



Dibella impact report

on the working and living conditions
of our organic Fairtrade cotton farmers in India

Cotton Season 2017/18



DIBELLA
LONGLIFE TEXTILES

Contents of the report

This report was prepared by the Chetna Cooperative.

The Chetna Organic & Fairtrade Cotton Intervention Program was launched in 2004 in response to the agricultural crisis in India. The intention and mission is to safeguard the livelihoods of small and micro farmers by enabling them to manage their soils sustainably and profitably.

The objectives of the initiative are:

- to increase productivity and lower cultivation costs
- to promote the self-sustainability of local farmers
- to open up market access by creating value
- to promote the development of women and children

This report examines the working and living conditions of the Chetna cooperative farmers in the reference period stated.

Dear readers,



We are very proud to present the first Dibella impact report, which is also one of the first studies in the world to look at the living and working conditions of organic cotton farmers in India.

The Chetna cooperative worked intensely for two years on collecting the underlying data material. Many people were involved in creating and curating the material for this unique

survey. End-to-end transparency along the entire supply chain is becoming more and more important in global trade relations and, especially at Dibella, is a key factor in all our activities. From now on we will be updating this report continuously, so that clear, positive changes in the living conditions of the farmers become discernible over time.

This report contains data in the following categories: demography, marital status, housing situation, access to drinking water and electricity, hygiene status, education, government livelihood programmes, use of fuel, mobile phone use and mobility.*

The data used is real data derived from the Chetna Cooperative's Source-Trace™ Farm Management Tool and is directly related to our procurement volume during the 2017/2018 cotton season.

Sincerely,

Ralf Hellmann
Dibella GmbH

* Any deviations in the data material will be eliminated when future batches of data are collected.

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Credits: Title picture, Dr. Norbert Taubken; all further, Dibella

Dibella Impact report 2018*

In the period under review

1,165 organic Fairtrade cotton farmers* harvested

627 tonnes of cotton on around

317 hectares of farmland.

* All the data used in this report stems directly from Chetna's SourceTrace software. It is fully linked with the sales data of the Chetna farmers who cultivate organic cotton for textiles. Each individual farmer has his own ID number and is therefore individually identifiable.

This unginned cotton yielded

210 tonnes of raw fibre

(raw cotton after ginning and cleaning). The Chetna farmers produced a total of

2,000 tonnes of organic Fairtrade cotton.

Dibella supported a total of

5,242 men, women and children

by purchasing organic Fairtrade cotton.

The average farmer family consists of

4.5 members.**

Average wages (after deductions) during the harvest period: **€ 76 per hectare** in conventional farming, **€ 190/ha** through the Cooperative.

States: **Odisha, Telangana**

The average cultivated area per **organic Fairtrade cotton farmer** is approx. 1 hectare.

Premiums of

€ 44,658

were paid out in 2018.

The minimum price for the cotton delivered was

43.2 rupees per kilo

(equivalent to € 0.55*** per kilo)

The Chetna Cooperative pays its farmers

5.8 rupees per kilo

(equivalent to € 0.07*** per kilo) more for organic Fairtrade cotton than in conventional farming (i.e. 13.4 % above the minimum price) in the 2017/2018 harvest season.****

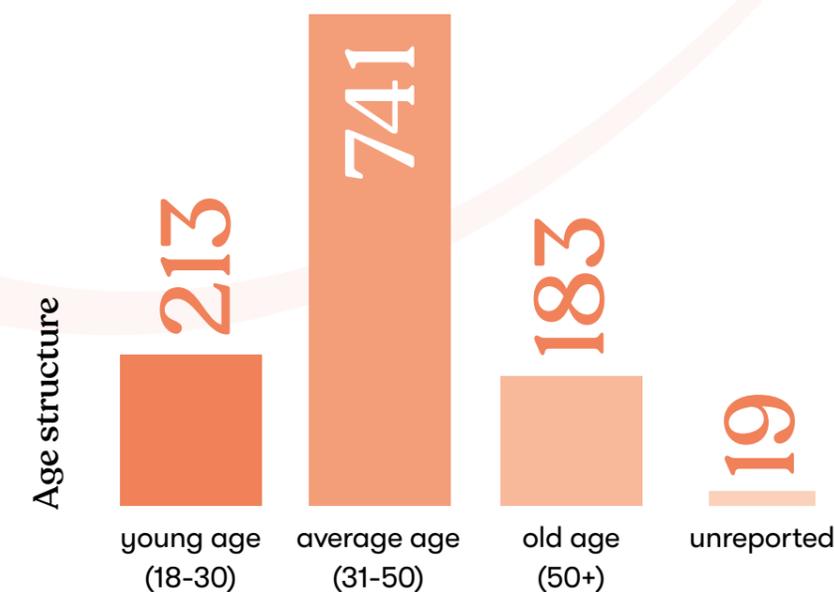
** In the case of the farmer families, the individual persons helping to cultivate the farmland are included.
 *** Based on exchange rate July 2019
 **** The cotton season covers the period from June 2017 (sowing) to March 2018 (sale of the cotton).

Gender and age structure



Improved outlook: Young men in low-income rural communities were often drawn to the cities to look for work in conventional farming due to the lack of any perspective.

The Chetna Cooperative's fair prices and premiums create an incentive for young people to stay in farming and for families to remain united. We will be monitoring the number of young farmers and hope to see an increase over the coming years.



Education level

665

Illiterate

76

School

164

Primary

17

Secondary

7

Higher

0

Graduate

Illiterate farmers self-report low self-esteem and feelings of isolation and are vulnerable to manipulation by middle-men and improper farm-product use. Illiteracy is especially dangerous for conventional farmers who face extreme health risks through misuse of toxic chemical inputs. Additionally, illiterate farmers have suppressed income potential as they cannot avail government schemes requiring written application forms.

With education and literacy, farmers report higher self-esteem, have better access to job opportunities and government schemes, and are able to help to illiterate peers while taking leadership positions in their community.



Education is the key to success. Established by Dibella, the GoodTextiles Foundation is committed to promoting schooling for the farmers' children as well as the further education of the organic Fair-trade cotton farmers. In addition to a school project for girls, a training centre was established in Adilabad to assist organic cotton farmers in all aspects of cotton farming.



Living conditions

The Kutcha houses are very rudimentary and are built from only mud and straw without any bricks or cement. The roofs of the Kutchas are mostly made of plant materials such as woven bamboo and leaves. In the cotton growing areas, the farmers store the raw cotton indoors during the harvest to protect it from rain and dust before it is sold. Average Kutchas houses consist of a single room with a partition and are only about four to five square metres in size. The whole family lives, sleeps, eats and cooks there. The Kutchas are cheap and easy to build, but also very vulnerable to weather and environmental risks. Snakes, insects, heavy rainfall and high temperatures are a constant threat.

With their poor ventilation, Kutcha houses also pose a risk to women and young children who are exposed to the smoke from wood-burning stoves.



564 Kutchas



218 Semi-Pucca



Semi-Pucca houses resemble the interior of the Kutcha houses, but are built a little more robustly. The walls are made of cement or plastered clay bricks. The roofs are made of cement or corrugated iron.

17 Pucca



In contrast to the Kutchas, Puccas are solidly constructed houses and have an average of three rooms and thus much more interior space.

They are well protected from rain and environmental influences and often have a ceiling ventilator for the extreme summer temperatures, which exceed the 45 degree mark on many days. Some Pucca houses even have a television set. The Indian government is assisting the farmers in building Pucca houses.

There are programmes that help farmers to cover about 50% of the construction costs. In order to be able to make use of this support, a family must first raise funds of around four to five-and-a-half thousand euros as the basis for applying for finance. With government support and the additional margin that Chetna cooperative farmers earn by growing organic cotton, a family can pay for a Pucca house in about three to four years.

Electricity



775

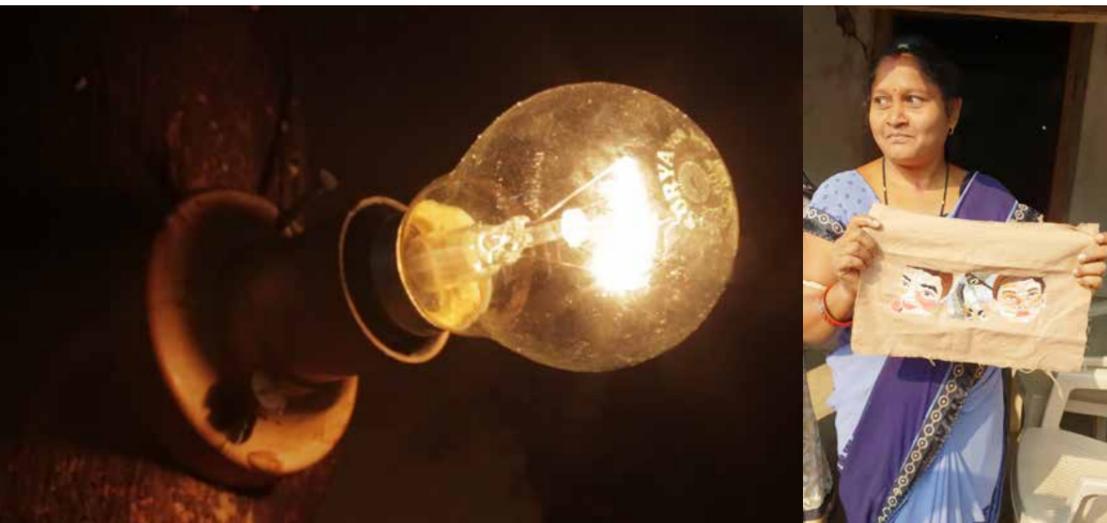
houses with
electricity



26

houses with-
out electricity

Electricity is a very valuable commodity. In one of the simple Kutcha houses, having electricity usually means the possibility of installing one or two lights. This is a safe and cost-effective light source compared with the use of kerosene lamps. The more affluent farmer families may frequently have ceiling fans or even a television.



However, what is the most important for the families is the possibility of using light to extend the period in which the children can learn, thus gaining access to education. In addition, electric light also offers farmers the opportunity of earning additional income, e.g. through the manufacture and sale of handicrafts such as embroidery.

Hygiene



271

houses with
sanitary
facilities



525

houses without
sanitary
facilities



As they do not have their own toilets, farmers and their families rely on the fields for their sanitary needs and are thus exposed to the risk of infections, parasites, dangerous animals and insect bites. Women and girls are particularly vulnerable and face the additional risk of falling victim to sexual violence.

The installation of toilets in villages and flats has been shown to have a positive effect on health and thus on school attendance. However, despite the extensive government programmes aimed at providing adequate sanitary facilities, the use of toilets in the areas with rainwater irrigation is extremely limited due to water shortages as it is important to avoid wasting the valuable and scarce freshwater resources.

98,9%
of the population

in India are expected to have access to sanitary facilities in 2019. However, these do not meet European hygiene standards. Between 2014 and 2018, the government in India built

92,2 million toilets.

The GoodTextiles Foundation is involved in various projects aimed at improving local living conditions. As part of the support for a girls' school, a power supply system was installed and the sanitary facilities renovated.

Use of fuels for cooking



Firewood	780 Farmers	(96.77 %)
Liquid gas	15 Farmers	(1.68 %)
Gasoline	10 Farmers	(1.24 %)
Others	1 Farmers	(0.12 %)

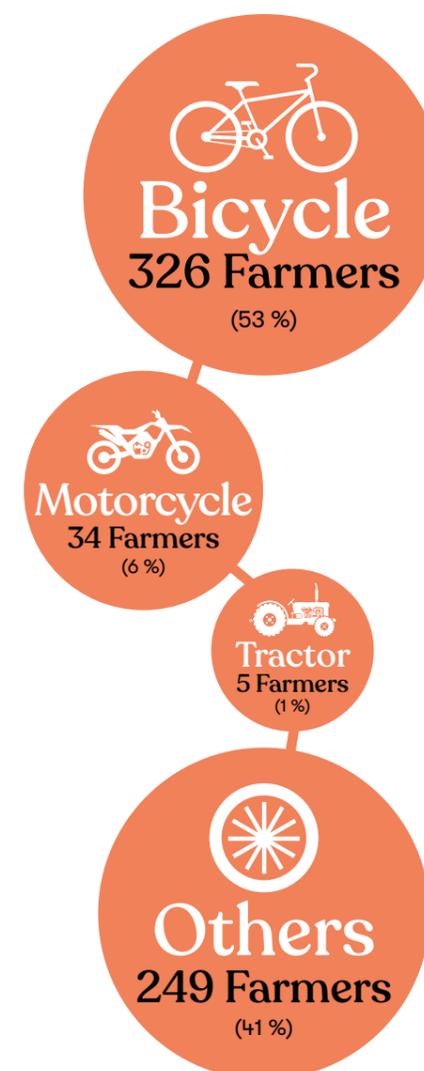
The use of firewood has numerous adverse social and environmental effects on farmers and village communities and contributes significantly to deforestation, change to the climate and the ecosystem and lung disease. As women are traditionally responsible for cooking, they are constantly exposed to high amounts of smoke due to inadequate ventilation. This often leads to eye and lung irritation, which results in chronic diseases and, thus, high medical costs over time. Suitably equipped stoves reduce smoke emissions and thus directly also medical costs. At the

same time, the reduction in the amount of wood required also alleviates the acute dangers of deforestation. Despite this, reforestation measures are needed in most rural areas to restore the landscapes damaged over the years.

LPG is also an alternative, but costly for farmers. Depots are located an average of one day's drive from most villages and entail additional costs as a result of transportation to and from the depots. Kerosene is largely unavailable due to widespread delivery shortfalls.



Mobility



Bicycles are an important means of transport for farmers and have particularly proven themselves for girls as a means of getting to school. The girls also reported a lower incidence of sexual harassment. Owning a bicycle also means that poor families do not need to choose between paying 10-20 rupees a day for their children's transport to school or spending the money on other daily staples.

In addition to providing a way of getting to school, bicycles are an important burden tool to carry animal feed and water canisters. Ox carts are still the most common means of transport in the villages. Tractors are very unusual and only available to farmers with a lot of land. Motorcycles are also a luxury – often families that have a motorcycle have a family member who works in a nearby town.

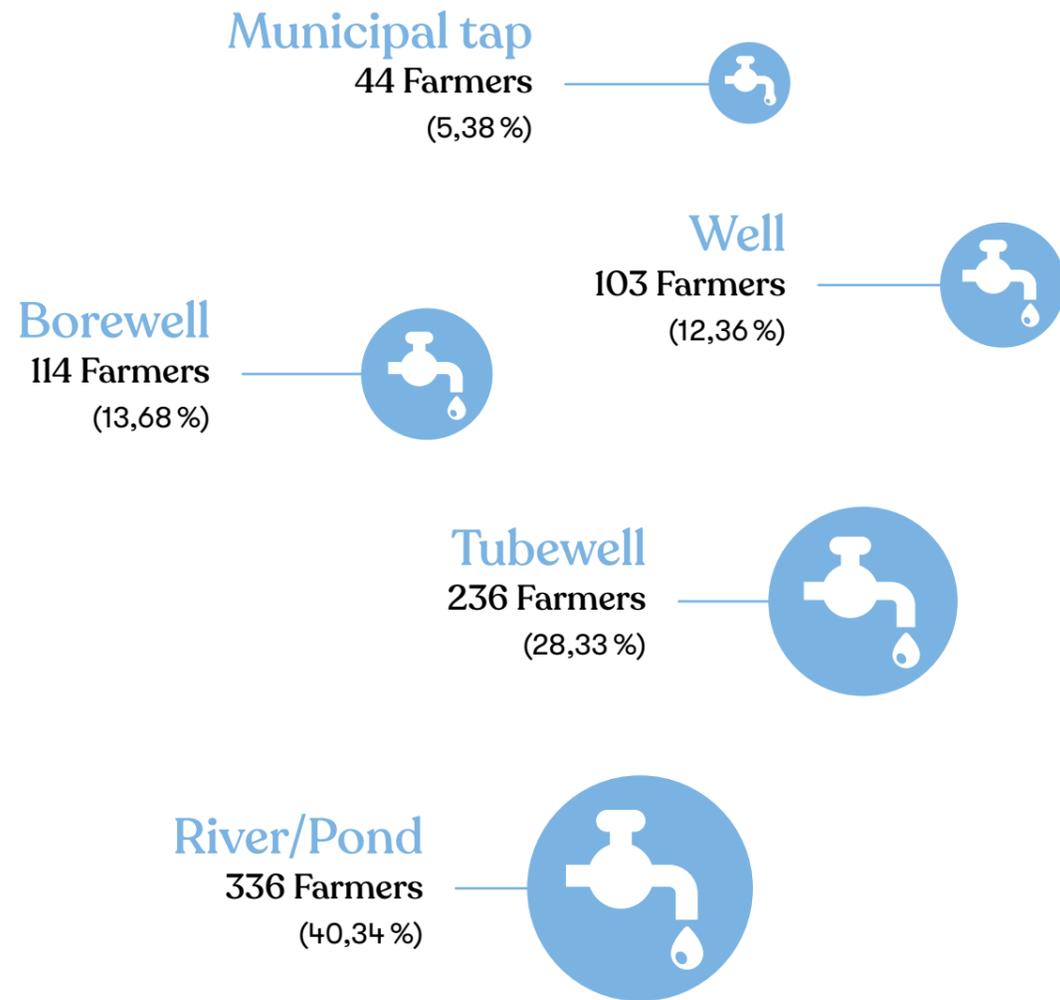
Supported by Dibella and its customers, the GoodTextiles Foundation donated bicycles to families in the remote villages of the cooperative. Having a bicycle makes it easier and safer for girls to get to school, while making the costs more affordable for their parents. As a result, the rate of early school leavers has dropped from 50% to less than 5%.

Use of mobile phones



Having a mobile phone gives farmers the opportunity of sharing important agricultural information with other farmers, such as market price comparisons, news on pest infestation and best practices. Mobile phones provide access to emergency medical services and are generally an effective means for reaching a hospital more speedily in the event of an emergency. However, the use of smartphones is still relatively rare in the rural areas of the Chetna Cooperative, with an average of fewer than five devices per village.

Drinking water sources



Access to drinking water refers to farmers' ability to access certain sources of drinking water. A borehole, for example, is often used by an entire village, but does not supply water all year round. Usually the supplies last only eight to nine months, after which the farmer families have to travel one or two kilometres to obtain water from ponds or rivers. Using pond or river water exposes families to the risk of diseases caused by contamination from chemical pesticides as well as animal and human faeces.



As part of the school project in Odisha, a drinking water filter system has been installed to ensure supplies of fresh and hygienic water for the pupils.

Govt. livelihood support schemes

There are numerous government programmes available to farmers.

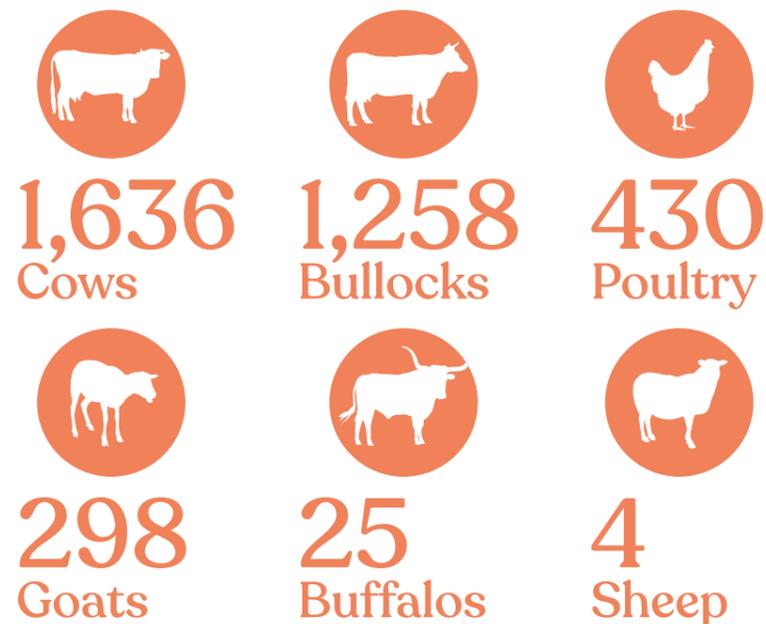
In Telangana, for example, farmers can apply for loans of 10,000 rupees (equivalent to € 128.14) for tillage. Other government assistance includes loans for cultivation and subsidies for education, housing and health. However, the quality of the benefits available under these programmes is often very low.

For example, state educational institutions are often underfunded and state hospitals rarely have suitable diagnostic or medical equipment.



Livestock farming

Number of animals kept by the micro-farmers as a source of livelihood, food and additional income:



Agriculture - cultivation of farming lands

In order to preserve ecological diversity, avoid monocultures and also tap an additional source of income, organic Fairtrade cotton farmers cultivate various intercrops.



Intercrops cultivated by the farmers:



Portrait of M. Vishnu, Organic fairtrade cotton farmer, Chetna coalition

Sample data of a Chetna farmer



Land holding

0.8 ha

Seed source

Purchase from Cooperative

Variety of seeds

Malika, Bunny

Farm name

M. Vishnu-Farm

ICS* Unit

No. 822977

Gender

male

Age

58

State

Telangana

Village

Shekguda ((District Adilabad)

Seed quantity used

900 gr

Seed quantity cost

1,200 Rs (equals € 13)

Harvest season

2017/18

Farm equipment

Two bullock carts and plough / One seed drill / various hand tools

Farm animal

Five poultry

*Internal Control System



Long-term commitment

This long-term report seeks to gain insights into the impact of Dibella's CSR commitment on the working and living conditions of Chetna's organic Fairtrade cotton farmers in India.

Via the Dibella+ projects we want to address current shortcomings and contribute to improving the farmers' prospects. Over and above cotton cultivation, we include normative developments as well as ecological and economic effects in our survey. Yet, far from resting on our laurels, we wish to support all interested customers in putting corporate social responsibility into practice with their own groundbreaking projects.

If you are interested in participating directly or indirectly in the report, Ms. Michaela Gnass would be pleased to hear from you at: gness@dibella.de



