

Dear Delegates

It is my pleasure to present the report of the Expert Panel on the Social, Environmental and Economic Performance of Cotton. To recap, the objectives of SEEP are to:

- provide the ICAC with objective, science-based information on the negative and positive social, environmental and economic aspects of global cotton production;
- gather information from around the world on costs of agricultural labour and the factors that affect those costs to assess their impacts on the social performance of cotton; and
- make recommendations for further action as appropriate to improve the social, environmental and economic performance of the cotton industry.

And while many of the issues that prompted the formation of SEEP remain – in particular the continued negative portrayal of cotton in reports on sustainable cotton, much has also changed, in particular the increased expectations from the supply chain to have access to specific sustainability metrics.

SEEP members are therefore very much looking forward to participating in the proposed strategic review of ICAC, and reviewing our objectives.

As well as participating in the strategic review, SEEP will also be working on 3 specific areas over the coming 1-2 years. These areas were identified following a full-day meeting of SEEP held last Thursday, during which members identified a range of potential activities, and then discussed and debated which ones were to be prioritised.

The 3 areas are as follows:

1. A focus on soil health across the range of cotton production regions. The rationale is that while SEEP has focused on 'above-ground' issues such as pesticide use and labour, there has not yet been a focus on 'below the ground issues'. SEEP considers this a critical area, as recent Life Cycle Assessments highlight that the most significant impacts associated with cotton production are nitrogen fertilizer use and water use. And soil health fundamentally influences these two aspects of cotton production - the ability of soils to capture, store and release nitrogen and water.

The anticipated outcome, to be developed over the next 12-18 months, is the sharing of site specific practices that may find utility in other regions.

The sorts of practices or issues to be covered within soil health could include: salinity, drought, infiltration, compaction, tillage, surface residues, organic amendments, cover crops, soil microbiome, soil carbon, nitrate leaching, and nitrous oxide emissions. SEEP's role would be to expand the existing knowledge base on soil health and organize it into cotton grower relevant practices and information. Once assembled, this document would serve as a resource for the cotton industry to improve its environmental footprint and resource use efficiency regarding the critical inputs of fertilizer and water.

As noted by the proponents of this idea, Kater Hake and Bill Norman, it is vital to our industry's success that global expertise sharing through ICAC and SEEP continue to address concerns such as productivity and environmental impacts.

SEEP sees the focus on soil health as the first cab off the rank, and that in time it is hoped that additional areas such as water management and insect management could also have a similar knowledge base developed.

2. The second priority area is the continued testing and implementation of the guidance framework for measuring the sustainability of cotton farming systems. To quickly recap, the guidance framework produced by SEEP and published jointly by ICAC and FAO identifies 68 indicators for assessing the sustainability of cotton farming. The relevance of each indicator will of course depend on the farming system and context - not every indicator is necessarily relevant to every production system. Since the guidance framework was published in 2015, a number of countries have been pilot testing the framework in a range of ways, including initiating discussions on sustainability in the cotton sector, and publishing sustainability performance metrics.

As advised at last year's plenary meeting, a stocktake of the experiences of these pilot testing activities was commissioned by GIZ, and is being undertaken by Jens Soth from Helvetas. The initial draft of this report was presented to SEEP at its meeting on Thursday. While the report and the recommendations are yet to be finalised, there are a few key points that can be presented now:

- 14 countries have now undertaken activities that have utilised the guidance framework, making for a rich range of experiences from which to learn.
- The draft report covers the experiences of the pilot tests in six countries in detail (Australia, Bolivia, Paraguay, Peru, US, Zambia) and integrates the key findings of another 5 countries (Benin, China, Cameroon, Senegal, Togo). Pilot tests in three more countries (Argentina, Colombia and Ecuador) are ongoing and it is hoped that these can be integrated into the final report
- It is clear that a ‘user manual’, based on the practical experiences of the pilot tests to date, would be an extremely useful document to support the implementation of the guidance framework.
- Similarly, case studies describing the benefits that have been gained from using the guidance framework would also be extremely useful. It is clear from the pilots that the framework provides an excellent starting point for identifying and prioritising issues at both a national level, and a more direct field or project level.
- The development of tools, such as an app to allow data entry directly with an iPad would streamline the data collection process enormously
- Implementation should ideally be kicked off by a stakeholder workshop that convenes a broad range of national cotton stakeholders

- The actors implementing the guidance framework should conduct a thorough screening of databases and agricultural data monitoring schemes already existing in the country.

SEEP is aiming to have the report finalized by the end of the year, so that it is available in early 2018.

3. The final priority area flows on from the work on the guidance framework.

While the framework focuses on the identification and collection of appropriate indicators for measuring sustainability at the level of the user of the framework, there is as yet no formal approach as to how that information is reported at a level beyond the specific use case. That is, what is the opportunity for the framework to guide reporting on the overall sustainability of cotton farming? Currently, there seem to be 2 main ways in which the sustainability of cotton farming is claimed or assessed. First, cotton is said to be sustainable if it has been produced according to a standard, such as organic. Second, sustainability is assessed using a Life Cycle Assessment methodology. The challenge with the former approach is that the standards are process standards. That is, compliance is determined by the adoption of defined practices or approaches, not on the impact that the adoption of the practice actually has.

Using an LCA methodology to assess sustainability has a number of challenges. It relies on 'point in time' or seasonal "snapshot" data, which is not necessarily appropriate for agricultural processes, with its uncontrollable seasonal variations that influence the LCA 'score' – as opposed to the highly controllable industrial setting in which the LCA methodology was developed in. Nor does an LCA take into account any positive impacts associated with farming, such as income generation or employment.

A priority for SEEP therefore will be to look at developing alternative ways of reporting on the sustainability of cotton production, that better allows for the positives to be recognised. The Expert Panel considers that this discussion will fit in very nicely to the broader strategic review, as this issue of sustainability reporting raises a number of critical issues for the cotton industry: is there a need to better speak with one voice on how the sustainability of cotton farming is assessed and reported? Is there a role for SEEP to be a "clearing house" for studies on "sustainability in the cotton sector?"

On that note it is only left to me to offer my gratitude. First, thank-you to the members of SEEP for their active participation in the discussions over the last week; secondly, I would like to close by expressing my sincere thanks and appreciation to Terry Townsend for the support and encouragement he has

given both me and the SEEP Expert Panel, both when he was Executive Director and more recently as the Executive Director ad interim.