

A photograph of a tea plantation on a hillside. In the foreground, there are rows of green tea bushes. In the background, a person is visible working in the field, carrying a large woven basket on their back. The sky is overcast.

Malawi Tea 2020

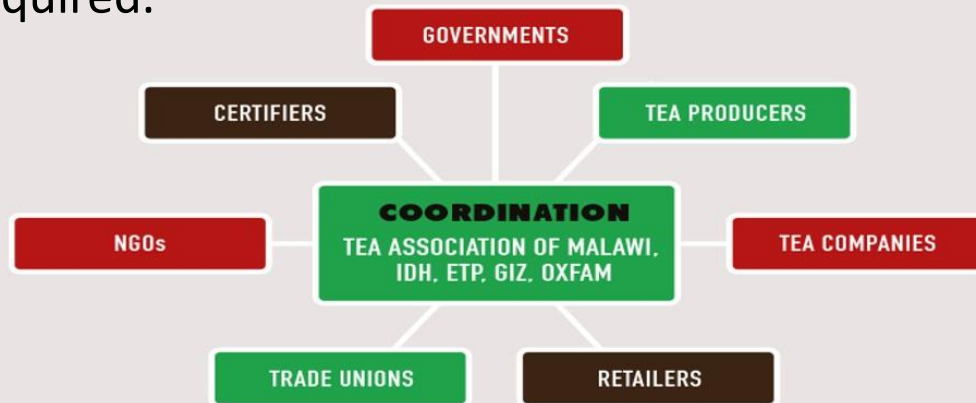
PROGRESS TO DATE

Jordy van Honk, Program Director IDH

The Programme

21 signatories

A partnership that brings together the organisations who can deliver the changes required.



Goals

- A competitive and profitable Malawian tea industry
- Workers earn a living wage
- Smallholders receive a living income

Membership drawn from across the value chain, representing all Malawian tea producers and traders, all the main purchasers of Malawian tea and key development partners of the Malawian tea supply chain

MALAWI TEA 2020 : MOU Signatories



REVITALISATION PROGRAMME TOWARDS LIVING WAGE & LIVING INCOME
www.malawitea2020.com

The Five Pillars to achieve the goals

1. A Profitable Estate Sector
2. Healthier, motivated workforce with greater opportunities for women
3. A living wage for workers
4. A profitable smallholder sector where farmers earn a living income
5. Energy efficient and environmentally sustainable industry



Progress to date

Midpoint of the program

- Improved HR practices, safer workplace, especially for women
- 40000+ workers receiving improved nutrition and training on diet/food security
- First ever Collective Bargaining Agreement in industry
- Continued capacity building for the Plantation and Agricultural workers Union (PAWU) and its membership
- Smallholder activities achieving positive results and improved resilience (8500 farmers)
- Farmer fields schools increasing revenues and decreasing costs for small farmers
- Business training and capacity building of farmer trusts
- 76 new Village Savings and Loan schemes
- Tree nurseries, solar, efficient stoves

Significant progress for Pillars

2 - Motivated Workforce

4 - Smallholders

5 - Energy/Environment



Progress to date

Midpoint of the program

- More estate investment in revitalisation projects (tea replanting, irrigation, factories, diversification)
- Very few estate business plans developed, approved and financed by third parties
- Successful CBA negotiation with wages ahead of inflation
- Good wage progress versus the government notified minimum wage
- Living wage target continues to increase due to inflation and taxation
- Finalisation of the Sustainable procurement workstream, challenging to implement under current market circumstances for mass market

Progress for Pillars

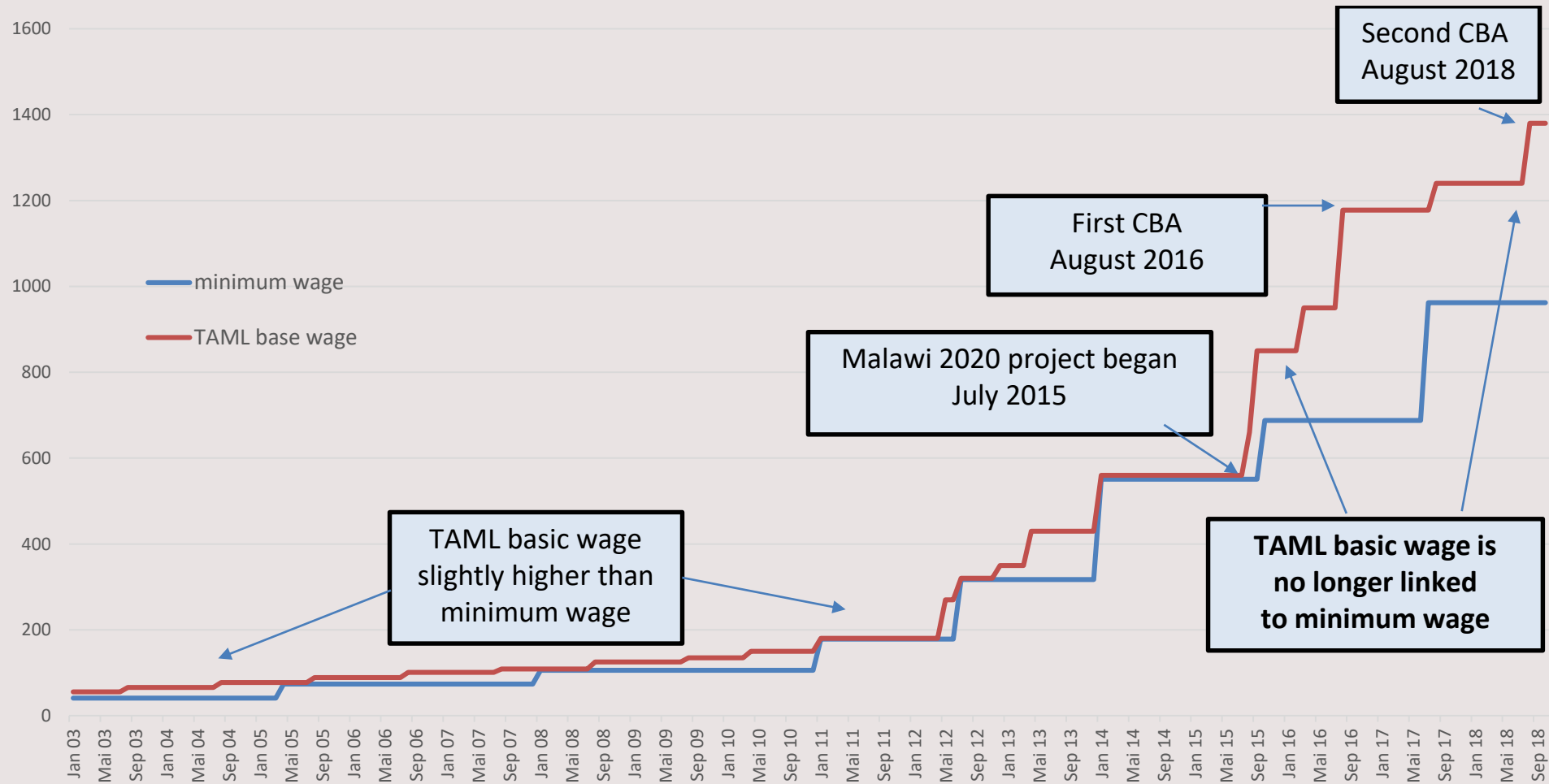
- 1 – Profitable Estate Sector
- 3 – Living Wage



Living wages Progress

- Tea wages increased with Malawi Tea 2020
 - MK560 approx. \$1.19 at the start of the programme, current cash wage MK1510 \$2.13.
 - If in-kind contribution included: MK, 1865, \$2.74 against living wage target as of Oct 2018 estimate of MK 2871, \$3.99
- Further 5% increment on the table from 2nd CBA effective 1st July 2019
- Delinked from government minimum wage, now 57% higher tea wage
- 25% of gap between net living wage and net take home pay closed - 16% of gross living wage gap closed

TAML basic wage higher, unlinked to minimum wage - Gap increases

















Risks to continuing progress towards living wage

Difficult macro economic environment for workers and tea estates


- High inflation rate continues – Again increasing in 2018 after falling a lot
 - Means the living wage increases every year
- Exchange rate continues to be “fixed” for now
 - Means tea revenues in Kwacha not increasing even though costs in Kwacha increasing because of high inflation
- Income tax. tea workers pay at 30% marginal rate
 - Big problem. Continues despite income tax threshold increase in 2018
- Tea prices determined in a good part by conditions in other countries – current market dynamics negatively affecting Malawi prices
- Reaching limits of single origin focus for living wage and living income in free market, need to include more origins in the journey, level playing field key


Overview progress mid-term review

By Wageningen University & Research

Result Areas	Objectives	Progress
Ultimate impact	Improved livelihoods	
Impact	Living Wage	
	Increased satisfaction / job happiness	
Ultimate outcome	Increased productivity	
	Increased overall working environment	
Intermediate outcome	Increased wage	
	Increased job skills	
	Improved nutrition	
	Improved working conditions	
	Improved housing conditions	
	Gender equality	
	Increased workers' voice	
		
Immediate outcome	Uptake of activities by estate	

Slight progress 

Progress 

Good progress 

A photograph of a tea plantation on a hillside. In the foreground, there are rows of green tea bushes. In the middle ground, a person is visible, bent over and working in the tea field, carrying a large woven basket on their back. The background shows a misty or hazy mountain range under a cloudy sky.

Thank you