

Lessons learned: working towards living wages in the Malawi tea industry

Conference on how to achieve a living wage in your supply chain, by the National Contact Point, October 27th, 2015



Malawi Tea Revitalization Programme 2020

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

Steps taken in tea supply chain on living wage

Year	Milestone
2007	NGO activism on low wages in the tea industry
2011	Multi-stakeholder collaboration started to understand wages in the tea industry
2013	Report released on 'understanding wages in the tea industry'; tea industry accepted findings and agreed to take action in Malawi
2014	Living wage benchmark for rural Malawi calculated per Anker methodology; conversations with producers in Malawi intensified; agreement that living wage debate needs to include the competitiveness of the Malawi tea sector.
2015	Supply chain commitment on living wage agreed; Malawi tea revitalization Programme started
2020	Target to reach living wage for tea workers in Malawi

Supply Chain commitment

Malawi 2020 Tea Revitalisation Programme

Supply Chain Commitment to Living Wages on Tea Plantations and Living Income on Smallholder Farms in Malawi by 2020



Malawi Tea – Competitive Analysis

Strengths

- Low production costs / break-even point
- Relatively high yields
- SADC duty advantages
- Red colour for certain markets
- Cost effective blend component

Weaknesses

- Low prices
- Low perceived quality
- Seasonality (reduces quality and capacity utilisation)
- Aging tea bushes (replanting is too slow)
- Cost of inbound/outbound logistics
- Access to and cost of finance
- Costs of doing business (utilities, services, spares)
- Power outages
- Under fertilising

Opportunities

- Replanting higher yielding/quality clones inc drought tolerance
- Better quality leaf from existing bushes
- Irrigation to extend growing season and increase yields
- Worker productivity inc longer term mechanisation
- Revitalisation programme
- Smallholder Tea Farmers (yields, quality, incomes)
- New markets inc. local sales
- Diversification

Threats

- Reduced customer base due to reputational risks
- Changing weather patterns
- 'Imposition' of unsustainable wages
- Extended/more frequent low prices periods
- Longer term shortage of labour

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16/17

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19/20

Profitable estate sector investing in its future

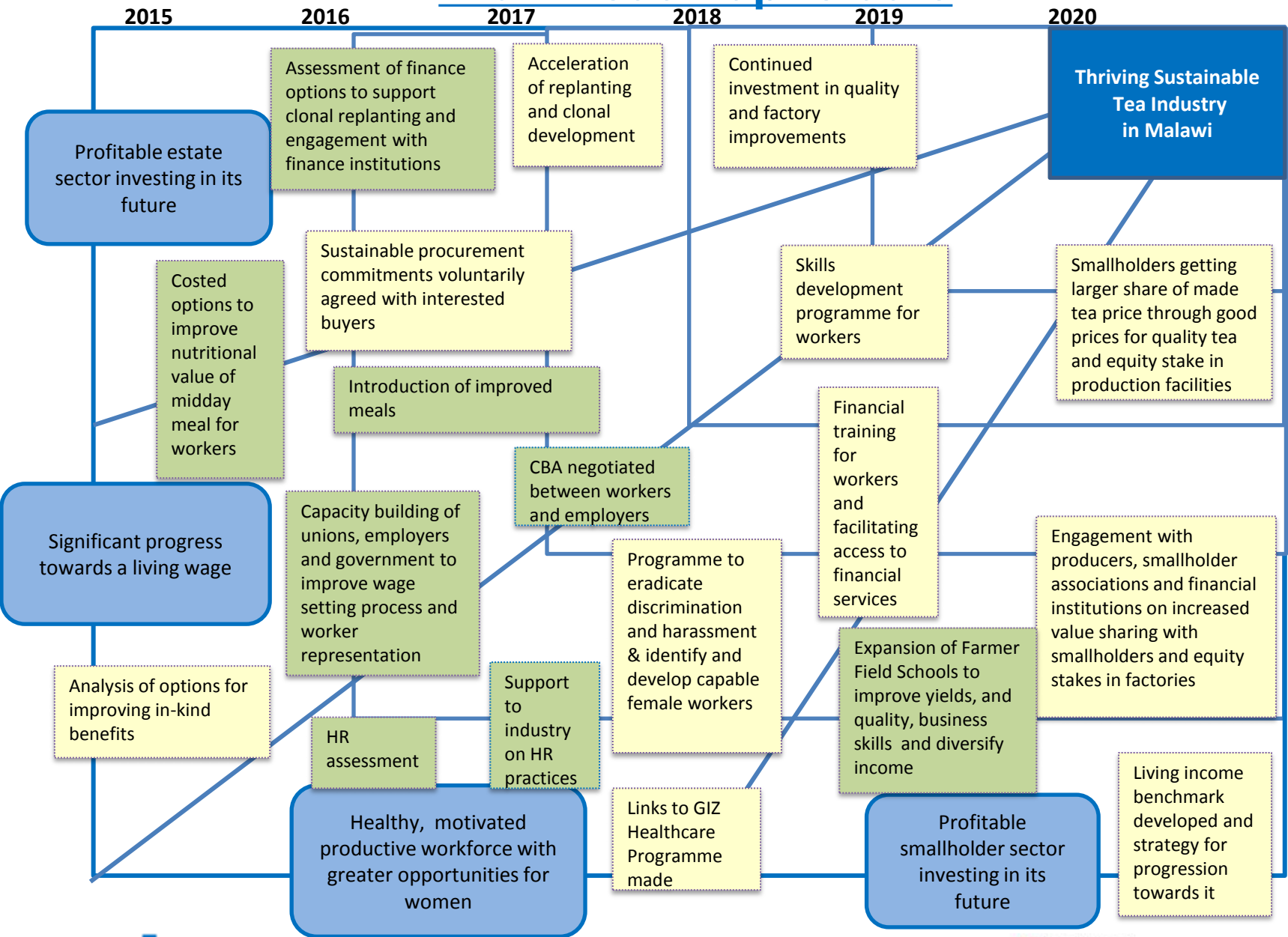
Significant progress towards a living wage

Healthy, motivated productive workforce with greater opportunities for women

Profitable smallholder sector investing in its future

Thriving Sustainable Tea Industry in Malawi

Draft Roadmap to date



Key lessons learned

- Wages are complicated; not a 'simple compliance' issue
- Need to create a common truth and share ambitions and concerns; wage ladders and living wage benchmarks help
- Sector wide collaboration is key; individual projects are not enough. Involve producers and unions from the start
- We are talking business, which means that the bottom line should be guaranteed for producers. Seek opportunities to combine living wage agenda with investment agenda
- Government and union endorsement is very important; living wage might mean increased mechanisation, redundancies and unemployment