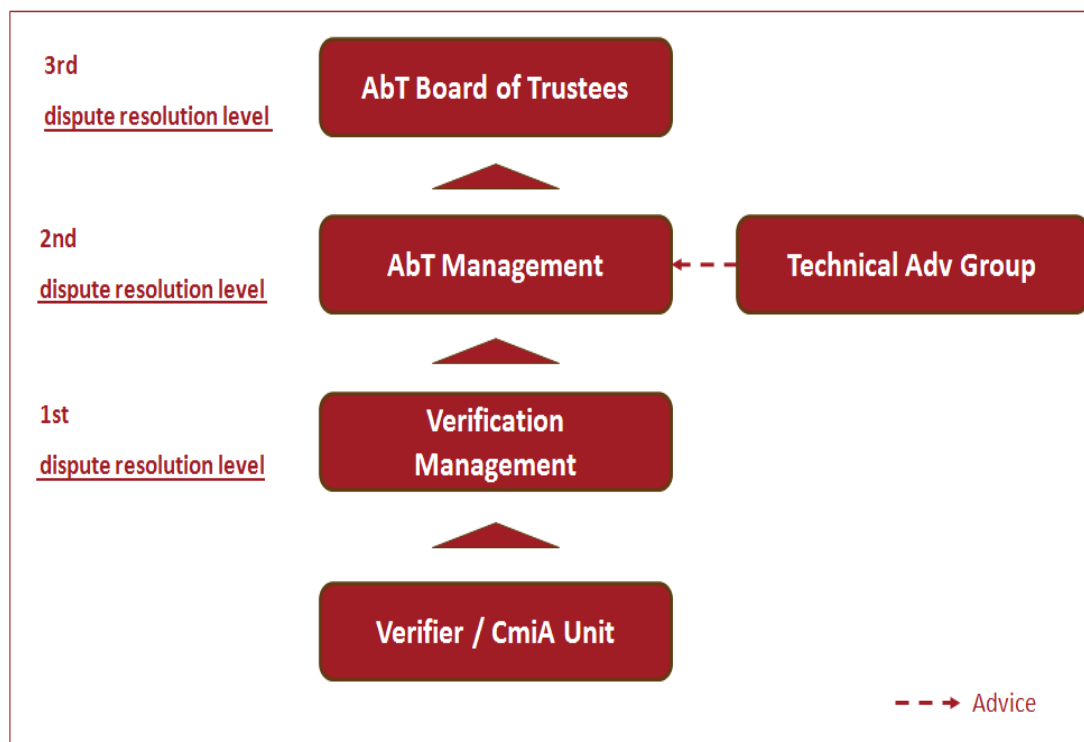
- The Managing Entity of the CmiA Unit contests the rating results of verification
- The Managing Entity of the CmiA Unit contests its removal from the CmiA system



87. It is the responsibility of the verifier as well as the Managing Entity to enter in dialogue and to hold a closing meeting at the end of the verification in order to discuss the results and attempt to clear-up any potential misunderstandings which may materialise into a dispute.

88. However, it is clear that opinions of the respective parties may diverge and lead to a case requiring involvement in a first step of Verification Management. If no solution is found then the Technical Advisory Group will be involved which will inform the AbT Board accordingly. The final decision rests with the AbT Board.

89. Overview escalation steps in case of dispute of verification results:



## 6. Qualification of Verifiers

90. In social and environmental verification the verification relies to a large degree on the competence and skills of the individual verifier.

91. Verification management assures an open process for invitation to participation in the verification training.

92. Prerequisites for participation in the verification training for individual verifiers are:

- Working for an ISO accredited certification body
- Experience in social and/or environmental standards' auditing
- Technical knowledge
- Formal education
- Relevant language skills

93. After successful participation in the verification training, the then approved verifiers should work in mixed teams (female/male) of at least two, with the lead verifier having successfully participated in the verification training. In addition, verifiers need to disclose any potential conflict of interest.

94. The Verification Management provides transparent access to the pool of approved verifiers within the CmiA system.

95. Unannounced or announced witnessed verifications are a means for verification management to control the quality of conducted verifications as well as to support the learning process of the verification scheme.