Country Plan Malawi

This is a summary of the ETP plan for our work in Malawi and it describes how we will bring to life the ETP strategy in this country. The details relate to the period 2021 – 2022 and there is some flexibility within these plans, to accommodate unforeseen disruptions and urgent needs.

The COVID-19 pandemic has disrupted ETP’s plans in all countries to some extent, and we regularly review and update our priorities given the constraints of the pandemic.

1. Context

ETP supports work in seven very different tea-producing origins. It is essential that we consider the local context when we plan our work for each country. The following sections summarise the contextual priorities in Malawi.

1.1 Tea production

• Annual tea production: 2020: 45 million kgs; 2019: 48 million kgs; 2018: 51 million kgs. Tea is one of Malawi’s most important forex earners.

• The industry has eight plantation companies that grow around 90% of the green leaf and process and sell all the tea. The plantation sector employs more than 53,000 workers in the high season – making them the largest private sector employer in the country.

• The smallholder sector is gradually expanding; there are now around 16,500 smallholder farmers. They grow around 10% of Malawi’s tea output. Smallholders do not have a direct stake in any of the processing factories.

• Malawi has its own auction centre (‘Limbe’). A small proportion of teas are sold through Limbe auction. Most sales go through Mombasa or are based on direct buyer contracts.

• Nearly half of all ETP members buy tea from Malawi. In the 2019-2020 buying season, ETP members bought more than 50% of Malawi’s total tea output. Before the Malawi Tea 2020 programme, this figure stood at just under 50%.

• Tea quality is considered ‘better medium’ through to ‘plain’, which means it commands relatively low prices, especially compared to some Kenyan and Rwandan teas.

• Malawi is disadvantaged compared to many other tea producing countries because:
  - It is landlocked, which adds logistical costs to the price of tea.
  - It has only one peak season (of approximately 5 months), leaving some processing facilities idle for parts of the year and forcing investments in irrigation to extend the season.
  - It has an unreliable energy supply, causing tea producers to power their factories with expensive, and polluting, diesel-generators during outages.
1.2 Country context

1.2.1 UN SDG status

SDG 1 – No Poverty
- Malawi is one of the poorest countries in the world. Poverty remains pervasive and largely stagnant, especially in rural areas.
- 67% of Malawians live on less than $1.90/day, and 87% earn less than $3.20/day.
- The population of 18m is predicted to double by 2038.

SDG 2 – Zero Hunger
- Food insecurity and hunger are a daily reality for a large part of the population.
- 18% of the total population is considered undernourished.
- 37% of children under the age of five are stunted.

SDG 3 – Good health and well-being
- Health service coverage is very poor.
- Life expectancy is 64.2 years.
- 42% of girls are married by the age of 18.
- The adolescent fertility rate is among the highest in the world at 131 births per 1,000 women aged 15-19.

SDG 4 – Quality Education
- While the enrolment rate for primary education is high (98%), nearly 80% of children do not finish lower secondary school.
- More than 25% of young people aged 15-24 are illiterate.

SDG 5 – Gender equality
- The prevalence of gender-based violence is high across the country.
- Over 33% of women aged 15-49 report having experienced physical violence, and almost 25% of children aged 9-18 years old experience forced sex.
- Information on GBV, helplines and support mechanisms are not widely accessible.
- On average, girls receive fewer years in formal education than boys.

SDG 6 – Clean water and sanitation
- 31% of the population does not use at least basic drinking water services.
- Only 26% of the population uses at least basic sanitation provisions.

SDG 7 – Affordable and clean energy
- Only 12.7% of Malawians have access to electricity.
- Only 2.5% have access to clean fuels and technology for cooking.

SDG 8 – Decent work and economic growth
- The economy is dominated by the agricultural sector, which accounts for about one-third of GDP and provides livelihoods for two-thirds of the population.
- Only one-third of all adults have an account at a bank or other financial institution or with a mobile-money-service provider.
SDG 9 – Industry, innovation and infrastructure
• Only 14% of the population uses the internet and 27% has a mobile broadband subscription.

SDG 10 – Reduced inequalities
• Malawi has a very high wealth disparity between the richest and poorest.

SDG 13 – Climate action
• Malawi is badly affected by climate change. It experiences floods, droughts, and general disruptions in weather patterns and seasonality.
• It mostly generates renewable energy (hydro-power) so it scores well on energy-related CO₂ emissions.

SDG 15 – Life on land
• Mean annual permanent deforestation for the period 2014-2018 was 1%.

SDG 16 – Peace, justice and strong institutions
• The World Bank compares Malawi’s governance institutions to those found in fragile and conflict affected countries.
• Transparency International ranks Malawi 128/183 on the Corruption Perception Index (with the least corrupt country on number 1 and the most corrupt on 183).

SDG 17 – Partnerships for the goals
• Government spending on health and education is 7.5% of GDP (goal is 15%).
• Government revenue as % of GDP is 18 (goal is 40).

All of the above statistics translate into sustainability challenges for the tea industry in Malawi – and present reputational risks to tea buying companies. The key issues that correspond best to ETP’s areas of focus are:
• Poverty - low wages/incomes (current tea worker wages: $4.2/day <> benchmark: $5.3).
• Gender-based violence and harassment.
• Poor standards in housing and sanitation.
• Environmental degradation.
• Climate change impacts on production and incomes.

The Government of Malawi captures its SDG priorities in the ‘Malawi Growth and Development Strategy (2017-2022)’. Their priority areas are so extensive that they cover all SDGs. This means that there is potential for us to engage with the Government on any or all SDGs.

2. Priorities and Activities

The above overview represents ETP’s proposal for work to be carried out from mid-2021 until the end of 2022. It includes ongoing projects, as well as new livelihoods, gender, and environmental projects that will also provide us with opportunities for policy engagement and trialling new business models.

Figure 1. Diagram summary of all project proposals for Malawi country plan.
Proposed new activities
The proposed 18-month work plan lays out several activities that ETP would like to design, fundraise for, and start the initial implementation of, and which aim to:

- **Address Gender-Based Violence (GBV)** and gender inequality across both the plantation sector and in the smallholder communities. Strengthening the voice of the most vulnerable members of the workforce/society will be central to this.
- **Further strengthen the economic and climate resilience of smallholder farmers** by testing the potential of regenerative agriculture linked to a new financial model to ensure sustainability.
- **Link ecosystem restoration** (of the Mulanje landscape) with income generation for the tea farming communities and trial a new financial model to ensure long-term commitment.

**a) Empowering women in tea**
This works towards the Equality and Economics pillars of the strategy and includes both project and policy work. The proposal is to prioritise this over other new areas of work because of the extent and gravity of the issues and the resulting high risks associated with inaction.

The recent allegations against the two largest plantation companies in Malawi, as well as work conducted as part of Malawi Tea 2020, have highlighted how weak Human Resources practices on the plantations have led to systematic abuses of power. Women are especially vulnerable to exploitation, including of a sexual nature. ETP proposes to develop a comprehensive body of interventions that work towards the empowerment of women (and other voiceless workers at the bottom of the hierarchy) from different angles. ETP will develop this approach at a global level. Specifically, for Malawi, the proposed interventions are as follows:

- **Establishment of Village Savings and Loan Associations.** Economic empowerment reduces the risk of sexual exploitation. So far, ETP has facilitated access to 5,000 workers in VSLAs (63% women) out of a workforce of more than 53,000 (40% women).
- **Leadership training for women.** This will enable women to be part of decision-making at the plantations through taking up leadership positions. They can also act as positive role models.
- **Strengthened worker voice.** Building platforms through which workers can have their voices heard without any fear of repercussions. This should also build confidence and trust in workers to use the available channels to report any abuse that they may suffer. This could be modelled on the CDFs ETP has facilitated in Asia, or we may look at strengthening existing structures such as the union’s women’s committees, the estate-facilitated gender/welfare committees, or the new and existing VSLAs.
- **Sensitisation on gender, women’s rights, and cultural norms.** There is a need to raise more awareness on gender issues in the tea community and facilitate discussions amongst both men and women that challenge existing cultural norms and ideas that are harmful to women and act as barriers to their advancement. We have training tools and a roll-out model in place; these were developed and tested on a small scale in 2019 with the help of ActionAid gender specialists. We would route this activity through existing farmer VSLAs.
• Community-led programmatic response to most critical needs. The conversations that ETP facilitates in the communities (see above) helps them to identify areas for action. It is expected that they will be able to progress some issues by themselves. However, there may be other areas where external support is required. If that is the case, ETP will work with the groups to develop a programmatic response – which ETP could then also upscale to benefit more communities (as it can be assumed that the identified issues are common to a larger group).

This body of work provides us with many opportunities to influence or align with TAML’s policies as well as by-laws which are agreed by the community themselves.

b) Climate-resilient smallholder farmer livelihoods – linked to financial model
This sits under the Economics, Equality, and Environmental pillars of the strategy and includes all three project, business pilot, and policy activities.

The project will explore how regenerative and climate smart agricultural practices could create more value for farmers and the wider environment. These agricultural practices are meant to boost carbon sequestration in the soil and provide richer soils, leading to higher yields, both in tea and in the food crops farmers grow. In other words, the project will enhance the soil’s ability to act as a carbon sink and a carbon provider, meaning it has potential for both climate change adaptation and mitigation.

The proposal is to pilot regenerative agricultural practices with farmers in Malawi and develop a cycle of financial rewards that incentivise participating farmers to continue implementing these practices. The financial payments could come from the voluntary carbon market, climate funds (run by governments, multi-lateral organisations, or financial institutions), and Payments for Ecosystem Services (PES). The ‘buyers’ of PES could include actors who benefit from farmers engaging in regenerative agricultural practices. This includes tea buyers, the Government of Malawi, and utility companies who derive services from nearby water sources that are impacted by siltation and fertiliser run-off. In the PES model, tea farmers can be seen as providers of such ecosystem services that come with better land stewardship. For the development of the financial model (of PES), we would need to bring in a specialised service provider. Many aspects need to be considered: valuation and verification of the ecosystem services, accreditation of the carbon reduction, traceability of the payments, etc.

This proposed work has great potential for policy-focused conversations with the Government and potentially many other stakeholders, such as FAO, IFAD, Rainforest Alliance, and funders such as USAID, IFC, and UNEP.

2 More information on PES: https://www.sdfinance.undp.org/content/sdfinance/en/home/solutions/payments-for-ecosystem-services.html

Examples of PES implementation:
• Forest protection in Costa Rica: https://www.greengrowthknowledge.org/case-studies/payments-ecosystem-services-costa-rica
3. Supporting activities

The proposed new programmes will be underpinned by strategic partnerships and a more strategic communications approach. For this reason, raising our profile amongst key funders and potential partners, especially in Malawi, will be essential. The proposed work is expected to provide us with plenty of scope for knowledge creation and shared learning.

3.1 Communications
Through our communications, we will build our expert voice on female empowerment and women’s safety, ecosystem restoration, and regenerative agriculture. This will entail raising ETP’s profile in Malawi by reaching out to potential new partners, attending relevant conferences, and establishing a social media presence to discuss our planned work and progression. Once we have built our profile and are regarded as experts in particular issue areas, we can begin looking for opportunities to influence government policy – as encapsulated in the third chevron above. We estimate to reach this third stage post-2022.

3.2 Diverse partnerships
To implement and fund the work, we will need to develop partnerships with a wide range of organisations. This will include tea plantation companies, smallholder farmers, local and international NGOs, multi-lateral agencies such as FAO and IFAD, and funders such as USAID, IFC, and UNEP.

3.3 Shared learning
All three newly proposed pieces of work (gender, regenerative agriculture, and landscape restoration) are ambitious in their scope and approach and are equally relevant in many other tea regions. Plenty of lessons will be learned throughout the lifespan of these activities and through post-activity evaluations. In addition, it will be useful for ETP to build on its institutional knowledge on these topics. To do this, ETP will need to set aside sufficient funds for Monitoring, Evaluation, and Learning (MEL).
4. Background materials

A budget, workplan and monitoring and evaluation plan have been developed to support the implementation of the priorities outlined above.