

MALAWI 2020 TEA REVITALISATION PROGRAMME

Working towards a competitive tea industry with living wages & living incomes



The aim of this multi-stakeholder partnership is to achieve a competitive and profitable Malawian tea industry where workers earn a living wage and smallholders earn a living income. It also aims for significant improvements in general working and living conditions of tea estate workers, especially women.

The programme is supported by companies all along the tea value chain: producers, brokers and traders, tea buyers and retailers, as well as unions, NGOs, international donors, and government agencies. Activities are coordinated by a Steering Committee comprising the Tea Association of Malawi (TAML), which represents producers, the Sustainable Trade Initiative (IDH), Oxfam, and the Ethical Tea Partnership (ETP), which brings together the buying companies. In total, 20 different organisations signed a Memorandum of Understanding (MoU) in the Summer of 2015 committing them to the programme and its success.

OUTCOMES

The programme, which is the first of its kind in the tea industry, aims to deliver six key outcomes:

1. An industry that is investing in its future and its workforce
2. Significant improvement in wages and benefits for workers - supply chain commitment to a living wage by 2020
3. Improvements in smallholder farming practices, yields, quality, income, and income diversification
4. A healthier, motivated, and productive workforce, with greater opportunities for women
5. An improved wage-setting process with greater worker representation
6. Sustainable energy use and improved environment



BACKGROUND

The impetus for this ambitious programme came from discussions following multi-stakeholder research on wages in the tea industry, which had found low wages and a range of barriers to change in key tea-growing countries¹. The research was initiated following NGO campaigns highlighting poverty wages in agricultural supply chains, including tea, through the 2000s.

Malawi is one of the world's poorest countries. 62% of Malawians live below the World Bank's extreme poverty line, and about 50% of all children are stunted.

The tea industry is the largest formal sector employer in Malawi, employing 50,000 workers, with other major employers being sugar and tobacco where wages are also very low. Malawian tea quality is inherently lower than either Assam or Kenya so producers tend to adopt a high volume, lower quality business model.

In the countries studied, tea pluckers' wages were found to be the same across whole regions, whether certified or not, and in-kind benefits were found to represent a significant proportion of total benefits. In Malawi, wages were found to be below the international extreme poverty line at household level, despite being well above the Government minimum agricultural wage and above the national poverty line.

The findings of the 2013 study caused great concern but were accepted by all stakeholders. This provided the platform for a collective commitment to tackle low wages, starting with Malawi, where Europe and North America are important export markets. However, raising wages in Malawi is challenging because it produces a low quality, low price tea, and the industry faces barriers to investment for the productivity and profitability improvements necessary to support higher wages.

MALAWI 2020 AND THE UN GUIDING PRINCIPLES

Government duty to protect

- Legal minimum wage is not an adequate proxy for a wage that meets the basic needs of workers and their dependents
- 2012 Gender Equality Bill passed but limited awareness and enforcement to date
- The Government of Malawi places a high priority on maintaining rural employment

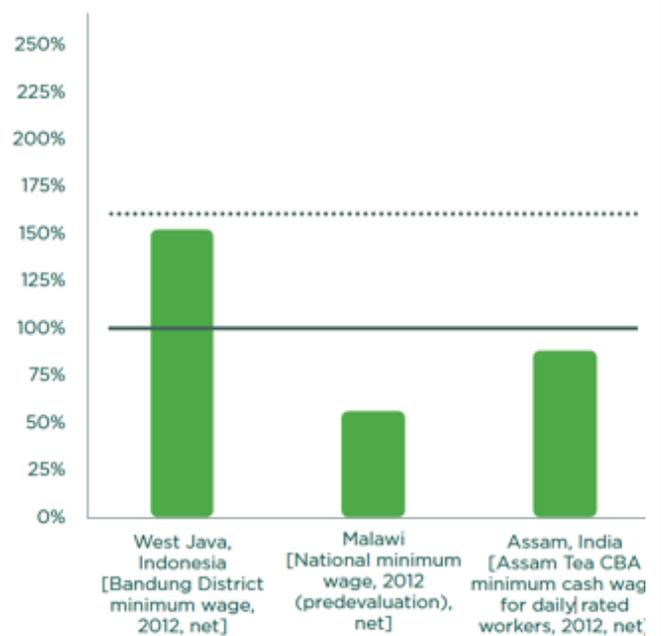
Company duty to respect

- Companies sourcing from Malawi and certification organisations who certify Malawian tea – even those whose code includes a living wage – only audit to minimum wage
- Producers are concerned that they cannot afford to raise wages to a living wage as they will not receive higher prices from the value chain. All companies are concerned about higher costs making Malawian tea uncompetitive.
- Cases have been reported to trusted third parties of sexual harassment

Access to remedy for those experiencing 'adverse human rights impacts'

- Membership of unions is quite low and there is no collective bargaining in the industry
- Many workers do not have access to effective grievance mechanisms
- Women are under-represented in decision-making roles

Minimum wage cannot be safely considered a proxy for meeting basic needs in all tea-growing countries.



Value of minimum wage rates set by national or district governments in each research area compared to international poverty lines – 3-unit household with one earner

¹Understanding wage issues in the tea industry: Research from a multi-stakeholder project. ETP, Oxfam, IDH-Sustainable Trade Initiative, 2013. The research was co-ordinated by Ergon Associates and covered Malawi, Assam, (India) and Indonesia.

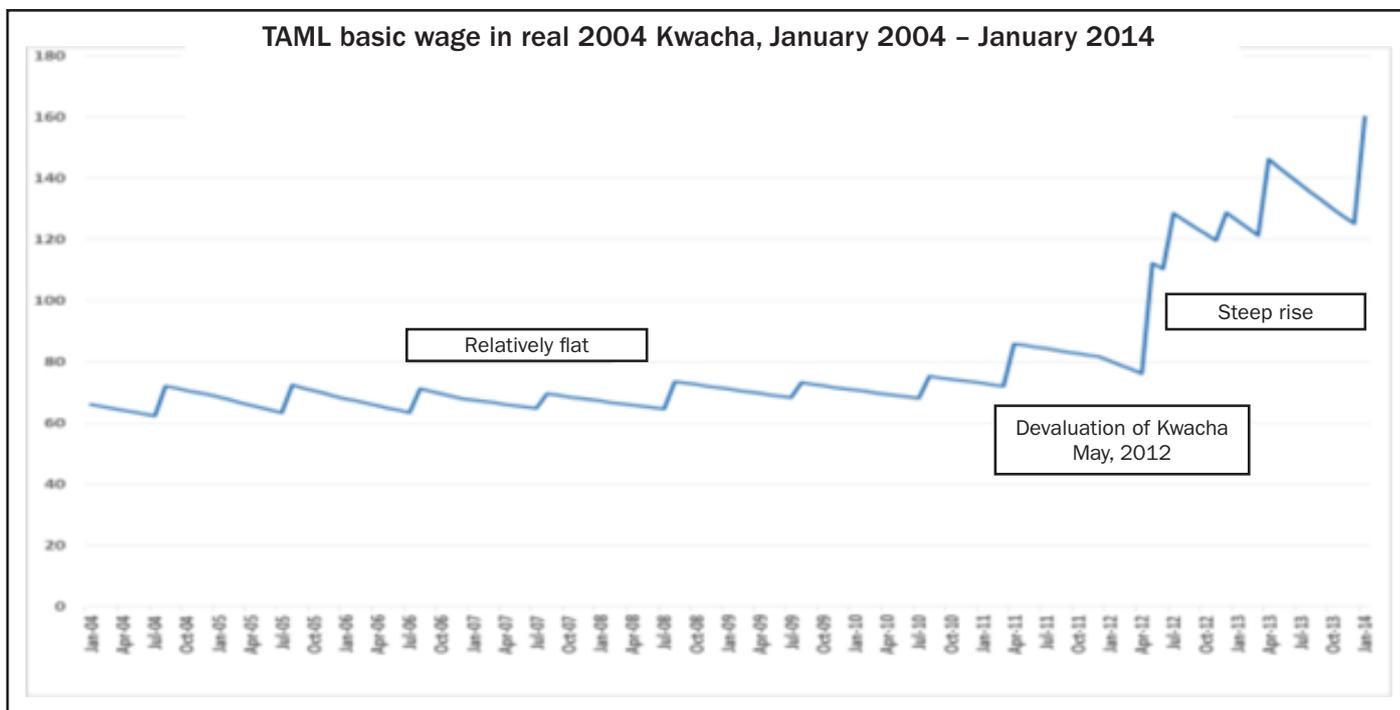
KEY STEPS 2013-2015

- With support from certification organisations and the tea association, a detailed analysis of a living wage for tea workers was commissioned from experts Richard and Martha Anker. Their report noted progress to date but concluded that current wages were just 37% of their calculated benchmark of a living wage².
- Dialogue with Malawian producers, tea buyers, civil society, government, and development partners on the findings of the two reports and the conditions necessary to support achievement of a living wage
- Consultation with Malawi and international stakeholders on a draft (first) 5-year roadmap
- A nutrition analysis, a SWOT analysis of the tea industry, and an analysis of human resource management on estates were initiated and findings discussed by coalition members. A programme is underway to enhance the quality of the midday meal.
- In June 2015, following significant discussion and negotiation with all parties, 20 organisations signed an MoU outlining their commitment to “Living Wages on Tea Plantations and Living Income on Smallholder Farms in Malawi by 2020”. The MoU was launched at the TEAM UP tea sustainability conference in London by the Malawian Minister of Agriculture and representatives from along the supply chain.

IMPLEMENTATION 2015 ONWARDS

Signatories to the Malawi 2020 MoU met in Blantyre, Malawi, in September 2015 and agreed short, medium, and long term priorities. They welcomed a number of positive developments undertaken by the Malawian tea industry under the leadership of TAML:

- A substantial rise in workers’ daily wages from MK560 to MK850 from September 1st 2015
- An increase in smallholder green leaf prices from US13 cents/kg of green leaf to US15 cents/kg from September 1st 2015
- A way forward to develop a collective bargaining agreement was agreed
- The Malawian Government confirmed its continued support to the process

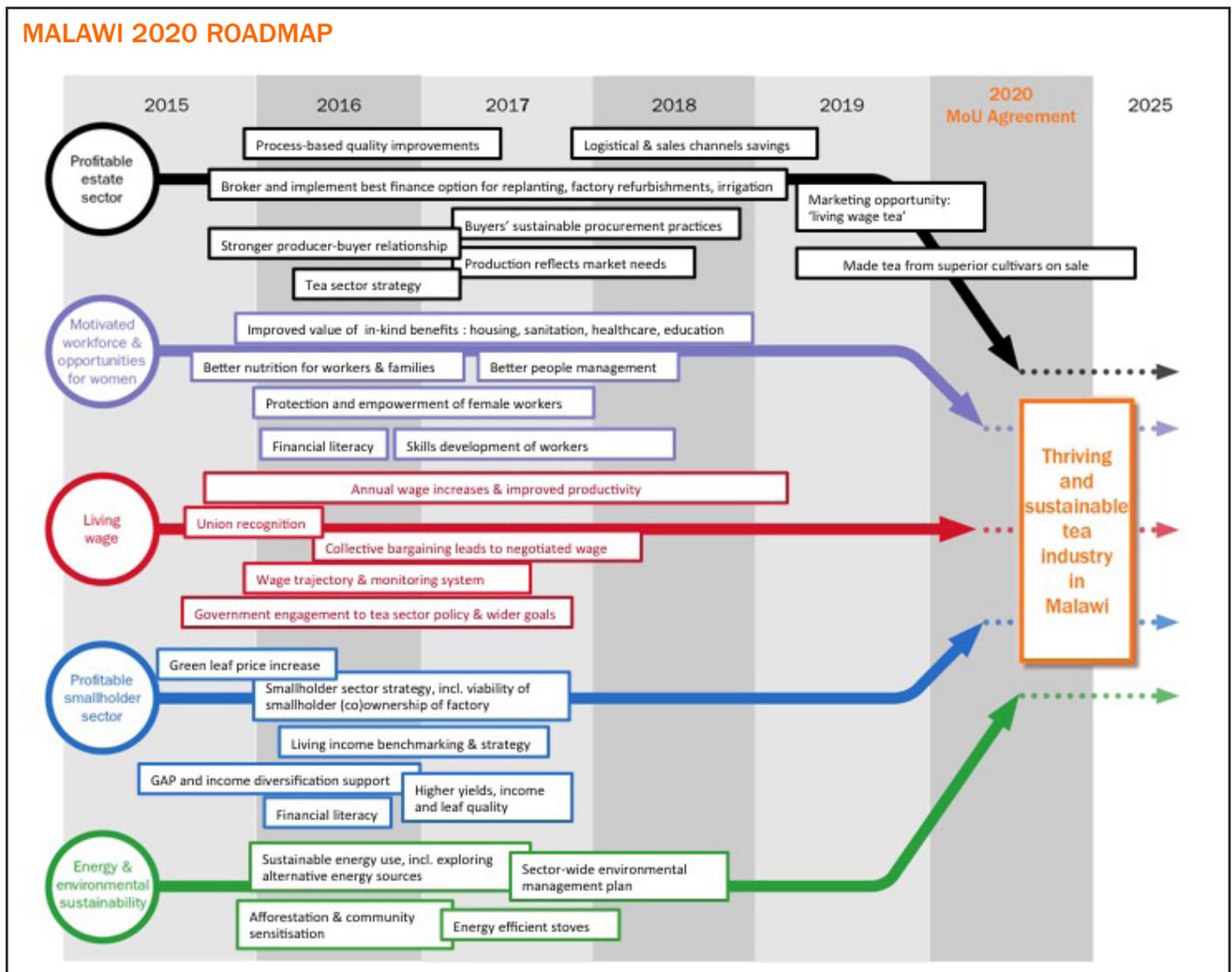


² Living wage for rural Malawi with focus on tea growing area of Southern Malawi. Richard and Martha Anker, January 2014

PRIORITIES TO END OF 2016:

- Capacity building with unions and employers on effective collective bargaining leading to negotiation of a first Collective Bargaining Agreement for the Malawian tea industry
- Calculation of costings for replanting and other upgrading required to improve yields, quality, and profitability, and development of affordable financing options to support these improvements
- Assessment of the relationship between buyers and suppliers that could lead to benefits for producers in the form of higher prices for improved quality and better buying practices
- Continued work to improve smallholder farming practices, yields, quality, income, and income diversification, linked to the Government's growth plans for the smallholder sector
- Improving worker and family nutrition on tea estates
- Initiatives to tackle sexual harassment and gender discrimination and enhance grievance mechanisms

MALAWI 2020 ROADMAP



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