



**MALAWI TEA 2020  
REVITALISATION PROGRAMME TOWARDS LIVING WAGE**





## MALAWI TEA 2020 PROGRAMME

The Malawi Tea 2020 partnership brings together the organisations who can deliver the changes required to achieve a more competitive and profitable Malawian tea industry where workers earn a living wage and smallholders will be able to earn a living income.

The programme is supported by companies all along the tea value chain. All producers are part of the programme through the Tea Association of Malawi (TAML). The main

buyers of Malawi tea are actively involved; tea traders, packers as well as retailers. Also being involved are the main development organisations, certification schemes, civil society actors and trade unions in the sector. The partnership is endorsed by the Malawi government.

In total, 21 different organisations signed a Memorandum of Understanding (MoU) in the summer of 2015 committing them to the programme.



# OUTCOMES

## THE PROGRAMME 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 the Malawi Tea 2020 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 countries<sup>1</sup>. 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 there is a lack of access to adequate nutrition for about 50% of all children.

The tea industry is the largest formal sector employer in Malawi, employing 50,000 workers, with other major

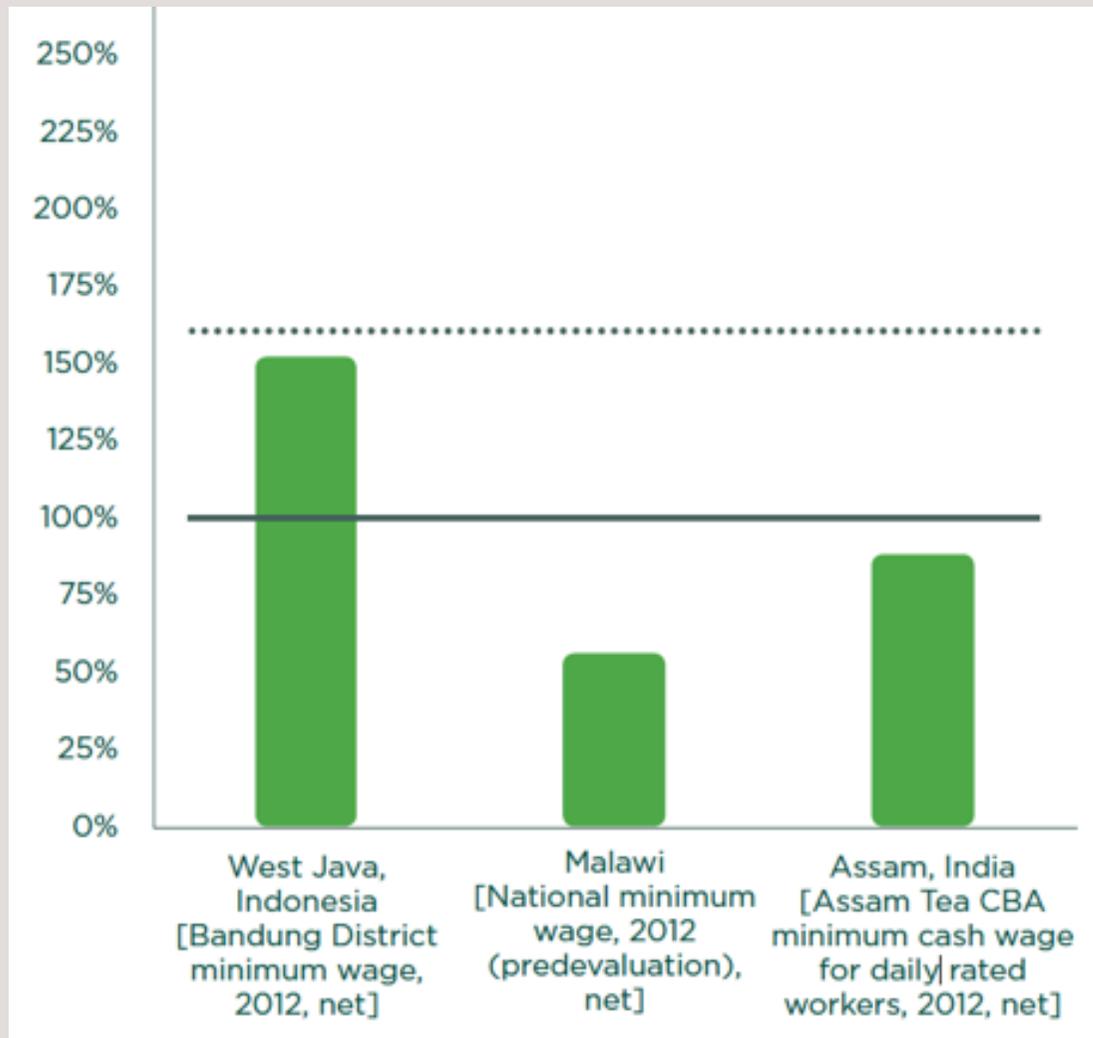
employers being sugar and tobacco where wages are also very low. In the countries studied, tea pluckers' wages were found to be the same across whole regions, whether certified or not, and in-kind benefits were found to represent a significant proportion of total benefits. In Malawi, wages were found to be below the international extreme poverty line at household level, despite meeting the legal minimum wage and national poverty line and being above the national minimum agricultural wage. 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 faces barriers to investment in the productivity and profitability necessary to support higher wages.

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*Understanding 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.

# 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*

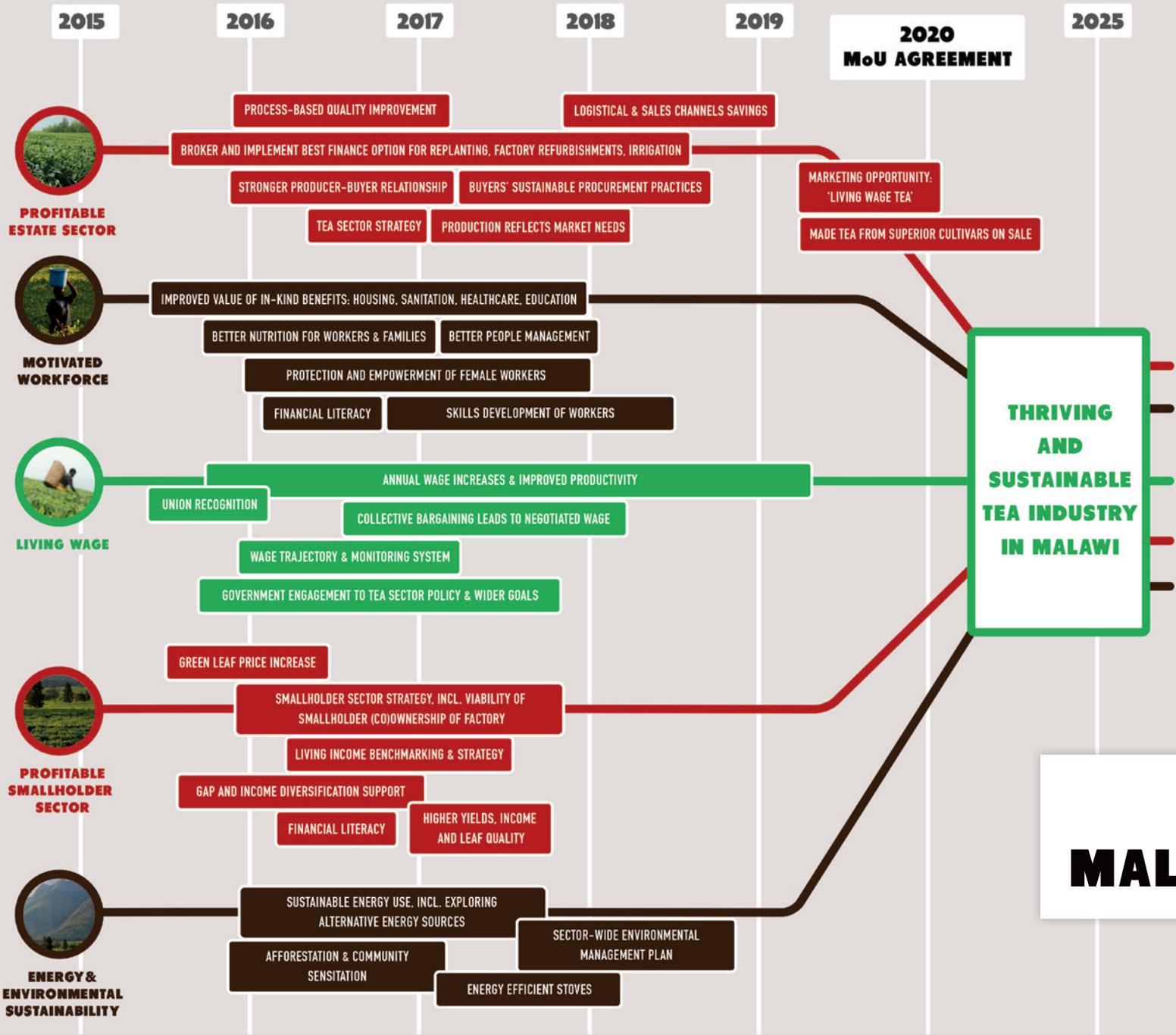
# CHALLENGES FOR MALAWI TEA INDUSTRY

While recognising the need for higher wages the producers have shared their challenges to remain competitive and profitable in difficult market circumstances. The structural challenges that are holding back the industry are:

- The Malawi tea industry is losing/has lost its competitive position as a profitable tea growing country due to a combination of poor quality of tea, very low prices and heavily seasonal production
- The past competitive advantage of low production costs and the unique red colour of the tea are threatened because of demand for higher wages and availability of alternative sources of supply for red teas.
- Challenging business environment resulting in high costs of doing business.
- Lower yielding and aging tea bushes need to be replaced and upgrading outdated factory machinery, which requires urgent capital investment which is hindered by the cost of local finance and lack of cash generation from current production.
- Underdeveloped smallholder sector with low yields and quality, and a lack of processing facilities available for further expansion.

## 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 wage.
- 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
- Development of a first 5-year roadmap for the Malawi Tea 2020 programme.
- 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, 21 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 all along the supply chain.



# ROADMAP MALAWI TEA 2020

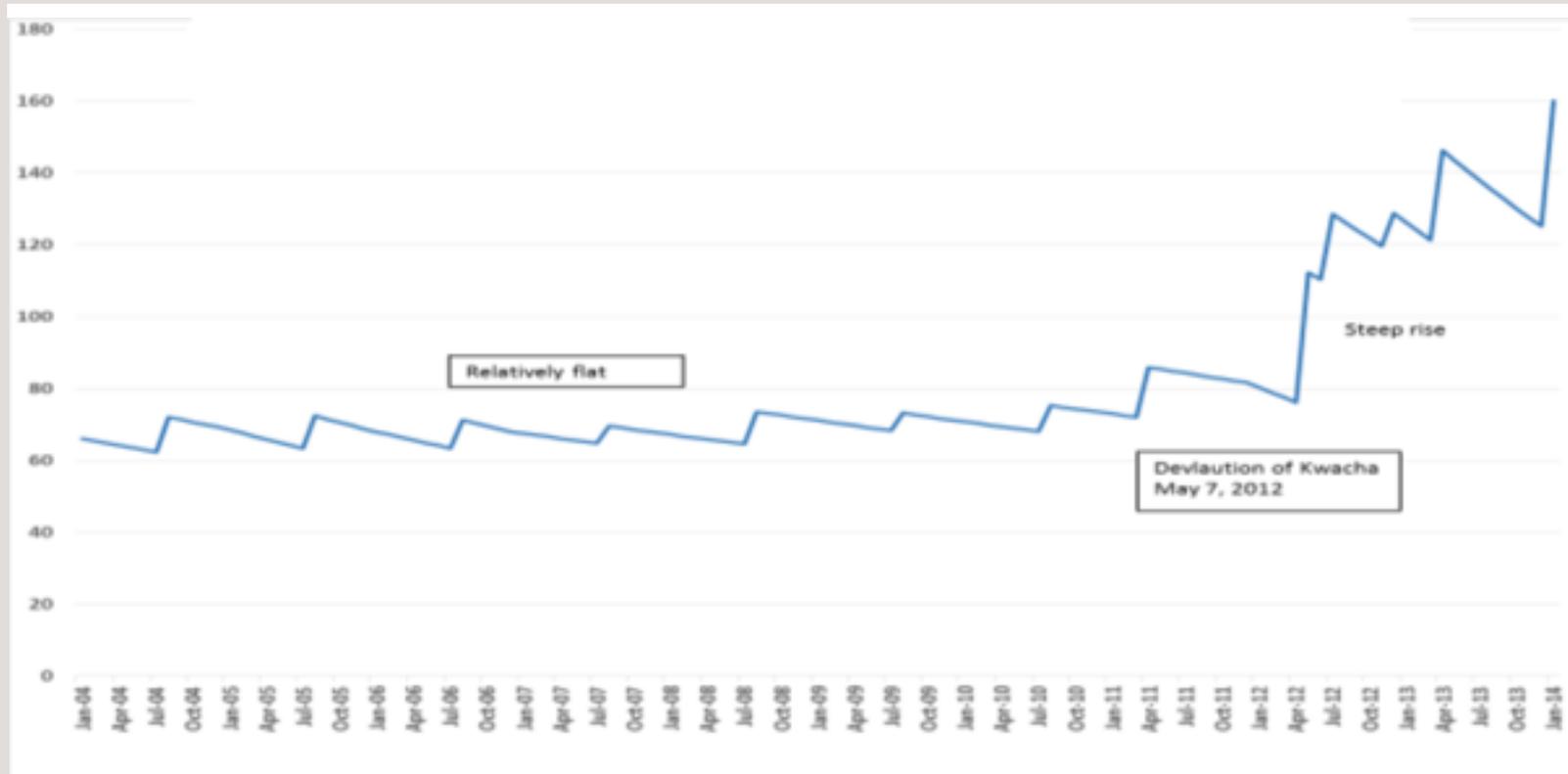
# IMPLEMENTATION 2015 ONWARDS

Signatories to the Malawi Tea 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 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



# TAML BASIC WAGE IN REAL 2004 KWACHA, JANUARY 2004 - JANUARY 2014



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Living wage for rural Malawi with focus on tea growing area of Southern Malawi.

Richard and Martha Anker, January 2014

A photograph of a tea plantation on a hillside. In the foreground, there are rows of green tea bushes. In the middle ground, a worker is seen from behind, carrying a large, full basket of tea leaves on their back. In the background, other workers and more tea bushes are visible on the slope, with misty mountains in the distance under a cloudy sky.

## **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 industry**
- **Continued work to improve smallholder farming practices, yields, quality, income and income diversification, linked to the Government's growth plans for smallholder sector**
- **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 which could lead to benefits for producers in the form of higher prices and better buying practices**
- **Improving worker and family nutrition on tea estates**
- **Initiatives to tackle sexual harassment and gender discrimination and enhance grievance mechanisms**

# FOR MORE INFORMATION CONTACT

Homepage - Malawi Tea 2020 Program



**Malawi Tea 2020**

**Revitalization programme towards living wage**

The Malawi Tea 2020 partnership brings together the organisations who can deliver the changes required to achieve a competitive and profitable Malawian tea industry where workers earn a living wage and smallholders earn a living income.

▼ **About the programme**

Malawi Tea 2020  
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Show all

Coalition participants



**WEBSITE**  
[www.malawitea2020.org](http://www.malawitea2020.org)

**CONTACT**  
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**A multi-stakeholder partnership with Malawian tea producers, the largest international tea buyers, voluntary sustainability standards, NGOs and donors working together towards a competitive Malawian tea industry where workers earn a living wage and smallholders are thriving.**

It also aims for significant improvements in general working and living conditions of tea estate workers, especially women.





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