

Impact on workers through the Malawi Tea 2020 a mid-term review

November 2018

Summary

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Preface

Wageningen University & Research (WUR) is pleased to provide IDH Sustainable Trade Initiative and its' partners with a summary of the results of the Proof of Concept Impact mid-term Study on the field level effects for workers of the Malawi tea 2020 programme. The full report can be required at IDH.

IDH's contribution is part of a broad Malawi 2020 partnership effort for a profitable, competitive Malawi tea industry where its workers earn a living wage by 2020. One of the main outcomes is the establishment of the first Collective Bargaining Agreement (CBA) in the tea industry history in August 2016. Examples of IDH-supported activities are that IDH worked closely with the Tea Association of Malawi, employers and the Plantation Union to support the establishment of the CBA. IDH also funded the living wage benchmark and progress studies.

The underlying mid-term for the future impact study aims to better understand how the Malawi tea 2020 programme impacts on the livelihood of the workers. We kindly acknowledge the support of IDH, our local partner Imani, TAML and the cooperation of the estates and all other stakeholders interviewed. Without their support and collaboration, this study would have been impossible. We are convinced that the results of this study will prove relevant to them, and will be of help to all the participants contributing to the final objectives of MT2020.

Prof. dr. ir. Jack van der Vorst,
General Director Social Sciences Group
Wageningen University and Research

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Reading guide

1. Evaluating the impact of MT2020
2. Theory of Change: point of departure
3. Results progress MT2020
4. Conclusions
5. Recommendations

Photos: Malawi, C. Plaisier, Wageningen University & Research

1. Evaluating the impact of MT2020



Evaluating the impact of the Malawi Tea 2020 programme

The Malawi tea 2020 programme (MT2020) is currently being implemented to address the living wage gap in the Malawian tea sector, as part of a broader agenda of revitalisation of the country's tea industry. The MT2020 programme is a supply chain-wide partnership, which includes most of the supply chain partners who have a stake in the Malawian tea industry. Through the convening of the MT2020 supply chain partnership a roadmap is developed and implemented to 1) Revitalise the Malawi tea industry; 2) Empower Malawi Tea workers and improve their livelihoods and create opportunities for women and 3) Improve buyer procurement practices, and as a result achieve a profitable, competitive Malawi tea industry where its workers earn a living wage by 2020. The focus of this study is road map pillar 2: **Empowered tea workers with improved livelihoods and opportunities for women tea workers** and indirectly road map pillar 3: **Living wage for tea workers**.

The underlying report presents the results of the mid-term study conducted by Wageningen Economic Research to evaluate the future impact of MT2020 efforts on tea workers and their households. The study aims to:

1. Document the impact of the 'Malawi 2020 Tea Revitalisation: Towards a Living Wage' Project and the tea sector on the lives of workers and their families.
2. Provide a baseline for determining the degree of progress towards a living wage in improving the living conditions of workers and their families of this project in 2020.
3. Provide insights into the workers situation in the Malawian tea sector compared to other sectors in Malawi.

Summary Towards a Living Wage

Building blocks of the programme

IDH and its' partners aim to improve livelihoods of workers in Malawi by including a range of field level activities in the Malawi Tea 2020 programme. A strong nutrition field programme is included to improve the nutritional status of the midday meal and purchased foodstuffs provided to tea workers, leading to improved overall health and productivity of the workforce. Furthermore, activities are conducted to strengthen workers' voice and gender equality through the workers union PAWU and through awareness creation at worker and management level. Another important activity is the renovation and improvement of estate housing benefiting those accommodated at the estate. Ultimately, IDH and its' partners would like to see wages for tea workers – cash and in-kind – to be at the level of the living wage.

Broad range of stakeholders included in the research

To establish the mid-term and provide a state of affairs, a worker survey was conducted among 400 male and female tea workers from four out of nine tea estates in Mulanje and Thyolo districts in Malawi.

Based on the workforce ratio of the estates (figures provided by TAML), 25% of respondents is female and 75% male. In addition to the survey, a number of 16 focus group discussions took place with 152 tea workers (73 female and 79 male workers) and 16 personal stories were collected. Also stakeholder interviews were conducted and a desk study was done of relevant literature and reports. Data collection took place from May to September 2018.

Mid-term to measure final impacts after MT2020 closure

This summary provides for an overview of the progress at each result area. This study provides for a mid-term and enables a final impact measure after closure of the MT2020. The full report can be requested at IDH which also contains a detailed description of the methodology applied and sampling strategies. The complete 16 anonymised stories of tea workers and the complete literature review are presented separately.

2. Theory of Change of MT2020



Point of Departure: Theory of Change

The Theory of Change (ToC) for field level sustainability in the context of living wage and working conditions is visualised in Figure 1. The original ToC of IDH is used as point of departure with the narrative of Van Hille (2018). The target group of this study is the tea workers, not the smallholder tea farmers. Progress is measured alongside the following result areas:

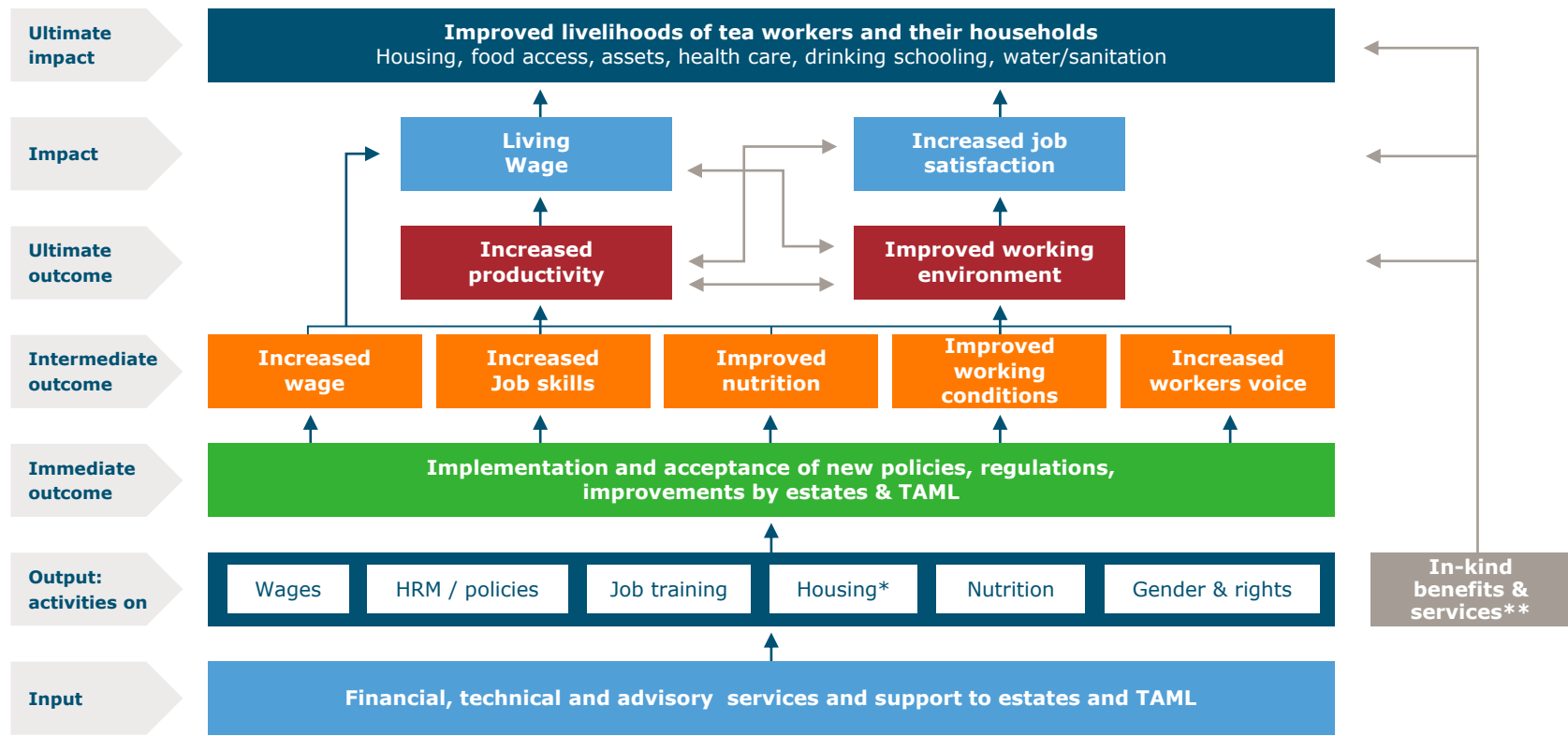
- **Output:** MT2020 support to the tea companies (capacity building and training).
- **Immediate outcome:** tea estates implement policies and activities to improve working conditions & the working environment and to increase tea wage.
- **Intermediate outcome:** as a result workers have an increased voice, skills, improved nutrition, better working conditions and an increased wage.

- **Ultimate outcome:** increased productivity and an overall improved working environment.
- **Impact:** increased wages towards living wage and improved environment lead to increased overall job satisfaction.
- **Ultimate impact:** improved livelihoods of tea workers and their households.

Ultimate envisioned impact at workers' livelihoods

As one moves up along the result levels in the ToC, the sphere of influence of MT2020 decreases. Improved skills as a result of trainings is much closer to the sphere of influence of MT2020 and the companies than improved productivity for example. That is why the research is designed alongside the ToC and each result level.

Figure 1: How to improve livelihoods of workers?



3. Results on progress of MT2020



Summary progress mid-term review MT2020

MT2020 halfway

The MT2020 is halfway, objective is to reach the programs targets the end of 2020. **The following page** provides an overview of the MT2020 progress at this stage. Result areas are presented according to the ToC at tea workers level (tea smallholder farmers are not included in this study).

Promising progress

There is very good progress on a number of result areas, i.e. working conditions and in-kind benefits. Challenges remain at living wage and livelihood level. But with continuous intensity, wider implementation of planned activities and full commitment of all parties involved including buyers, MT2020 is likely to achieve the desired impact on improved livelihoods of tea workers.

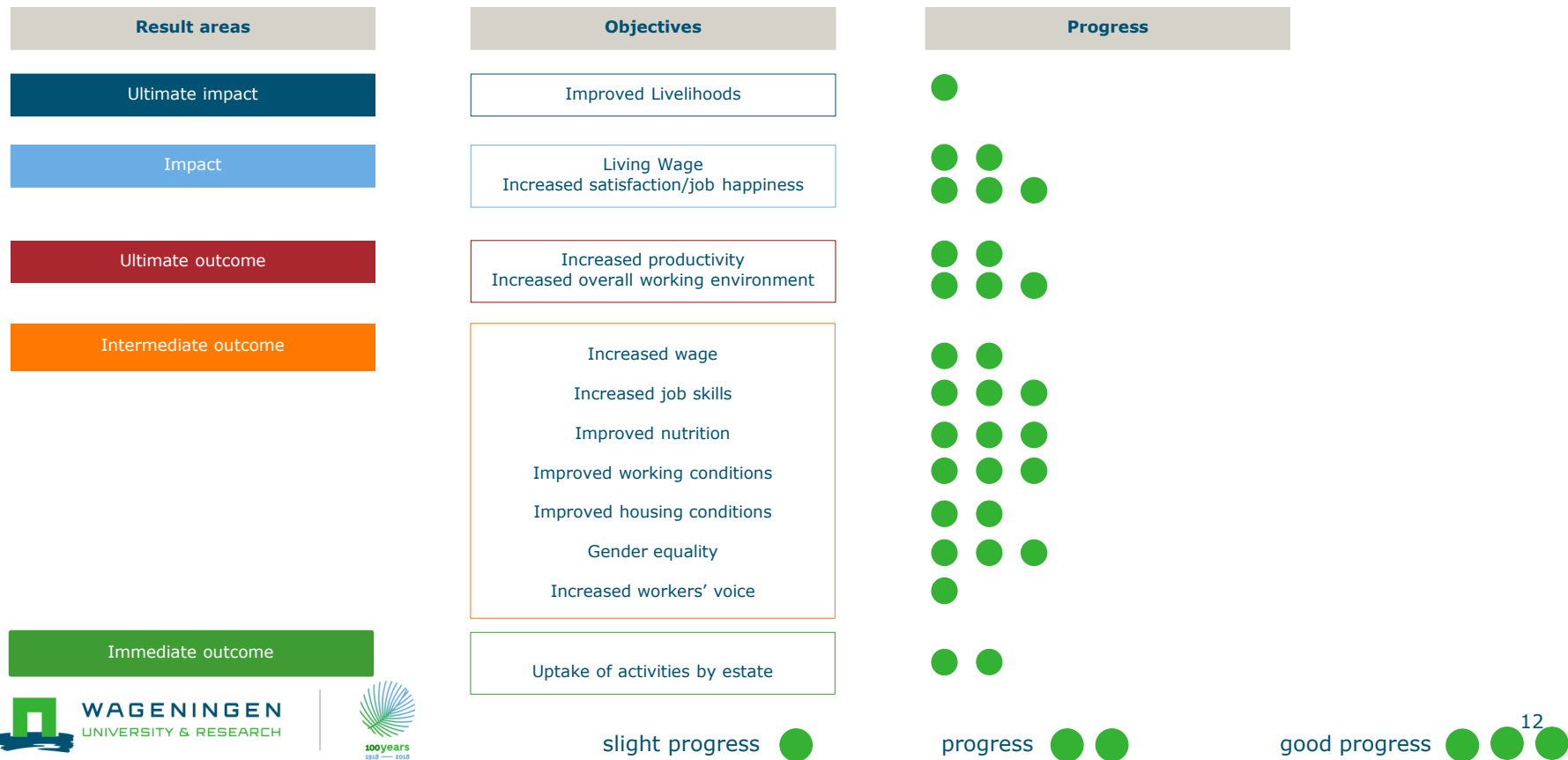
No linearity in ToC

Although there is progress measured at the outcome levels, progress higher in the ToC, at impact and ultimate impact goal is not that significant (yet).

Firstly, this is a baseline and progress study and allows for a future impact measurement in 2020 or beyond. It takes time to achieve impact and to measure tangible results at that level.

Secondly, the scope of influence of the MT2020 decreases and complexity increases as there are many (contextual) dynamics influencing livelihoods of a household.

Overview progress mid-term review MT2020



Input, output and immediate outcome ● ●

Uptake of activities by estate

Commitment from all estates, implementation ongoing, uptake varies per estate & result area

All Malawi tea estates committed to implement policies and activities to improve working conditions and to increase tea wage.

However, not all activities have taken place or started very recently as MT2020 is ongoing at the moment of this study. Obviously, results cannot be expected for these activities and expectations should be limited at this stage. Besides, not all activities are implemented at the same time for all estates and uptake varies among the nine tea estates.

This study focusses on the tea workers and efforts undertaken by the estate to improve their working environment and wages. Other elements of MT2020 targets smallholders in the surrounding communities. This may also impact workers as some smallholders are also workers or husbands/wives of workers.

One of the main outcomes is the establishment of the first Collective Bargaining Agreement (CBA) in the tea industry history (2016). Examples of IDH-supported activities are that IDH worked closely with the Tea Association of Malawi, employers and the Plantation Union to support the establishment of the CBA. IDH also funded the living wage benchmark and progress studies.

MT2020 is up and running and planned activities are partly in place: nutrition, gender and wages are strong, but training on job skills, working conditions and workers' voice are less developed.

The activities on gender (awareness, committees etc.) received full attention from 2018 up to date.

Housing is an ongoing process until now as it is a costly investment, i.e. not all houses can be renovated at the same time.

Intermediate outcomes

Increased workers' voice gender

Workers' voice

Awareness about rights and regulations is high. Workers argue that grievances should be addressed.

However, although channels have been established, people fear doing so and hardly dare to express themselves.

PAWU membership is quite low, 25% and differs per estate.

Gender

Trainings on gender and sexual harassment took place and are highly appreciated.

People feel that gender discrimination hardly occurs and women feel empowered.

Increased skills

A number of workers have been trained (43%) on different areas (plucking skills and health and safety).

They are very satisfied with these trainings.

Improved nutrition

All workers are provided with fortified maize at lunch which they appreciate very much (compared to regular maize in the past).

Awareness-raising activities took place on health food and nutrition. Some workers accommodated at the estate can cultivate kitchen garden for home consumption.

Vegetables provision takes place but not daily and workers complain about the quality and type (only pigeon peas and beans).

Improved working conditions / Housing

Improved working conditions

There have been quite some improvements. All workers have written contracts and official working hours. But, at peak season working hours can be violated. Payment is on time but overtime in the peak season is not always paid for. Accidents at work occur regularly and PPE is hardly provided or of low quality.

On services; access to health care and sanitation can be improved. Schooling for children and crèche provision are highly appreciated.

Housing

35% of the workers are estate accommodated. Housing renovations have taken place but is a gradual process. Households share bathroom, toilet and kitchen (up to 8 households). But estate houses are in better condition than private houses.

Increased wage

Tea wage has increased for plucker & factory workers. Wages increased because of an increase in the min. wage and higher productivity of workers.

Current wage levels for pluckers are on average MWK1658 daily versus MWK1298 a few years ago. Majority spent the increase in income from tea on (extra) food for their households.

The absolute income did not increase that much as a result of

- a) higher taxation &
- b) because the increase is based on more tasks.

There is a huge misunderstanding among workers about taxation policy and therefore distrust towards estate management.

Ultimate outcomes

Increased productivity ● ●

Mixed results: 23% of the workers increased their productivity whereas 24% decreased. Workers attribute the increase to more experience and feeling more healthy.

There are many other (external) factors influencing productivity (i.e. leaf availability and plucking procedures).

Fifty-four per cent of workers collect more than 73 kg daily but female workers pluck less than male workers. The minimum required volume for the minimum daily wage is 53 kg. This is achievable in the peak season.

The bonus (all kg plucked > 53 kg) is taxed and payed with the salary. But workers are not very satisfied with this system. They recommend to be paid fortnightly without being taxed.

Overall improved working environment ● ● ●

Satisfaction with overall services provided by the estate and working environment is used as a proxy to measure whether working environment has improved over the past 2-3 years.

Overall, the majority of workers is satisfied (32%) or even very satisfied (15%). Women are more satisfied than men. They all contribute the positive changes directly to estate efforts to improve the working environment.

Impact areas

Living wage



Despite the increase in wage and a closing gap between living wage and income, almost half of the workers indicate that their income from tea does not allow for a decent way of living.

Workers struggle to fulfil the basic necessities and often borrow money (leading to a vicious circle of borrowing and paying off).

Tea income also varies considerably between the low and high season as working hours and availability of leaf are significantly less in the low season.

According to the Wages Committee (2017)* the ratio of prevailing wage to living wage remained around 0.57 showing that the gap is MWK1,298 and tea wages are 43% less than the living wage. The figures indicate a positive trend towards living wage and a decreasing gap between current wage and living wage.

Increased satisfaction: job happiness



Forty-seven per cent of female and 37% of male pluckers are more happy with their job as a tea worker compared to 2-3 years ago. They attribute this positive change to estate efforts.

The scoring of the FGD is less optimistic: 5 on average on a scale from 1 to 10 (10 very satisfied). Workers were asked to spontaneously mention strong and weak elements of their work. Main weak aspect is the low and heavily taxed wage. On the other hand, tea wage is their main source of income and they are heavily dependent. All workers are positive about the improvements in services and in-kind benefits at the estate.

Thirty-eight is probably not working as a tea worker in the upcoming 10 years. Reasons given are: too old/sick.

The workers who probably will work as a tea worker, argue that they probably will not have a job alternative.

Ultimate impact

Improved livelihoods of tea workers and their households

Livelihoods entails: housing, assets, food security, access to health care, schooling and sanitation.

The majority of workers are not satisfied with their private housing conditions. Although some were able to improve their houses. However, improvements and higher satisfaction are seen in the areas of access to drinking water, sanitation and schooling for children.

There has also been an increase in assets but these were mainly not acquired by income from tea.

The Food Access Index shows that 47% of workers risk being severely food insecure. However, only 62% of the workers say to have occasional food shortages.

Overall, all workers indicate they struggle to feed their families, pay school fees, have appropriate clothing, buy livestock or save money. In other words: their income does not allow for a decent living.

4. Conclusions



Substantial impact can be achieved

Programme progress is promising

We observe considerable positive changes at the expected result areas. Considering the fact that the MT2020 is still up and running the progress observed is promising. We expect that if MT2020 further continues its efforts up to 2020 and intensifies its activities substantial impact can be achieved.

Already positive changes on various aspects

Positive changes are noticed in the areas of nutrition, gender, contractual arrangements and rights, health care, job skills and wage. All workers of the four estates receive fortified maize at lunch which is far more healthy than the regular maize flour they used to consume. They are provided with pigeon peas and beans as well. Contrary to a few years ago, there is hardly any gender discrimination and female workers do not fear sexual harassment nowadays. Workers are aware that they have a voice and they have the right to express their opinion and grievances. General awareness about the rights of a tea worker increased and about having the right to be treated with respect.

Would there have been an improvement anyway?

The question is: what would have happened to the tea workers and sector without MT2020 programme? In other words, would there have been an improvement in the situation and livelihoods of tea workers anyway which can be attributed to economic growth at macro level (as there is a GDP growth rate of 5.10% in 2017 compared to 2016 for example). There is however no comparison or black and white answer to the question 'What would have happened?'. MT2020 is a sector-wide programme whereby all tea estates have committed themselves to create a positive change for all tea workers.

Comparing the situation of tea workers with wage labourers in the sugar or tobacco sectors has been considered as an option. However, the literature review (objective 3) on the comparison of sectors showed that the sectors and positions of workers differ considerably in terms of circumstances, environment and characteristics (see separate appendix).

Programme focuses on right activities

Various results reinforce each other

Another result of this study is that the assumed relationships in the theory of change can be confirmed. We cannot conclude on causalities but the various result areas reinforce each other as expected. Field-level activities are related to the well-being of the workers: improved nutrition, increased worker voice and more improvements on gender awareness and equality, improved HR practices on tea estates, increased worker skill levels, better housing and sanitation, and better health care facilities. Jointly, these interventions should create a healthier, happier workforce, and lead to better working conditions, improved wages and indeed we see these positive relationships. This means that the programme focuses on the right activities to improve satisfaction of workers, to increase their productivity and in the end to improve their living circumstances. Generally speaking, there is high appreciation of the efforts, and MT2020 is considered very relevant and important.

Challenges to overcome on speaking up, safety and housing

There are areas of improvement as well. Several channels have been established but generally workers still hesitate to raise their voice as they fear the negative consequences. The worker association Plantation And Agriculture Workers Union (PAWU) could and should play a bigger role as a legitimate body to further represent the workers and protect and defend their rights.

Another area of improvement concerns the provision of protective gear and equipment (PPE) which is either not enough or not durable. In addition, the areas of living wage and estate housing seem quite challenging. Various improvements have been made in housing but this is a gradual process as it involves huge investments.

“MT2020 opened a window of hope for the industry. Implementation though is definitely not a panacea.”

anonymous stakeholder

Theory of change works for MT2020

Another result of this study is that the assumed relationships in the theory of change can be confirmed:

1. From Intermediate outcome to ultimate outcome levels:

Workers with higher wages, who have followed a training, who score better on food security, who experience improved working conditions, who have an increased voice and who are more satisfied with their working environment, are more likely to have higher productivity levels (kgs/day) and an improved overall working environment.

2. From Ultimate outcome to impact:

Workers with higher productivity levels and an improved working environment, are more likely to have a wage that allows for a decent way of living (living wage) and to be more satisfied with their job.

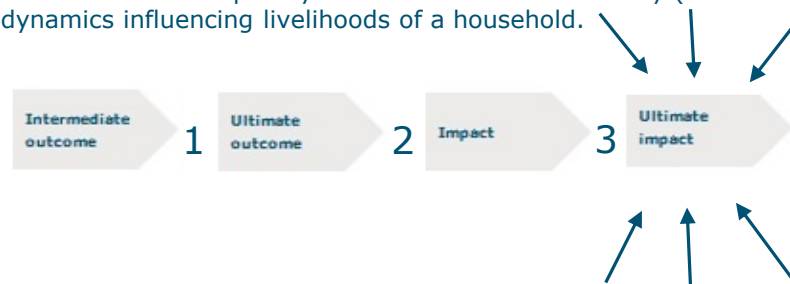
3. From Impact level to Ultimate impact:

Workers earning higher wages, who are more satisfied and happy with their job, and who estimate their wage to be sufficient for a decent life, are more likely to be satisfied with their overall livelihoods.

Improved livelihoods have been operationalised with satisfaction at household level with: housing, sanitation, drinking water, food, health care, schooling children and childcare. Also assets were measured and if acquired with increased tea income. Other two parameters used to measure livelihoods are food security (index) and housing conditions and improvements.

4. But: no linearity

Although there is progress measured at the outcome levels, progress higher in the ToC, at impact and ultimate impact goal is not that significant (yet). Firstly, this is a baseline and progress study and allows for a future impact measurement in 2020 or beyond. It takes time to achieve impact and to measure tangible results at that level. Also the scope of influence of the MT2020 decreases and complexity increases as there are many (contextual) dynamics influencing livelihoods of a household.



Rising costs of living

Decrease in tax rates have little effect

To achieve a living wage is a serious challenge. First, because of high or higher taxation and annual rising costs of living due to inflation which are issues out of control of the estate and the MT2020 implementers. Workers in 2016 were subject to a 15% tax rate when their pay in a month was between MWK20,000-MWK25,000 and a 30% tax rate when their income in a month exceeded MWK25,000. Fortunately for tea workers, government changed its income tax rate schedule on 1 July 2017. Workers should have been subjected to lower tax rates this year but apparently they are not aware or they do not feel the difference economically.

Economic stabilisation after years of inflation

According to IMF (2018) and the Wage Committee (2017) inflation in Malawi was stuck above 20% in 2016 due to policy slippages and weather related shocks. Today Malawi inflation has been reduced below 10%—from high double digits in recent years—due to the stabilisation of food prices, prudent fiscal and monetary policies, and a stable exchange rate.

Despite the decrease in inflation, living costs are still increasing annually, which can have huge impact on actual expenditure possibilities.

Tea firms have little room to invest in employees

The other challenge in achieving a living wage for workers is that estates argue they lack the financial resources to be able to implement a yearly wage increase for all their workers. Tea estates are commercial firms driven by profitability as a result of increased tea prices and efficiency in operations. Increased tea prices can be achieved by an increase in tea quality, which is a long-term result of investments. Also, Malawi is a small actor in the global tea arena with limited to no influence on tea dynamics at the macro level (e.g. price setting).

Tea sector is best of class

Although the MT2020 is very important and crucial for the sector as a whole and for tea workers specifically, the literature study shows that having a job as a tea worker is quite attractive. When compared to the other main job providers in Malawi, i.e. sugarcane and tobacco, it is attractive to work in the tea sector. Especially when compared to the tobacco industry, it seems tea workers are far better off in terms of wage, working hours and contractual arrangements, secondary benefits and health and safety. In all sectors, gender is a serious issue (discrimination and sexual harassment)*. Also health and safety (e.g. providing with durable and sufficient equipment) can be improved in all sectors.

** Available literature is from a couple of years ago which explains the less positive perspective on gender compared to this study,*

Summing it up

"Idealistic ideas have to be commercially viable."

anonymous stakeholder

First results on outcome level

The planned activities are only partly in place: nutrition, gender and wages are strong, but training on job skills, working conditions and workers' voice are less developed.

Nevertheless, we see some first promising results at outcome level: more satisfaction with nutrition, gender equality and increased wages.

First results not translated in impact yet

However, these positive outcomes do not yet translate into impact: productivity levels have not increased significantly, workers rate their job satisfaction with a 4.8 out of 10 and only half of workers indicate their income allows for a decent way of living.

On the other hand, the intervention logic of the IDH Malawi Programme is confirmed by the data: increased wages, better nutrition, skills, voice and working conditions are positively correlated with higher productivity, job satisfaction and improved livelihoods.

Desired impact is achievable

This suggests that with increased intensity, wider implementation of planned activities and full commitment of all parties involved including buyers, IDH and its' partners are likely to achieve the desired impact on improved livelihoods of tea workers.

All stakeholders and participants agree that MT2020 is a very good initiative and has important and relevant objectives.

However, at the same time, MT2020 is perceived as very ambitious and faith-based. There are serious doubts on whether the objectives of living wage & increasing the quality of tea at the same time are realistic, especially considering the short MT2020 timeframe.

MT2020 risks a vicious cycle: i.e. no resources to afford living wages as long as quality doesn't increase fast. There are idealistic versus commercial goals. All parties involved are committed to the principles of the programme but at the same time argue that whatever happens has to be commercially realistic.

4. Recommendations



Recommendations MT2020

- Improve the provision of working equipment: sufficient and durable.
- Improve vegetable provision/types at lunch.
- Reconsider increase in kg plucked for the minimum daily wage. Discuss possibilities for paying bonus more frequent and without tax rate. Inform workers about the tax policies.
- Ensure workers can raise their concerns without fear of repercussions.
- Continue improving estate housing conditions with private bathrooms and toilets.
- Continuous focus on the working environment: the conditions of the workers, gender, HR, housing on the estate.
- Increase transparency about workers being member of PAWU and facilitate PAWU in relationship building with members.
- Further prioritize PAWU: proper structure, capacity building, increase membership and resources. Further strengthen trust between PAWU and TAML and work on added value for paid membership.
- Further the long-term relationship with buyers (sustainable procurement practices). Agree on paying living wage allowances, and distribution to workers.
- Have realistic expectations, grounded in commercial realities, especially on the feasibility of providing with the living wage as set by the Wages Committee.
- Continuous focus on and efforts to improve the tea quality.
- (Further) investigate possibilities for reduction of production costs and access to affordable loans.
- Improve trust, transparency at TAML and among estates.
- Discuss and revise the timeline of 2020 and an appropriate exit strategy for the program.

Recommendations Impact Evaluation 2020

Timing data collection:

- In coordination with TAML and estate stakeholders and:
 - In the high season & before workers' leave
 - Avoid the period of (wage) negotiations between estates/TAML and workers/PAWU
 - Accurate year: based on progress MT2020 activities either in 2020 or 2021
- It might be worthwhile to explore other impacts of MT2020 efforts on workers livelihoods (i.e. if workers also receive positive impacts through the MT2020 smallholder work).
- Arrange for a local workshop with TAML and Estates of draft results and recommendations
- Arrange for validation of results and recommendations at the yearly APM - before final delivery of reporting and further dissemination

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