In this fourth year, it is pleasing to note that progress towards reducing the gap between the prevailing wage and the living wage continues. The Wages Committee concluded that the ratio of prevailing net wage\(^1\) to net living wage is 0.66, as against 0.64 in October 2018. This means that the gap between prevailing wages and living wage continues to close, but slowly. Investments towards revitalisation to improve quality, a cornerstone of the programme, have also steadily continued. This year most African tea producers faced market challenges, and Malawi was not spared. Yet, most buyers have continued to prioritize Malawi as an origin, the volume of tea bought by coalition members increased by 2.8% over the year, and improvements in quality continued. Also, most of the field level projects have continued to show progress, such as principles of gender empowerment and better nutrition positively impacting workers and smallholders, as well as Village Savings and Loan (VSL) initiatives, which have provided opportunities for increased savings and improvement in livelihoods.

The oversupply of tea on the international market resulted in a significant price drop in the African tea trade overall, and for Malawi as well. Due to these volatile market conditions further progress towards living wages was under threat. Despite these challenges, programme stakeholders came together in the spirit of partnership and joint actions were taken to avert negative impacts.

A joint action was the agreement to reach out to government stakeholders to influence the income tax threshold for workers. The tax threshold is low in Malawi, and with rising wages, these wages are now being taxed – which threatens the living wage gap closure. Fortunately, the government itself came to the conclusion to do so in early September and has increased the tax threshold from 35,000 ($47.70) MKW to 45,000 MKW ($61.33), this has also shown a positive impact on the take-home pay for tea workers as assessed by the Wages Committee. The coalition will continue to press for a further rise in the threshold.

Another joint action was the agreement to further scope the potential for a Landscapes programme to address on a larger scale deforestation issues in Mulanje and Thyolo, which are dramatically impacting the rainfall in these areas and therefore the ability to grow tea and run hydroelectricity plants. This affects the long-term viability of the Malawian tea industry and its opportunities to provide labour to workers.

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\(^1\) Net wage – gross less taxes
The Malawi Tea 2020 roadmap was further implemented. Producers have committed just over $2.8 million USD for replanting in order to improve quality and output, factory refurbishment and a dam construction to reduce dependency on rain for irrigation. One estate has also invested in power generation to counteract the frequent challenges with energy provision Malawi experiences.

On sustainable procurement there has been an ongoing dialogue between producers and buyers on how to support the living wage ambition of the programme further. Many buyers contributed additional value based on the Sustainable Procurement Model developed for the programme and have continued to prioritize Malawi as a key tea origin. The volume bought by coalition members increased by 2.8% between the 2018 season and the 2019 season. When the programme is looked at over its entire duration, coalition volumes have increased by 65% between the 2016 season and the 2019 season.

Some of the good buying practices we have seen include: payment of substantial premiums above prevailing market rates to incorporate sustainable pricing into the Malawi buying strategy, implementation of sustainable floor pricing and significant increase in Malawi sourcing volumes. However, it is critical to ensure that additional value generated through these practices reaches workers and is measurable.

Collaboration between PAWU and the Tea Association of Malawi (TAML) continues to provide a platform where wages are discussed and negotiated between employers and employees and issues are being addressed. In 2019, the independent Wages Committee concluded there is a continued improvement in wages for A1\(^2\) workers, and the gap between prevailing wages and the living wage continued to close slowly (wages of tea workers have continued to increase slightly more quickly than the inflation rate). For October 2019, the Wages Committee reported that the ratio of prevailing net wage to the net living wage is 0.66, against 0.64 in 2018. This means that by October 2019, 29% of the gap to the net living wage has been closed since the baseline of the Malawi Tea 2020 programme, which compares to 25% of the gap being closed in 2018. At the start of the year we set ourselves a target of closing the gap by a further 20%, in the event, due to the difficult context, we closed it by 4%.

\(^2\)A1 – majority non-skilled workers including pluckers, factory workers and guards
This year has also seen improvements in in-kind benefits. Some estates have reported an improvement in the nutritional content of the midday meal offered to workers, for instance, two estates are supplying vegetables to approximately 12,000 workers more than twice a week. Other improvements that have been reported include investment in increasing access to potable water by drilling boreholes and installing water tanks as well as solar lighting for homes, as confirmed by the wages committee.

There is recognition of efforts to improve worker motivation through gender and sexual harassment policy implementation, supported by a training of 353 workers to raise awareness on gender and to help the rest of the workers understand how provisions within the policy are being intensified. Incident reporting has been slow, but structures that ensure complete transparency and accountability are being promoted and continuously strengthened. This includes involving women in leadership positions in the reporting process to enable women to speak freely, where 209 women were trained in leadership. The gender policy has also been translated into local language for more widespread accessibility. Capacity building of the Plantation and Agriculture Workers Union (PAWU) remains a key strategy, as does improving the household income of smallholder farmers through good agricultural practices (GAP), environmental rehabilitation and income-generating activities.

There has been great progress in the various farmer training and support programmes, the scope and reach of which were extended again in 2019. 8087 smallholders farmers have so far been reached through Farmer Field Schools. 7537, of which 77% women, are now actively participating in Village Savings and Loan groups, which helps to boost their income and the food security of the whole household. More than half of all smallholders have also been trained on how to improve their nutrition and sanitation. Gender-focused discussions have been introduced in various communities as it was felt that certain social norms related to gender were undermining progress in some aspects of the existing programmes. Overall, we are seeing farmers investing more in their farms, including through growing their own seedlings, as well as developing side businesses to diversify their income.
Under the environmental sustainability pillar of the programme we see that tea-farming communities are using natural resources more sustainably – for example, through using fuel-efficient cookstoves – and are addressing soil erosion and wood shortages through raising and planting their own tree seedlings. With 100,000 tree seedlings being raised this year, farming communities have raised close to a quarter of a million new tree seedlings since the beginning of the programme. Beekeeping encourages forest protection and is also generating income for farmers.

The Steering Committee continues to coordinate and facilitate the delivery of the Malawi Tea 2020 roadmap and remains engaged in ensuring that the progress made over the past years is continued. With support from the Wages Committee, we are able to independently assess progress towards a living wage and have started the process to establish a structure on measuring progress beyond the current programme scope.

I wish to thank all MoU signatories and funders of the Malawi Tea 2020 programme. It is their continuous interest, commitment and investment that drive the implementation of activities towards the delivery of lasting impact in the Malawi tea industry. Entering the final year of the program, we call upon your ongoing support to make the program a success.

Signed by Jordy van Honk
Malawi Tea 2020:
Chairman, Steering Committee
October 2019
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The Malawi Tea 2020 programme is a multi-stakeholder partnership created to improve competitiveness and profitability in the Malawian tea industry to ensure that workers earn a living wage and that smallholders thrive.

Malawi is one of the world’s poorest countries: 62% of the country lives below the World Bank’s extreme poverty line, and 50% of children lack access to adequate nutrition. Malawi is also Africa’s second-largest tea producer, and the tea industry is the largest formal sector employer in Malawi.

Drawing support from the key actors in the tea value chain, the programme provides a platform for revitalising the Malawian tea industry and enabling it to deliver better-quality tea in order to sustain living wages and living incomes, while maintaining a conducive working environment through implementations of policies that promote equality, the voice of the worker and women’s empowerment.

To deliver these ambitions, the programme analysed the role each partner can play in creating impact – from producers in the Tea Association of Malawi (TAML) to the main buyers of Malawian tea, tea traders, tea packers and tea retailers. The tea industry’s main certification schemes, NGOs and trade unions in the sector are also involved, and the partnership is endorsed by the government of Malawi. A roadmap was devised establishing five pillars to achieve key objectives by 2020:

1. A profitable estate sector
2. A motivated workforce with better opportunities for women
3. A living wage for workers
4. A profitable smallholder sector
5. An energy-efficient and environmentally sustainable industry

Steering Committee representatives coordinate and facilitate the implementation of activities under each pillar. Updates on progress are regularly shared to ensure that the programme is on track.

To accelerate progress, the programme draws on resources from development agencies and NGOs. IDH and GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit, supported
by the government of Germany) have been traditional donors
to the initiative, together with the Ethical Tea Partnership
(ETP) and buying companies, as well as Rainforest Alliance.

This progress report provides an overview and assessment of
activities undertaken under each pillar during the last year,
the challenges faced and a summary of key next steps.

The past season was particularly challenging, with an
oversupply of tea on the international market and low and
falling prices during early 2019. This environment made it
prohibitive for some programme members to conclude
contracts at prices that would contribute to higher wages. The
spirit of partnership proved valuable when stakeholders came
together to explore how the standstill could be addressed,
and actions were taken to avert negative impacts. Despite
market conditions, a significant number of buyers managed
to conclude contracts at prices suggested by the Sustainable
Procurement Model as being facilitative of closing 20% of the
living wage gap. This is covered in the update on Pillar 1.

Despite the deteriorating market reality and volatility brought
about by uncertainty created after the 2019 elections in
Malawi, IDH and partners have continued to invest in activities
that will fast-track the achievement of programme pillars.
IDH continues to invest directly in projects with implementing
partners that drive towards these objectives. Total cumulative
investment of Steering Committee members in the programme
now exceeds €4.7 million EUR. In 2019, plantation companies
have invested a total of just over $2.8 million USD, bringing
cumulative investments to $14.1 million USD.

As we approach the final year of the Malawi Tea 2020
programme, and stakeholders continue to work towards the
five pillar targets, it is clear that their impact is transforming
tea trading and the tea industry, as well as the operating
environment for workers and smallholders in Malawi. This
report will be widely distributed to ensure that all partners are
well informed in the absence of an Annual Progress Meeting
this year.
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<tr>
<td>A profitable estate sector</td>
<td>Business plans developed by estates</td>
<td># of business plans developed by estates from 2016 onwards</td>
<td>2019: – Total 2014-2019: 1 completed</td>
<td>Accelerated investments of estates in replanting, factory refurbishment, irrigation and diversification (medium to long term)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hectares of: tea replanted; irrigation installed; new/alternative crop being developed</td>
<td>2019: £2.8 million EUR Total 2016-2019: £14.1 million EUR</td>
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<td></td>
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<td>Increased investments in production systems</td>
<td></td>
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<td></td>
<td>Financiers with patient capital identified</td>
<td># of financiers (new or current) investing in tea sector</td>
<td>2019: – Total 2014-2019: 1 deal with agreement for financing in place</td>
<td>More affordable finance available to Malawian tea industry (short term)</td>
</tr>
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<td></td>
<td>Facilitate dialogue with Malawian (Government Tea Industry Group, contact in Ministry of Trade) and Mozambican government and the railway company around sales channels and logistics</td>
<td># of meetings conducted and progress made towards the recommendations</td>
<td>2019: – Total 2014-2019: Initial consultations held in 2017</td>
<td>Increased access and markets for Malawi teas (long term)</td>
</tr>
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<td></td>
<td>Facilitate continued dialogue between buyers and producers</td>
<td>Procurement model signed off</td>
<td>Sustainable Procurement Model being used by buyers</td>
<td>Improved trading relationships between buyers and producers</td>
</tr>
<tr>
<td></td>
<td></td>
<td># of meetings of working groups facilitating producer-buyer dialogue</td>
<td>1 held after 2018 APM Total 2014-2019: 2 meetings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Development of viable sustainable procurement practices options</td>
<td># of shared models that have been adopted by producers and buyers</td>
<td>Sustainable Procurement Model being used by buyers</td>
<td></td>
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<tr>
<td></td>
<td>Develop an outline on how the extra value will be distributed or shared among workers</td>
<td>Report produced on how value will be distributed/shared</td>
<td>up to bilateral buyer-producer relationship, in line with programme strategy. Buyer assessments done by Oxfam and IDH</td>
<td></td>
</tr>
<tr>
<td>Roadmap</td>
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<tr>
<td>Awareness-raising sessions conducted and reinforced on non-discrimination and harassment delivered to managers, supervisors and workers</td>
<td># of supervisors, managers and workers participating in awareness-raising sessions on non-discrimination and harassment</td>
<td>2019: 363 (272 women, 81 men) Total 2016-2019: 621</td>
<td>Improved gender awareness and management of gender issues by supervisors, Women Welfare and Gender Committees and managers</td>
<td></td>
</tr>
<tr>
<td>Women Welfare/Gender Committees established.</td>
<td># of estates that established Women Welfare/Gender Committees</td>
<td>All 9 TAML member estates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training sessions delivered to female employee representatives on Gender Committees on leadership skills</td>
<td># and % of women attending leadership training sessions</td>
<td>2019: No leadership training was planned Total 2016-2019: 239 women</td>
<td>Women are provided with opportunities to develop professionally in the workplace</td>
<td></td>
</tr>
<tr>
<td>Strengthening HR systems through the implementation of equal opportunities and non-discrimination policy, HR management training, and trials aimed at improving labour productivity and absenteeism rates</td>
<td># and % of supervisors, managers and workers trained on non-discrimination and harassment policies</td>
<td>2019: Training will be done in November Total 2016-2019: 268</td>
<td>Estate managers implement improved HR practices</td>
<td></td>
</tr>
<tr>
<td>Programmes aimed at improving labour, housing, sanitation and health care</td>
<td>Manual on housing, sanitation and health care developed</td>
<td>2019: Housing policy implemented, data gathered</td>
<td>Improved worker housing and sanitation</td>
<td></td>
</tr>
<tr>
<td>Workers receive weekly veggies from estates by 2017-2020</td>
<td># and % of estates that provide weekly veggies</td>
<td>2019: 100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td># and % of estates that use fortified maize flour (purchases, or adding micronutrients to maize flour)</td>
<td># and % of estates that use fortified maize flour (purchases, or adding micronutrients to maize flour)</td>
<td>2019: Since 2018, 40,175 out of 53,972 (12,610 women, 27,565 men). 4 estates do not provide fortified maize due to implementation challenges.</td>
<td>Workers and their families have a better diet</td>
<td></td>
</tr>
<tr>
<td># of workers attending training sessions on nutrition and food security and % of total workforce</td>
<td># of workers attending training sessions on nutrition and food security</td>
<td>2019: No training due to implementation challenges Total 2016-2019: 40,175 (12,610 women, 27,565 men)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Village Savings and Loan Associations (VSLAs) / financial literacy programme for workers</td>
<td># of VSLAs established for workers</td>
<td>2019: 64 VSLAs Total 2016-2019: 128 VSLAs</td>
<td>Improved access to credit and increased savings</td>
<td></td>
</tr>
<tr>
<td># of estate workers participating in VSLAs</td>
<td># of estate workers participating in VSLAs</td>
<td>2019: 1,219 workers Total 2016-2019: 2,359 workers (approx. 58% women)</td>
<td></td>
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</tbody>
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### Roadmap

**A living wage for workers**

- **Pillar Activities**
  - Training in negotiation skills and collective bargaining; Social dialogue meeting between PAWU and TAML to support CBA implementation; Undertake collective bargaining negotiations; Review recognition agreement and agree on changes [e.g. membership of seasonal workers]

- **KPIs**
  - **# and % of workers sensitised about the union**
    - 2019: 6,341 workers (2,295 women, 4,046 men), about 29.5% of workforce
    - Total 2016-2019: 14,078 workers
    - Increased awareness among the workforce on the CBA and the role of the union

  - **# of managers trained on CBA**
    - 2018-2019: 222 [101 women, 121 men]
    - Total 2016-2019: 956 managers
    - Managers remove barriers for unionisation of workers

  - **# and % of workers who are unionised (target 15% threshold needs to be reached in order for unions to undertake collective bargaining processes)**
    - 2019: Highest level in March 2019; 12,545 workers (4,027 women, 8,518 men), which represents 23.3% of the workforce. Lowest level in June 2019; 9,208 workers (2,698 women, 6,510 men), which represents 17.6% of the workforce
    - Workers’ interests, particularly interests of seasonal workers, are better represented in negotiations with employers [medium to long term]

  - **The gap between real wage and living wage is closing**
    - 2019: Results from the Wages Committee show that the gap is closing, but slowly. The ratio of the net prevailing wage to net living wage is 0.66, this means 29% gap closure towards net living wage since start of the programme
    - Overall the gap is narrowing, wages of tea workers have continued to increase slightly more quickly than the inflation rate.

**2016-2020 Outcomes**
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<tr>
<td>A profitable smallholder sector</td>
<td>Training delivered to 50 Farmer Field Schools (FFS) groups [approximately 1,500 farmers] on GAP and other practices aimed at livelihood improvements through FFS structures by the end of 2018</td>
<td># of FFS established and # of farmers graduating from FFS</td>
<td>2019: 60 new FFS for 1,898 farmers (84% women) Total 2016-2019: 8,087 farmers participated in FFS</td>
<td>Improved knowledge and application of GAP and other practices</td>
</tr>
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<td></td>
<td>Training delivered to 3,000 farmers on business skills through Farmer Business Schools (FBS) by the end of 2018</td>
<td># of farmers participating in FBS</td>
<td>2019: GIZ-led activity – has not happened anymore since last APM Total 2016-2019: 2,655 farmers</td>
<td>Enhanced business management skills by farmers</td>
</tr>
<tr>
<td></td>
<td>Supporting mini tea nurseries to become self-sustaining enterprises (pilot in 2018)</td>
<td># of seedlings grown by farmers</td>
<td>Coaching on business management has started for 3 tea nurseries (pilot); they are currently growing a total of 58,660 seedlings Since last APM, 250,000 tea seedlings have been out-planted from 18 nurseries Total 2016-2019: 752,660 seedlings grown</td>
<td>Increased yields by smallholder farmers</td>
</tr>
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<td></td>
<td>Scale up Village Savings and Loan (VSL) programme for farmers</td>
<td># of Village Savings and Loan Associations (VSLAs) established and # of farmers participating</td>
<td>2019: 141 VSLAs with 2,697 farmers Total so far: 407 VSLAs with 7,537 farmers (77% women)</td>
<td>Improved access to credit and increased savings</td>
</tr>
<tr>
<td></td>
<td>Nutrition and sanitation training to 1,500 farmers in 2018</td>
<td># of farmers participating in nutrition and sanitation training</td>
<td>2019: 3,218 farmers participated in nutrition and sanitation training Total so far: 9,120 farmers</td>
<td>Farmers have a more diversified diet</td>
</tr>
<tr>
<td></td>
<td>Capacity building of farmer trusts</td>
<td># of farmers trained on governance, gender, lobby and advocacy</td>
<td>2019: 277 farmers trained Total 2016-2019: 327 farmers trained</td>
<td>Enhanced organisational strength of the farmer trusts (governance and service delivery)</td>
</tr>
<tr>
<td></td>
<td>Development of smallholder database</td>
<td>Database completed</td>
<td>2018-2019: Database completed. 16,258 smallholder growers in the Malawi tea industry. 18,631 fields have been mapped. The difference between the number of farmers and the number of fields is a result of some farmers owning more than 1 field.</td>
<td>Information from the database informs the smallholder sector development strategy</td>
</tr>
<tr>
<td></td>
<td>Living income study</td>
<td>Updated living income benchmark (preliminary)</td>
<td>2019: Preliminary result for living income benchmark: MK4,583 (US$6.19), whereas the actual estimated is MK3,549 (US$4.79)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Updated actual income (preliminary)</td>
<td>2018-2019: Data not updated since GIZ exited the programme</td>
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<tr>
<td>Energy &amp; environmental sustainability</td>
<td>Energy-efficiency programme for the estate sector</td>
<td># of producers participating in energy-efficiency programme</td>
<td>2019: No more activities. Up to individual producers to implement recommendations</td>
<td>Tea producers have implemented measures as suggested in the efficiency report</td>
</tr>
<tr>
<td></td>
<td>Climate change impact mapping</td>
<td># of stakeholders who use the mapping to inform their business plans</td>
<td>2019: 4 stakeholders (CEPA, LUANAR, TRF, Satemwa)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Programme on woodlot production by farmers</td>
<td># of nurseries established</td>
<td>2019: 3 new tree nurseries established and reinvestment in 24 existing tree nurseries that are currently growing 100,000 tree seedlings. Total 2016-2019: 27 nurseries raising 240,411 seedlings</td>
<td>Increased tree planting in smallholder communities by 2018</td>
</tr>
<tr>
<td></td>
<td>Training sessions to farmers and local village structures on tree nursery management delivered, including sensitisation</td>
<td># of people participating in forest management training</td>
<td>2019: 400 farmers and community leaders. Total 2016-2019: 949 farmers and community leaders</td>
<td></td>
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<td></td>
<td>Enabling access to fuel-efficient cookstoves to tea communities in Mulanje and Thyolo</td>
<td># of stoves purchased by the tea community</td>
<td>2019: 1,926 stoves sold. Total 2016-2019: 5,544 stoves sold</td>
<td>Increased number of tea smallholders who use fuel-efficient cookstoves</td>
</tr>
<tr>
<td></td>
<td>Capacity building to tea farmers on beekeeping</td>
<td># of farmers supported to develop beekeeping businesses</td>
<td>2019: 100 farmers trained on beekeeping (72% women). Total 2016-2019: 200 farmers trained on beekeeping (62% women)</td>
<td>Beekeeping groups are producing and selling bee products</td>
</tr>
<tr>
<td></td>
<td>Facilitate the sale of carbon credits from the stoves program</td>
<td># of carbon credits sold through the stove programme</td>
<td>2019: 20,000 tonnes of CO2 purchased from the cookstove project and commitment to purchase 100,000 tonnes of CO2 over the next 5 years. Total 2016-2019: 20,000 tonnes of CO2 purchased from the cookstove project</td>
<td>Income earned for social fund through the sales of carbon credits</td>
</tr>
<tr>
<td></td>
<td>Facilitating rollout of solar products</td>
<td># of solar products purchased by smallholders</td>
<td>2019: 1,115 solar products. Total 2016-2019: 2,891 solar products</td>
<td>Increased number of smallholders using solar products</td>
</tr>
</tbody>
</table>
The estate sector at large has continuously invested in production systems to move towards higher-quality tea and to diversify activities from its own income. As tea market conditions have deteriorated since the beginning of 2019, prices offered and volumes bought have come down across the board in Africa, which has had an impact on the Malawian tea industry. However, with regards to sustainable procurement practices, there are clear areas of progress.

**Sustainable procurement practices**

The 2018-2019 season has been defined by the first efforts to integrate the Sustainable Procurement Model into tea buying decision-making processes, with varying degrees of success. The progress in 2019 was shaped by meetings convened around the Annual Progress Meeting (APM) in October 2018, where it became apparent that a “collection account” was not a viable option for distributing additional money coming from buyers. Instead it was decided that the best way of enabling the process to move forward was to devolve negotiations on pricing and distribution of value to the bilateral buyer-producer relationship, in keeping with the programme strategy to enable commercial relationships to be at the forefront of outcomes.

Following the October 2018 APM, buyers made commitments to Oxfam on contributions to wages (using the Sustainable Procurement Model), verification of progress, contracts for producers and advance volume commitments. However, low and falling prices during early 2019, coupled with protracted discussions between buyers and producers on the means of implementing programme ambitions, led to concerns that too little business was being transacted and hence producers were experiencing not only low prices, but also little commercial volume.

**Continued dialogue with buyers & outcome of buyer assessments**

From the start of the Malawi Tea 2020 programme, members have recognised that achieving living wages is a shared responsibility between the tea producers in Malawi, as the employers of the workers, and the international tea buyers and retailers who source and sell the tea. The Sustainable Procurement Model, developed and discussed from 2016-2018, was an initiative to identify the contribution of the buyers to closing the living wage gap, over and above annual increases
in wages through the collective bargaining between the tea association and the union.

At meetings convened around the APM in October 2018, it became apparent that a ‘collection account’ was not a viable option for distributing additional money coming from buyers. Instead it was decided that the best way of enabling the process to move forward was to devolve negotiations on pricing and distribution of value to the bilateral buyer-producer relationship in line with programme strategy to enable commercial relationships to be at the forefront of outcomes.

The 2018-2019 season has been defined by the first efforts to integrate the sustainable procurement model into tea buying decision making processes with varying degrees of success.

Following the October 2018 APM, buyers made commitments to Oxfam relating to contributions to wages (using the Sustainable Procurement Model), verification of progress, written contracts for producers, and advance volume commitments. However, against a background of a drop in tea prices, concerns were raised within TAML membership that adoption of the model would result in Malawi being rendered uncompetitive as a tea-producing origin, unless similar initiatives were undertaken in other countries where wages are low, such as Uganda and Rwanda. This is because the Sustainable Procurement Model carries an often substantial premium compared to spot market prices.

Protracted discussions between buyers and producers on implementing their programme ambitions meant that producers were experiencing not only low prices, but also little commercial volume. Recognising the adverse change in market conditions for producers, a joint statement was issued by Oxfam and IDH in March 2019 signalling the importance of concluding contracts as a priority, with implementation of the Sustainable Procurement Model where possible. This statement was regarded as generally helpful by buyers and producers, and largely achieved its desired impact.
Buyer assessments and dialogue on sustainable procurement

Through July and August 2019, Oxfam and IDH held joint meetings with the 11 buyer signatories and one Trader member on their commitments to further close the living wage gap. These were: JDE, OTG, Unilever, TGB, Mother Parkers, Taylors, Tesco, Twinings, Ringtons, Marks & Spencer, Van Rees and Typhoo.

The objectives of these meetings were to discuss buyers’ experiences using the Sustainable Procurement Model, and to review the overall progress of buyers towards a living wage in Malawi during the 2018-19 season. The conversations focused on how commitments have been implemented (with information on price and volumes shared confidentially with IDH), understanding how buyers have sought to ensure additional value reaches workers, and on challenges, lessons learned and long-term commitments. These confidential (tripartite) buyer assessments concluded in early September.

From these conversations, it is clear there are some encouraging areas of progress. Almost all buyers have taken deliberate steps to prioritise Malawi as a tea origin. A number of buyers have paid substantial premiums above prevailing market rates to incorporate sustainable pricing into their Malawi buying strategy. Some have demonstrated leadership by incorporating progress on closing the living wage gap into their contracts with producers. Additional examples of good practices include the implementation of a sustainable floor price, very significant increases in volumes – in some cases more than doubling Malawi buying when compared to pre-programme levels – encouraging the production of higher-value teas, purchasing tea earlier in the supply chain, signing a three-year contract and directly engaging producers on living wages.

Buyer MoU commitment: “implement business practices that support the economic ability of employers to pay a living wage.”
However, only if the additional value reaches workers in some form is the model a useful tool to help close the living wage gap further. In many cases it appears that the additional value made available for workers has not been ring-fenced. While discussion on this has been part of negotiations between buyers and producers, it has not been formalized in any contracts. An accountability mechanism is a crucial step in ensuring that there is measurable progress.

The Sustainable Procurement Model has been updated for the 2019-20 season and shared with all buyers. At the conclusion of the 2019-20 season, the programme intends to undertake an assessment of the extent to which companies’ sustainable procurement practices have supported the programme’s aims, and lessons learned about sustainable procurement, which will be shared with coalition members and published.

**Innovative finance: Dam construction**

Thyolo, as with many parts of Malawi, is being impacted by climate change and deforestation. It has become evident that the tea industry requires irrigation to boost yields in order to remain competitive in the global tea markets. IDH has been supporting estates to undertake feasibility studies and develop business plans for funding. One estate has now secured funding and will be constructing a dam with capability to irrigate in excess of 900 hectares (ha), which will also cover 5ha of smallholder land. Phase 1 of the dam construction and the smallholder irrigation installation are expected to begin after the rains finish in May 2020 so that the dam will be ready in January 2021. Phase 2 of the smallholder development will be undertaken in 2021 to be ready for 2022, subject to securing partners and funding.

**Investments in quality improvements**

Capital investments by the tea industry continued in 2019, with focus on improving the quality of tea produced in Malawi as part of the revitalization strategy. Reports from producers indicate that estates invested a total of $2.8 million USD this year in projects such as replanting, factory refurbishment, irrigation, welfare and housing, energy efficiency and hydroelectricity power generation.
The Tea Association of Malawi (TAML) continued trainings and outreach focused on ensuring that the provisions in the gender and sexual harassment policy are well entrenched within estate operating procedures. Investments continue towards improving housing and ensuring that workers continue to receive extra portions of vegetables as part of nutrition improvements.

The publication of the first-ever sector-wide gender policy in December 2017 was a key milestone in promoting better working conditions for women. Following previous training sessions to build awareness of the policy provision, it became apparent that if general workers were to understand the provisions and its implications, there was need for more intensive training sessions and to translate the policy into the local vernacular. To assist in grassroots awareness of the policy, a full-time Gender Coordinator was recruited by TAML, in partnership with World University Services Canada (WUSC) and IDH; the coordinator is responsible for overseeing the application of the policy at all estates.

**Gender and sexual harassment policy implementation:**

*Pre-training needs assessment*

In 2018, TAML established 147 Gender Committees (GCs) and 144 Women Welfare Committees (WWCs) to act as catalysts for the policy implementation and to sensitize workers on reporting guidelines for sexual harassment. This year, a pre-training needs assessment was conducted targeting 169 members (121 women, 48 men) of the GCs and WWCs. Another pre-training needs assessment was conducted targeting 289 managers, supervisors and Capitaos (94 women, 195 men). The needs assessment was carried out to identify specific needs and expectations required for the gender Training of Trainer (ToT) exercise. For instance, it was observed that the GC and WWC members needed the training to be done in the Chichewa language rather than English, considering their literacy levels. It was also observed that both the committee members and the managers were not fully familiar with the policy.

**Gender Training of Trainers**

To build on the knowledge from previous trainings, and to increase awareness on the policy and reporting mechanism for sexual harassment, a gender ToT was conducted targeting 353 GC and WWC members (272 women, 81 men).
A ToT training was preferred, as the trainers trained will be able to raise awareness of the policy and the sexual harassment reporting mechanisms to all workers across the tea industry. A ToT is also ideal for continuity of these trainings beyond 2020.

**Key successes of the trainings**

- The participants attended the training sessions at a high rate (as a result of organizing the trainings during off-season). The trainers planned to reach 291 participants from the GCs and WWCs, but ended up reaching 353. (The numbers are likely to increase to 400 as the trainings are not yet finalized).

- The training sessions provided a safe and friendly environment where participants were able to reveal the types of sexual harassment that occur in the workplace, discuss workplaces that are safe for women and those that are risky, and talk about why sexual harassment cases are not likely to be reported. All the concerns raised will be included in the training for managers and supervisors so that proper action is taken to prevent such cases from happening at the workplace and to ensure a safe work environment for women.

- Estate managers were very supportive as they were able to release workers to attend the trainings in time and provided a free venue for the sessions.

- All estates have developed a work plan/plan of action on how to implement the gender policy. This plan of action will be monitored by the managers as well as TAML.

**Challenges of the gender work and going forward**

Implementation of the gender work was initially solely dependent on WUSC volunteers. This resulted in delays of the implementation progress as the volunteers came and went before the year ended. To resolve this, early this year TAML, with support from IDH and WUSC, recruited a Gender Coordinator to ensure a continuation of the implementation of the gender pillar. However, it remains to be seen how this position will be sustained beyond 2020.
Better housing for workers

TAML adopted the Housing and Sanitation Policy in 2017 and communicated to its members the implementation of the policy in the same year. But to address a lack of data to support the implementation of the policy, TAML conducted a housing census as a way of tracking the progress and having the database needed in line with project Key Performance Indicators (KPIs). This provided the following overview:

<table>
<thead>
<tr>
<th>House Category</th>
<th>Description</th>
<th>Total Number of Houses on Plantation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category A</strong></td>
<td>Ideal condition &amp; design&lt;br&gt;Condition: Good, recently renovated or newly built, all conditions as described in the “new housing” paragraph are met&lt;br&gt;Design: Ideal, all conditions as described in the “new housing” paragraph are met</td>
<td>1,168</td>
</tr>
<tr>
<td><strong>Category B</strong></td>
<td>Minor renovations needed&lt;br&gt;Condition: Acceptable, minor maintenance needed to reach Category A standard&lt;br&gt;Design: Good, minor modification &amp; renovation needed to reach Category A standard</td>
<td>2,618</td>
</tr>
<tr>
<td><strong>Category C</strong></td>
<td>Major renovations needed&lt;br&gt;Condition: Poor, major maintenance needed to reach Category A standard&lt;br&gt;Design: Poor, major modification &amp; renovation needed to reach Category A standard</td>
<td>2,510</td>
</tr>
<tr>
<td><strong>Category D</strong></td>
<td>Complete rebuild or demolish needed&lt;br&gt;Condition: Very poor, too far gone – e.g., foundation sinking, walls cracking, etc.&lt;br&gt;Design: Very poor, requires rebuild from foundation level to be able to meet Category A standard</td>
<td>2,819</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>9,115</td>
</tr>
</tbody>
</table>

There has been an increase in the construction of housing for workers. This year, estates have 9,115 houses, compared to 8,808 in 2018, which represents a 3% increase across the industry. Additional findings included:

- 307 houses have been built across the industry meeting the Category A specifications since the housing policy was implemented.
• 90 houses have been renovated and upgraded to Category A across the industry.
• 644 houses in Category D have been earmarked for demolition and will be upgraded to Category A in the next three years.

Out of the 41,098\(^3\) total members of the industry workforce, 9,026 occupy estate housing, representing 21.9% of the industry workforce; 2,127 of the 9,026 are women occupants. These houses are provided freely and supplied with portable water points. A house is allocated to every worker who has asked for it, if housing is available. Eighty-nine houses were found vacant during the visits, either because it was off-season or the workers had been laid off.

One of the biggest challenges in improving the housing conditions of workers is that it requires huge capital investments to renovate or to construct new houses. Estates are therefore struggling to ensure that all their workers’ houses meet the Category A specifications.

**Better nutrition for workers**

Nutrition improvement has been delivered through meal fortification, reaching on average a total of 40,175 workers, and the provision of vegetables to workers at least once a week. Though most estates have a dossifier to fortify the maize flour, some estates were still due to receive a dossifier. The main supplier for fortification dossifiers had stopped supplying estates, but new efforts to source dossifiers with support from Global Alliance for Improved Nutrition (GAIN) has guaranteed the provision of dossifiers for the remaining estates.

The provision of vegetables is ongoing, with two estates having increased the frequency to more than once a week, which is the recommended TAML standard as part of diet improvement. Most estates have adopted a policy of sourcing vegetables from surrounding communities or from fields managed by spouses of people working within the estates, where the estates release a piece of land for such use. It is expected that this may generate extra income for workers and build better relationships with the communities supplying the vegetables, leading to (potential) higher income for households.

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\(^3\) Net wage – gross less taxes
A better collective bargaining process can advance the agenda towards attainment of a living wage, where estates and workers agree on strategies for productivity and better returns for workers. This will be supported by a campaign to government on the tax regime to ensure that any gains in wages are not wiped out through taxes. Progress towards the living wage is assessed by the independent Wages Committee.

To support the key target of the payment of a living wage to workers, activities of the pillar focus on capacity building of the Plantations and Agriculture Workers Union (PAWU) and TAML to enable effective negotiations on the industry’s Collective Bargaining Agreement (CBA). In 2019 specifically, the focus has been on building continuous capacity and developing strategies to engage with government on taxation-related issues, and the dialogue on sustainable procurement practices between buyers and producers, which is covered under pillar 1.

**Wages (cash and in-kind)**

Through the programme, a wage-setting process has been established through negotiations between TAML and PAWU, which has culminated in a CBA. Since the inception of the programme, two CBAs have been agreed upon. However, TAML, at their own discretion, can apply wage increments and determine in-kind benefits, which form part of the total wage package.

In December 2018, TAML made an adjustment of the cash wages from $1.90 USD (MK1,380) to $2.04 USD (MK1,510) per day, representing a 9% wage increment for workers across the bargaining unit. As of 1st August 2019, TAML implemented a 5% wage increment, resulting in MK1,585 or $2.10 USD, which was part of the 2018-19 CBA. The next round of CBA negotiations will take place in 2020, with no negotiations foreseen in the remainder of 2019.

**Progress assessment by the Independent Wages Committee**

In 2019, the independent Wages Committee concluded there is a continued improvement in wages for A1 workers, and the gap between prevailing wages and the living wage continued to close slowly [wages of tea workers have continued to increase slightly more quickly than the inflation rate]. For October 2019, the Wages Committee reported that the ratio of prevailing net wage to the net living wage is 0.66. This means that by
October 2019, 29% of the gap to the net living wage has been closed since the baseline of the Malawi Tea 2020 programme, which compares to 25% of the gap being closed in 2018, and therefore indicates at 4%-point improvement since October 2018.

In their assessment, the Wages Committee concluded that the gross living wage, also known as the living wage, is estimated at MK101,353 per month – equivalent to $136.91 USD, which
per day is MK4,407 ($5.92 USD). Currently the TAML average gross actual wage (cash payments plus in-kind benefits) per month is MK56,258 ($76.07 USD), or MK2,446 ($3.31 USD) per day. Therefore, the gross actual wage covers 56% of the gross living wage.

The net living wage (take-home pay required) per month is MK85,197 – equivalent to $115.08 USD – which translates to MK3,704 or $5.03 USD per day. On average the net actual wage now is MK55,913 ($75.60 USD) per month – MK2,431 or $3.29 USD per day – which represents 66% of the net living wage. This shows a significant improvement compared to the $1.53 USD that workers were receiving at the start of the programme.

**Union capacity building**

Progress is being made in further capacity building of the Plantation and Agriculture Workers Union (PAWU) for the development of reliable and effective systems for industrial relations, which contribute to the improvement in wage-setting processes and worker representation.

**Union membership and recognition**

PAWU has been supported by Oxfam to conduct membership recruitment exercises to ensure that their membership is maintained above the 15% of the total workforce required for them to undertake sectoral bargaining. PAWU still faces a challenge of fluctuating membership because there is no continuity of union membership for seasonal workers in subsequent seasons. This implies that PAWU must re-recruit the same workers every season. Considering this, Oxfam supported PAWU with an organiser to lead PAWU’s membership recruitment drive and the delivery of member services.

As of June 2019, PAWU’s membership was at 17.6%; its highest membership level of 23.3% was reached in March 2019. The decline can be explained due to the end of contracts for seasonal workers as the months have been moving towards the off-season period.
**Increasing membership for PAWU**

The organiser and PAWU executives were trained on a membership tracking system uploaded on tablets to ease and fast-track member recruitments. There have been delays in rolling out the system; because it uses the national IDs, PAWU preferred that the system be rolled out after national elections in May to avoid the union being suspected of involvement in any election issues.

Best practices on how membership can be retained are also being explored. One of the tea estates has demonstrated good practices on trade union membership by entering into an agreement with PAWU where all workers are automatically enrolled in the union upon engagement and seasonal workers do not lose their membership when off-season. This type of practice can be replicated in other estates to ensure sustained higher levels of union membership.

**Technical and institutional capacity strengthening**

In the reporting year, PAWU has also been supported with the development of a gender policy to guide the PAWU women’s committees. Also, the PAWU strategic plan has been translated into the local language to provide workers with a better understanding of the union’s strategic direction. Another focus for the year has been the continuation of building the technical capacity of 222 PAWU shop stewards and study circle leaders (101 women and 121 men) in union rank and file, local and international labour laws, and social issues in the workplace.

**Collective bargaining and leadership trainings**

A well-seasoned unionist was engaged to facilitate the study circle leadership and shop steward trainings. He facilitated three trainings for PAWU with the assistance of the organizer. The trainings focused on leadership skills, facilitation skills, conflict resolution and union governance. PAWU has been supported to conduct CBA sensitization sessions, which have so far reached 6,341 workers (2,295 women and 4,046 men). This is 29.5% of the workers, and this work is ongoing.
Regular constructive dialogue between employers and workers’ representatives on issues of mutual interest

During the 2018 CBA negotiations (which resulted in a newly signed CBA on 12th July 2018), a 5% wage increment was agreed for the period 2019 to 2020 as an inflationary wage adjustment, effective from August 2019. This was based on the projected inflation level for 2019 at the time of the negotiations. However, inflation in 2019 has been higher than the projected level, reaching 9% in June 2019 and an average of 9.42% during the period from August 2018 to June 2019. A wage increment of 9%, provided by TAML in December 2018 as mentioned previously, together with this year’s 5% increment has helped provide an inflationary cushion for the workers’ wages.

Taxation of lowest-paid tea workers

Despite the progress towards the payment of a living wage, the trends show that there has been an increasing gap between the gross living wage and the net living wage (after tax) because the living wage levels have been calculated apace with inflation, whereas the tax-free income bracket has only changed periodically. This has also been true of the TAML wage, where workers’ take-home income has been eroded by tax, as the wage increases that have been achieved have widened the gap between the national minimum wage and the TAML minimum wage. Through the increases, the lowest-paid tea workers fall within the taxable income range, thus eroding the gains made.

In order to address this, a consultant was hired to develop a position paper after undertaking an assessment of the possibility of upwardly revising the tax-free income bracket for Malawian workers and the economy-wide effects of such a revision. This position paper was expected to be completed by the end of September, and to be used to engage with government on the revision of the tax bracket. However, this plan was superseded by the government’s decision in September to increase the tax-free bracket. Still, the institutions coordinating the work agreed to pursue the advocacy action to appeal the amount to be increased further. Oxfam will support advocacy to the government of Malawi on the tax threshold and aims to engage buyers in the process.
The Malawi Tea 2020 programme implements strategies that enable smallholders to have a more sustainable income through better agricultural practice and land management, diversification of the income base and business management skills development. Almost 50% of all Malawian tea farmers actively participated in Farmer Field Schools (FFS) and the Village Savings and Loan (VSL) programmes, and continue to see positive improvements in yield, leaf quality and incomes. The scope and reach of the programmes have been extended, and there has been an increased focus on addressing attitude and behaviours relating to gender that could undermine the long-term impact. Nutrition awareness programmes are also enabling farmers to understand the need for better nutrition as a key component to their health and that of their families.

**Farmer Field Schools**

Farmer Field Schools move farmers from traditional farming techniques to a more effective, smarter, climate-sensitive approach to production. A total of 8,087 farmers – 49% of all Malawian tea farmers – have to date actively participated in Farmer Field Schools coordinated by the Ethical Tea Partnership (ETP). The FFS are run with the active involvement of all four farmer trusts, the estates’ outgrower managers, and 40 FFS facilitators (lead farmers). The curriculum, delivered over 12 months, includes training on Good Agricultural Practices (GAP), various climate change adaptation and mitigation techniques, food production, record keeping, and crop diversification.

In the last year, 60 new FFS were set up for 1,898 farmers. We have seen positive outcomes against key KPIs, including increased yields in the trial plots (where farmers test varying levels of fertilizer application and different plucking rounds), and better-quality green leaf (73% “good quality” for FFS farmers vs 61% for the control group). A lot of effort has also gone into strengthening the knowledge and training capabilities of the FFS facilitators, which should enhance the long-term sustainability of the programme.
Case Study
Participation in Farmer Field School Leads to Economic Benefits

Prior to him attending the Farmer Field School (FFS) in 2015-16, the tea yield of Elias Thomas from Chizunga Tea Association was less than a third of the smallholder average, and his income was not sufficient to meet his basic household needs.

Through the FFS, he learned about good agricultural practices (GAP) and began implementing recommended techniques around weeding, plucking and fertilizer application. This resulted in a dramatic change in tea yield and a subsequent rise in income: Elias’ annual revenue from tea sales increased by 83% in two years.

Elias also learned how to grow tea seedlings and establish a small nursery. He joined a community tea nursery established with support from the Programme in 2016. With the knowledge and skills that he gained, he then went on to establish his own nursery, raising and selling 2,400 seedlings to other tea farmers in the first year alone. He used the income from selling these seedlings to fulfil his dream of purchasing a dairy cow. He has since been able to further supplement his income by selling milk to others in the village.

To date, he has raised 9,560 tea seedlings for sale, and is also participating in other groups such as the Village Savings and Loan Association and a local beekeeping group. He concluded: “I have benefited a lot from the FFS, and I encourage others to join [the] FFS for them to benefit like me.”

Photo: Elias Thomas with the dairy cow he bought with money from tea seedling sales. [Credit: Ethical Tea Partnership]
**Nutrition and sanitation**

Many farmers report food insecurity at different months in the year. The farming communities also tend to lack diversity in their diet, relying heavily on maize which has very little nutritional value. More than 9,000 farmers from all four trusts (55% of all farmers) have received nutrition and sanitation training so far – 3,218 (84% women) in this past year. The training teaches tea farmers the benefits of the different food groups, kitchen garden construction and the construction of handwashing stations. It also sensitizes them on the need for regular handwashing. In cooking demonstrations, farmers learn to prepare meals using food items from different food groups. District Nutrition and Food Security Officers as well as District Environmental Health Officers have been involved in building the capacity of the trainers (lead farmers in both the FFS and VSL programmes).

At the end of 2018, over 11,300 orange-fleshed sweet potato vines, enriched with vitamin A, were distributed to 407 FFS participants, both as a business opportunity and for home consumption. The vines were used on FFS demonstration plots to teach good practice farming techniques in sweet potato growing, and also as start-up planting materials. The crop matured in June 2019. On average, each farmer produced eight bags of sweet potato. The sweet potato vines can be preserved and multiplied and used as planting materials in the next planting season.

**Tea seedling production in community nurseries**

Demand for good-quality tea seedlings continues to be high amongst tea farmers who are keen to replace old bushes and fill the gaps in their plots. ETP has been building tea farmers’ skills in the growing of tea seedlings in community nurseries over many years. More than 750,000 drought-resistant seedlings (cuttings sourced from the Tea Research Foundation (TRF)) have been grown this way. In order to expand the lifetime of the nurseries beyond 18 months, a pilot was started to support a small number of (tea and tree) nurseries with business coaching so that they can start operating on commercial principles. Following the development of training materials, training is being rolled out over the next eight months. If successful, the training will be taken to more nurseries. Since the last Annual Progress Meeting, 18 nurseries have since planted out most of their 250,000 seedlings.
Village Savings and Loan programme

Nearly 10,000 tea community members are currently actively participating in Village Savings and Loan Associations (VSLAs), saving money and taking out loans when they need to; 7,537 of the participants are smallholder farmers (77% of which are women) and 2,359 are estate workers (58% women). Since last October, 205 new groups were set up, counting 3,916 members. The VSLAs enable tea communities to invest in their tea farm, as well as start or upscale small enterprises. They also help people pay for basic household needs such as food, health care, education and house improvements. All current FFS participants have been given the opportunity to join VSLAs. Participation in both programmes means that farmers achieve more benefits than they would if they participated in one only. For the same reason, farmers involved in cookstove production and beekeeping, as well as ETP’s tea and tree nurseries, have all been engaged in VSLAs. This enables cash creation for their various activities.

The programme remains popular with farmers and continues to see very positive outcomes in terms of savings created throughout the savings cycle. For example, all 78 farmer VSLAs set up in 2019 had by June saved for an average of four months; in that time, each person had inputted €7.85 EUR on average and total savings stood at an average of €18.11 EUR per person. In addition, they saved €0.68 EUR on average in a social fund, which can be accessed in emergencies.

In 2019 training was delivered to 61 VSLAs on record keeping, as well as on entrepreneurship, to boost farmers’ confidence and skills in business management. Three-hundred fifty farmers were selected that entered the VSL programme in 2016 or 2017 and that have taken the initiative to set up a side business. Following the training, the majority of participants successfully calculated business profit and loss (only 8% were able to do this before the training) and made attempts at developing their own business plans (none had done this before the training).

Gender programme in smallholder communities

Reflective and action-oriented community dialogues were rolled out to address attitudes and behaviours that constitute the main barriers to gender equality in tea-farming communities. Ten two-day sessions were delivered across five blocks, reaching 212 tea farmers – both women and men, although predominantly women. Specialised gender experts
first built the capacity of community leaders involved in various smallholder programmes to conduct these dialogues.

Buy-in and demand for the training was demonstrated by the high attendance, positive feedback and successful creation of action plans in all five blocks. Participants mapped recurrent issues, which included scarcity of land, low tea prices, low involvement from women in key decision-making positions, domestic violence and sexual abuse. Using the Pairwise ranking tool, each block identified and weighed the relative importance of the five key issues. Having ranked and analysed the selected problems, they went on to develop SMART action plans that are deliverable by the community and its structures without overreliance on external support.

The programme created a safe space for open discussion and deep analysis of culture, domestic violence and economic injustice, including mapping of actors, driving factors and personal responsibility. It has also helped the farmers to be transparent and for those who are couples to plan together for the betterment of their families.

**Smallholder database development**

Rainforest Alliance/UTZ is leading the work on the smallholder database development and capacity building for smallholder trusts. Implementation of an effective smallholder sector needs to be preceded by an effective database that can inform strategies and also ensure that the interventions are properly targeted. The strategy will focus on increasing green leaf prices, financial literacy improvement, and higher yields and income.

A total of 16,258 household surveys have been completed to help inform the database. This figure therefore represents the total number of smallholder families in the Malawi tea industry.

<table>
<thead>
<tr>
<th>Association</th>
<th># of farmers reached</th>
<th>Farmers with more than 1 tea field in use</th>
<th>Total farmer fields accounted for</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chizunga</td>
<td>598</td>
<td>-</td>
<td>598</td>
</tr>
<tr>
<td>Msuwaszi</td>
<td>177</td>
<td>14</td>
<td>191</td>
</tr>
<tr>
<td>Thuchila</td>
<td>6,206</td>
<td>1,266</td>
<td>7,472</td>
</tr>
<tr>
<td>Sukambizi</td>
<td>9,277</td>
<td>1,093</td>
<td>10,370</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,258</strong></td>
<td><strong>2,373</strong></td>
<td><strong>18,631</strong></td>
</tr>
</tbody>
</table>
For the database, 18,631 fields have been mapped, complete with their geographical locations, size, estimated bush count and vacancy percentage, and year planted. The difference between the number of farmers and the number of fields is a result of some farmers owning more than one field.

**Capacity building for smallholder trusts**

A detailed gap analysis was conducted on the capacity of the National Smallholder Tea Growers Association (NSTGA) and four smallholder tea trusts: Chizunga, Msuwazi, Thuchila and Sukambizi. This was done to inform the implementing consortium comprising Phunzirani, DETAS, TCL and FoodSec Consulting Limited about the gaps in project outputs that still existed after implementing a number of project interventions.

A study tool was administered to the trust executive committees, trust farmers and NSTGA executive committee members. A focus group of five members per each of the categories was targeted for interviews, with an emphasis on women representation to enrich information gathering on gender issues. A focus group of ordinary farmers was necessary in order to triangulate information from the executive committees of the trusts. Gender trainings were conducted in all trusts. Subsequent coaching and further sensitization resulted in increased numbers of women being elected into trust executive committees. A practical example is Sukambizi, which managed to increase the number of women in its executive committee by 50%, from only two women since 2015 to five women in 2018. In the other trusts, the expectation is that more women will be elected into their committees as well when their elections take place.
The programme continues to see very active involvement from tea farmers and community leaders in the different activities being carried out to reverse environmental degradation and adverse climate change impacts. The programme has continued to invest in strategies that ensure that climate change is managed, and a landscape management approach for Thyolo and Mulanje is being considered to build on the work carried out over the past three years.

Production of tree seedlings in community nurseries

In order to address deforestation and water and soil erosion, minimise the risk of landslides, and provide tea-farming communities with a renewable energy source, ETP is working with farmers and schools to establish and manage tree nurseries. Since the beginning of the programme, the tree nurseries have raised more than 240,000 tree seedlings. Each nursery grows a mixture of indigenous and non-indigenous seedlings, including fruit trees and nitrogen-fixing “fertiliser” trees. Once the seedlings are developed, participants plant the trees in their fields, around schools and in designated community areas. As part of this year’s pilot on business coaching with a selection of nurseries, farmers are also encouraged to sell a certain percentage of trees.

Currently 27 tree nurseries are growing 100,000 new seedlings, most of which will be ready for planting in early 2020. In the third and fourth quarters of 2018, 24 nurseries raised 99,127 seedlings, of which 94,690 have so far been planted out. Training for the newly established nurseries was concluded in August. In addition to the new nursery members, Village Natural Resource Management Committee (VNMRC) members and community representatives were included. The project deliberately engages them so that they support in the monitoring and protection of the trees that will later be planted on public land.

This activity has been deepened through:

- **Awareness campaigns in tree conservation**
  This included planting ceremonies in the communities where the nurseries are located and coincided with the launch of the government’s national tree planting initiative.
• **By-laws development**
  Representatives from council authorities, the Department of Forestry, community leaders and NGOs were invited to meetings to collectively discuss forest management issues in their area. Reflecting on these issues, the parties were tasked to review existing bylaws in order to improve forest protection.

• **Targeting influential community members**
  Three-hundred people were trained on forest management. The participants came from 10 tree nurseries and also included 100 influential community leaders such as Village Development Committee members, village heads and church leaders.

**Beekeeping**

With the dual aim of improved forest management and income diversification for tea farmers, the project worked to build tea farmers’ capacity in apiculture, or beekeeping. Beekeeping is considered an excellent complementary activity to farming as it is not very labour-intensive and has a very positive return on investment. One-hundred farmers (52% of them women) were supported throughout 2018 and in the first half of 2019 as they successfully harvested and sold a total of 1.81 tonnes of honey in the domestic market (1 kg of honey sold at an average of MK2,000). In 2019 this group of farmers received further skills training on harvesting and product care so that the honey is suitable for sale. More harvests from the hives are expected in the third quarter of the year as the weather will be more favourable (warm and dry). From August onwards, the project has also been supporting a new cohort of 100 tea farmers (72% women). All 100 farmers have been provided with a weeklong intensive beekeeping training course, with the goal of building their capacity in beekeeping, developing a beekeeping business, and increasing their understanding of forest protection and the role that healthy forests play in beekeeping. This year we broadened our coverage to benefit farmers from all four trusts: 53% of selected farmers are Mulanje-based and 47% are Thyolo-based. Further training will be provided in October, which will focus on harvesting techniques and product marketing.
Production and marketing of fuel-efficient cookstoves

The use of open fires and solid fuels for cooking is widespread in rural Malawi and presents both health and environmental challenges. The project has been supporting tea farmers with the production of fuel-efficient stoves, which they sell at a price that is affordable to fellow farmers. The stoves are estimated to save the equivalent of two to three tonnes of CO2 per year in comparison to cooking on traditional open fires.

The trained cookstove production groups have now produced and sold a total of 5,544 fuel-efficient stoves, mainly via United Purpose, which collects and distributes the stoves; 1,926 stoves were sold in the last year. Trained sales agents (75% of them women), tea trusts and the ETP field team create interest amongst the tea communities by promoting the benefits of the stoves.

Loans for solar products

Only 11% of Malawians – and only 4% of the rural poor – have access to mains electricity, or an electricity supply from a power station to a household [World Bank 2016]. Work is being done with the farmer trusts and producers to create access to solar lighting products for farmers by pre-purchasing the products, thereby improving access to affordable, reliable and clean renewable energy. Two smallholder trusts are engaged in this scheme, and a third is keen to take out its first loan this year. The cost of the products is recovered through monthly deductions from farmer green leaf payments. Since the project’s inception, 2,891 solar products have been purchased by farmers. The most popular product continues to be the Pico Light, which retails at approximately €7.6 and provides 72 hours of light after a single day of charge.

Adapting to climate change

It has been well recognized that climate change mitigation policies will need to be implemented to guarantee returns on investments. Rainforest Alliance (RA) has supported smallholder trusts to implement targeted activities on land management, sustainable income-generating activities and climate change mitigation, which have included conducting trainings in alternative livelihoods, advocacy, lobbying and gender; gender sensitization meetings; community awareness campaigns; and documentation and dissemination of case studies and best practices learnt from the implementation of project activities.
Data collection for the Environmental Sustainability Management Plan (ESMP) at the smallholder level is now complete. This involved mapping out the study area that provided a representative sample for the smallholder land. The draft ESMP has now been shared with stakeholders for commenting, and the reviews process is still underway. Key findings from the ESMP included: wrong land use, whereby crops were planted on land suitable for forestry; planting of wrong tree species on land suitable for others; and minimal application of soil erosion control measures. The ESMP makes recommendations on what should be done in very specific terms to conserve soil and water as well as forests in the smallholder sector. These will then inform future interventions.

In the interim, trainings have already been undertaken in the landscape management project focused on topics such as beekeeping, gender, environmental management, lobby and advocacy, and the implementation of adaptation plans. To date the communities have raised 9,000 seedlings in a locally managed tree nursery, of which 3,500 were planted in a communal forest, 2,000 were planted along the river line and 3,500 were shared by the farmers to be planted in their own homes. The Village Natural Resource Management Committee has successfully lobbied the traditional leaders for the enactment of forestry and agriculture bylaws, which will guide the implementation of environmental conservation practices.

The ESMP will be finalised after incorporating viewpoints from stakeholders, and this will form the blueprint for implementation of the recommended action points.

**Scoping a landscape programme in Mulanje and Thyolo**

Following a session at the Annual Progress Meeting of 2018, IDH initiated a scoping study for a possible landscape intervention around Mount Mulanje. Long-term tea production in this area is threatened by deforestation, water shortages and soil degradation; the map on the following page reflects results of the National Landscape Restoration Assessment. Over the course of the last year, IDH has consulted with relevant stakeholders on the implementation of a possible landscape programme beyond 2020, building on the environmental and energy interventions that already exist
under Malawi Tea 2020. The objective of the programme is to create a landscape that can sustain and support the demands of the people and business while preserving the landscape’s biodiversity and ability to generate critical ecosystem services. A Green Growth Plan needs to be developed that would not only dovetail into existing government strategies, but also act as a flagship and model for Malawi’s landscape strategy. The plan would bring together existing activity from the private sector across plantation agriculture, tourism, energy and smallholder sectors, as well as activity from influential NGOs. Through the consultation it is expected that the programme will be centered on the following thematic strategies:

- Halting the current level degradation and Protection of forest reserves.
- Rehabilitation of the degraded area in areas posing high risk to the environment and planting of boundary crops around the demarcated forest reserve on the mountain.
- Ensure good agriculture practices and land restoration interventions are being implemented by farming communities and households targeting 6 farming communities annually.
- Introduce sustainable income generating activities that discourage charcoal burning which is the main cause of degradation. In the first year focus will be on area of Senior Chief Mbewa, Chief Mangombo, Gibsan and Nakhonyo and to be rolled out to all others from 2021. These will focus on communities linked to the key industries identified i.e. Tea, energy and tourism.
- Develop inclusive business engagement models that provide opportunities for communities to develop products from the forest that can sustain livelihoods. These include Eco tourism, honey production, and other selected activities.

The activities will involve the tea, energy and tourism sector as the main operating private sector companies in the area and will be implemented in partnership with government and key civil society in the area.
Figure left. Agricultural Opportunity – National Forest Landscape Restoration Assessment 2017 (Mulanje and Thyolo circled)

Figure right. Drought & Food Security Map – National Forest Landscape Restoration Assessment 2017 (Mulanje and Thyolo circled)
Malawi Tea 2020 is coordinated by the Steering Committee, which provides oversight on the implementation of all roadmap pillar activities and ensures that targets are pursued. IDH acts as an independent convener, coordinating input from various stakeholders, and chairs the Steering Committee. This year the Steering Committee has had two formal meetings and also held various stakeholder consultations in a bid to address the market impasse that had hindered trading.

The work of the Steering Committee is informed by the Evaluation Committee, which this year focused on ensuring that the Key Performance Indicators (KPIs) for each pillar were well articulated and pillar leaders were tracking all relevant data.

The Wages Committee is responsible for independently assessing the living wage benchmark and progress made towards it.

The Annual Progress Meeting (APM) provides a platform for holistic review of progress made and an opportunity to review the targets. However, in 2019 a decision was taken not to hold an APM, as stakeholders push towards the final year of implementation in 2020. A closing meeting is planned for 2020.
Since its inception, Malawi Tea 2020 has been viewed as highly ambitious, setting out to transform tea trading and the tea industry as a whole in Malawi.

As we reach the final year of the programme in 2020, we can be proud that we have kept the momentum going and stayed true to our remit of “a revitalised and competitive tea industry paying a living wage and income to its workers and smallholder farmers.” We have also seen investments that have improved quality of tea, which in the long run should contribute to better returns.

Through the continuing commitment of all our stakeholders, especially in the face of this year’s challenges, wages of tea workers have continued to increase. Workers on tea plantations in Malawi as of September 2019 were getting 65% more than the country’s minimum though this has now dropped to 17%, and the prevailing wage is 66% of the net living wage.

The activities outlined in this report provide a clear overview of the progress made, and, as importantly, highlight areas that need our concerted effort to ensure that we achieve our targets by 2020. The opportunity to implement a landscape programme will ensure that the investments made are sustainable, and that tea and other industries can continue to be sustainable.

We call on all coalition partners to ensure that we wrap up this programme with the same commitment and clarity of vision as when we began – and we look forward to sharing the full Wages Committee report.
Malawi Tea 2020
Revitalisation Programme Towards Living Wage

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