
Rainforest Alliance Field Study 2021: Kenyan Tea

Summary report

July 2022



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Introduction

Background

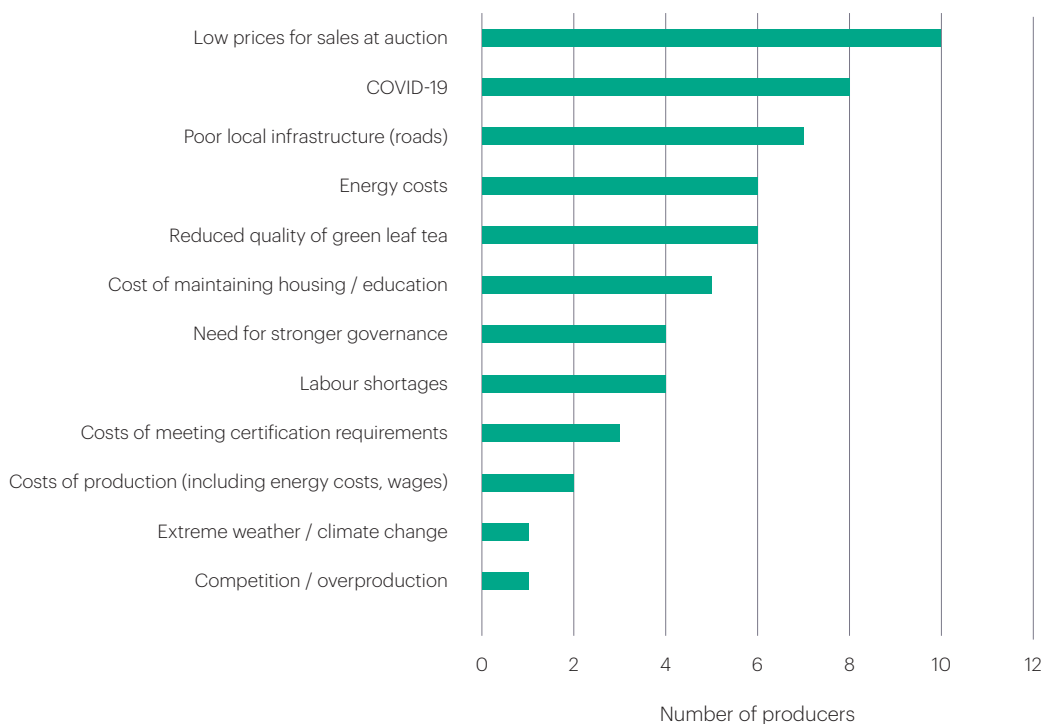
This report presents observations from a research study commissioned by Rainforest Alliance (RA) looking at working and living conditions for workers and their families across certified tea estates and small grower groups in Kenya.

Kenya is the top tea producer in Africa and also the leading producer of RA-certified tea in the world. RA certificate holders (CHs) in Kenya comprise estates (both Kenyan-owned and multinational) – usually farms of 200 Ha or more - as well as groups of smaller producers (0.5 Ha – 20 Ha) which may either be family farms or farms which employ hired workers to maintain fields and pluck tea leaves.

While remaining an important origin for tea, the Kenyan tea industry is currently experiencing difficult times. Low market prices for black tea products, combined with rising costs of production, threaten the solvency of farming households, directly affecting the livelihoods of the nearly 5 million people in Kenya who depend on tea for employment or income. In addition, unpredictable harvests linked to climate change and extreme weather are causing unpredictability and, at times, reduced yields, further adding to the risks that farmers bear.

These challenges, in turn, affect hired workers, chiefly by constraining wage growth. Moreover, in this context, it is difficult for the industry to make needed investments to overcome structural challenges and support the development of the industry for the benefit of workers and communities.

Key challenges cited by producers



RA has been working with producers and external partners to contribute to a sustainable tea sector in Kenya. Through its 2020 Standard, RA aims to contribute to:

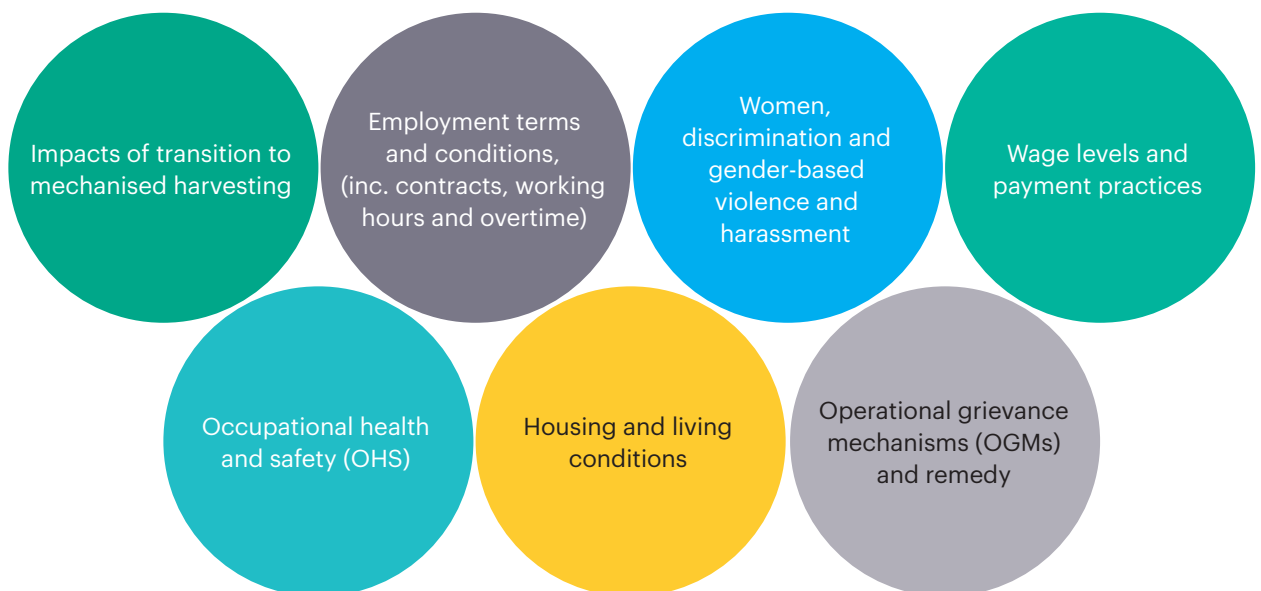
- A workforce who are healthy and treated with respect
- Good working, housing and sanitation conditions for all workers
- A significant change in the management of pests resulting in reduced use of agrochemicals
- A value chain that rewards all supply chain actors fairly.

Purpose of study

RA commissioned this study to help it better understand how it can support positive change for the Kenyan tea industry in its time of transition. RA appointed Ergon Associates (and its Kenyan partner, Locals & Associates) to undertake field research examining working and living conditions for workers and their families across certified tea estates and small grower groups in Kenya.

The research was mainly qualitative, with a primary data gathering component based on engagement with producers and workers at 12 CHs in Kenya between December 2020 and December 2021. The core objective was to gather information on current issues facing the industry and its workforce and identify challenges in transitioning to the 2020 Rainforest Alliance Sustainable Agriculture Standard (2020 Standard) across certain thematic social and sectoral issues.¹

The themes below represent the areas in which RA, based on feedback from its theme leads and local teams, considered there to be the greatest need for information in order to understand the root causes of potential challenges in implementing sustainable practices in line with the 2020 Standard.



¹ While a gap analysis was conducted across these areas in relation to the 2020 Standard, it is important to note that most CHs had not completed any formal assessments under the 2020 Standard at the time of the research.

Study observations

Challenges in implementing the 2020 Standard were observed across all CHs studied, yet practices and systems to implement social standards were not uniform.

The study identified examples of good practice. Certain CHs have, on their own initiative, instituted practices which improve conditions or minimise risks to workers. This is chiefly the case in relation to worker housing, wages, and health and safety, reflecting, in many instances, years of collaborating with external experts and ethical tea production programmes.

The study observed that the areas in need of greatest attention relate to achieving progress towards a living wage for hired workers in tea fields, and the need for stronger systems to address gender-based violence and harassment. These observations apply across the Kenyan tea industry's diverse settings - from large farms supported by the leadership of the Kenya Tea Growers Association (KTGA) to independent smallholder groups and farmer groups integrated and managed by the Kenya Tea Development Agency (KTDA) Limited system - and are certainly not limited to RA CHs. Producers will likely require further support to achieve certification under RA's enhanced 2020 Standard, particularly around areas such as improving and modernising pay systems (payroll systems, piece-rate pay determination and recruiting workers employed by third party agencies - i.e. labour outsourcing), and operating effective, trusted and gender-sensitive operational grievance mechanisms (OGMs).

The next sections provide more detail on some of the key observations.

Employment conditions - general

- **Definitional challenges:** A key challenge for RA in the Kenyan tea industry is that lines between small and large farms and formal and informal workers are permeable and difficult to define. In Kenya, as in many other tea producing countries, the tea industry straddles the formal and informal sectors with the workforce including both formally employed urban and peri-urban labourers covered under collective bargaining agreements (CBAs) and rural informal workers who are paid exclusively by production volume and who enjoy few labour protections. In practice, informal, casual workers were engaged on (slightly larger) small farms which do not yet collect and retain worker data but will be required to do so once they convert to the 2020 Standard.

RA's 2020 Standard is designed to scale requirements according to different settings, placing a clear distinction between the requirements for small and large farms based on the type of labour they are likely to engage - a key threshold being farms with 5 or more full-time equivalent hired workers throughout the year.

- **Knock-on effects of low and unpredictable prices:** Price instability affects the ability of groups to provide an enabling environment for farmers to improve pay and conditions for hired workers on small and medium farms. Recent (2019-2021) low prices for small and medium farmers have suppressed wage growth for hired field workers and prompted individual farmers to put new investments (e.g. in workers' housing) on hold until the market improves.
- **Labour outsourcing:** A relatively new trend towards outsourcing labour requirements to third party labour recruiters is underway, often underpinned by the express intention to lower labour costs. This trend has implications for CHs in aligning with the 2020 Standard: researchers took note of greater obstacles to ensuring health and safety training, record keeping, preventing harassment and discrimination, and ensuring minimum wages are paid to outsourced workers.

Worker accommodation on large farms

- **Houses generally in adequate condition:** Across most CHs, houses and sanitation facilities were well-maintained. No makeshift housing or unauthorised construction was noticed on any of the large farm estates visited for this study. Residents on all estates had access to gender-separated toilet facilities.
- **Some infrastructure and maintenance gaps:** Overall, housing facilities were observed to be available and in good order during the research study, but there were some challenges in relation to maintenance and upkeep of infrastructure (e.g. sanitation, drainage). Electricity provision was reported to be inconsistent, at times even within individual CHs. Researchers observed multiple instances where management housing was connected to electricity but not worker accommodation.
- **Instances of overcrowding and housing shortages:** There were some challenges reported in relation to housing allocation, with some CHs reporting a shortage of housing supply, or allocation arrangements either leading to overcrowding or being carried out in a way that was otherwise inconsistent with the 2020 Standard (e.g. housing children separately from their parents).
- **Seasonal workers not afforded housing:** Seasonal workers were not provided housing by several CHs in the sample – this is often despite there being vacant houses left unclaimed by permanent workers. Whether employers are obliged to provide housing for seasonal workers is a grey area in respect of Kenyan employment law, CBAs and industry practice.

Transition to mechanised harvesting

- **Producers under pressure to mechanise to control costs:** There are growing challenges within the business environment for the tea industry driven by a range of issues from low prices to climate change. These have, according to producers, constrained the ability of the industry to provide high levels of relatively good jobs. One response is that machine harvesting of tea is becoming increasingly common, with producers citing the need to reduce labour costs to remain competitive. Depending on type, a single machine can replace anywhere from 10 to 50 field workers. While tea harvested with machines tends to command a lower price than hand-plucked tea, mechanised harvest was practised or had been trialled on all CHs visited.
- **Potential for workforce reduction:** Mechanisation has been controversial due to fears of job losses among workers and unions. All CHs which have introduced mechanised harvesting acknowledged that there have been subsequent workforce reductions – but managers maintained there have been no direct dismissals attributed to the introduction of tea plucking machines. However, where tea plucking machines are introduced, there is a reduced demand for seasonal labour.
- **Machine pluckers not yet covered under formal wage setting mechanisms:** Rates of pay for machine pluckers are not set by collective bargaining as they are for hand pluckers. None of the applicable CBAs set or negotiate rates for machine pluckers. As a result, wages for machine workers are not formally regulated in the same way as hand pluckers. At the current time, neither the national union secretariat (Kenya Plantation Agricultural Workers Union) nor the CH union chapters have been part of the process for determining rates for mechanical tea pluckers, according to workers spoken with at the CHs which have introduced machines. While there is a perception of higher earnings for workers operating plucking machines compared to hand plucking, in practice, wages for machine operators and hand pluckers were roughly equivalent across most applicable farms.

Occupational health and safety (OHS)

- **Key hazards for tea workers:** Key worker safety risks are in relation to factory machine operations, mechanical harvesting and chemical handling / spraying. The most significant risk is under-provision of required personal protective equipment (PPE) in relation to casual and outsourced workers.
- **Risks related to mechanisation:** Injuries related to plucking machine operation are on the rise. OHS systems have not been systematically addressing machine operator risks such as cuts and lacerations. This issue is likely to become more significant as the sector continues its shift to mechanised harvest.
- **Risks related to chemical spraying:** While pest control using organophosphates and carbamates is generally not practised in the sector, chemical weed control is practised (glyphosate is widely used) and therefore chemical safety related requirements apply. Under-provision of required PPE is a risk, especially in relation to casual and outsourced workers.

Good practice: Several CHs studied had good practices on safety management. These related to strong training programmes, involvement of workers in safety management, COVID-19 response and robust systems to enable rapid hazard identification and response.

Women, discrimination and gender-based violence and harassment (GBVH)

- **Gender-based violence and harassment:** The study identified risks of GBVH. In most cases, CH managers acknowledged these risks. However, instances of GBVH can be difficult for both employers and auditors to detect. Therefore, investing in strong human resources (HR) and management capacity, along with improving the quality of grievance handling and expanding worker voice in the workplace should be central focus areas for farm CHs.
- **Occupational discrimination:** Risks of discrimination in hiring and allocation of job roles were identified. Hand and shear-pluckers were disproportionately women, while motorised machine harvesting (MTH) operators and supervisors tend to be men. Additional risks were identified regarding the opportunities for seasonal women workers to be employed in permanent positions.
- **Lack of robust management systems and low worker awareness:** The study identified that systems and structures to detect discrimination and GBVH were often absent, inactive or ineffectual. Worker awareness of – or trust in - the existing processes for reporting discrimination, harassment and gender violence was often found to be low.

Operational grievance mechanisms (OGMs)

- **Absence of formal systems and low awareness and trust:** The study identified risks associated with a general lack of formal systems and processes (including reporting logs) for raising grievances. It was observed that several CHs had no clear grievance mechanism in place, while even those with such mechanisms did not make data available relating to the frequency of grievances and issues.

This gap appeared most pronounced at CHs which comprise a single factory supplied by a network of smallholder farmers, where workers – especially those who are outsourced or engaged on a casual or seasonal basis – often do not know how to report issues, or what the process will be if they do. Even where there was some awareness among workers of systems in place, levels of trust that reporting an incident would lead to a satisfactory outcome were perceived to be low.

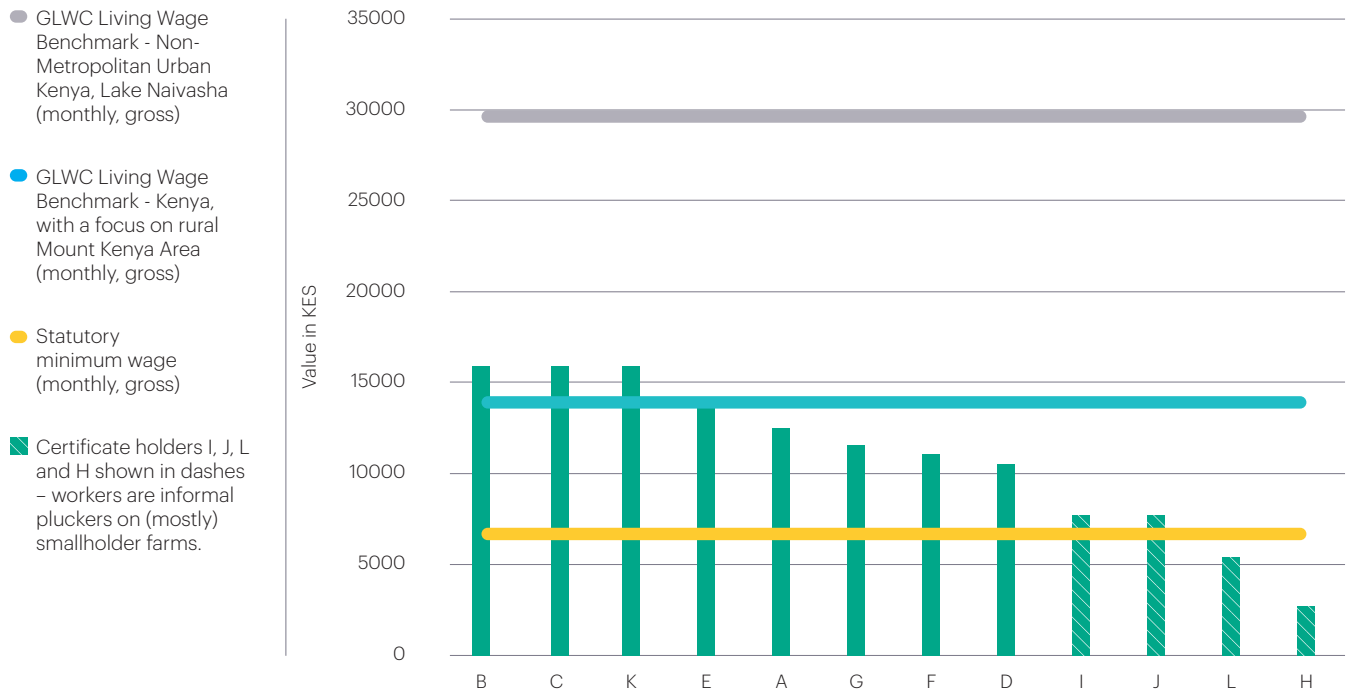
Good practice: A well-used anonymous phone hotline is in place at one CH. Key to its success was perception of reliability, with management seen to take workers' complaints seriously.

- **Tension between OGMs and community-based practices:** Researchers learned that company-based grievance mechanisms were frequently at odds with local, traditional customary practices for resolving grievances (e.g. through village elders). A key challenge for farm CHs is how to reconcile customary processes with formalised systems operated by management.

Wages

- **Complex piece rate pay systems result in highly variable wages for workers:** Collective bargaining agreements (CBAs) act as the main wage-setting instruments. The CBAs set higher rates of pay than the legal minimum wage for tea workers at 11 out of 12 CHs visited. However, the CBAs themselves do not provide an effective wage floor. Most workers plucking tea on estates are paid by piece rate (KES/kg plucked). CBAs allow pay to fall below the 'basic (daily) wage' for a full-time worker if the posted piece rate quota (normally 45 kg/day) is not met. This can result in highly variable income for workers, depending on a range of operational factors, for the same hours worked. Piece rate production is a key obstacle to progress towards a living wage. In other cases, piece rate payment systems have produced instances of pay below the legal minimum wage.
- **Living wage gaps:** Using existing indicators, the study identified that wages paid to workers are likely below various living wage calculations across most CHs in the sample. However, it should be noted that there are multiple, conflicting living wage benchmarks – both published by the Global Living Wage Coalition (GLWC)² - currently used within the tea industry and by third party observers. These benchmarks are based on research focusing on other sectors (flowers, coffee) but are used as a proxy for the tea industry. Research commissioned by RA from the Anker Research Institute (ARI) of the GLWC on a new tea-specific living wage benchmark for Kenya, is underway as of May 2022.

Wage ladder: Basic pay across CHs compared to applicable living wage benchmarks and national minimum wage (gross, monthly)



Note: The graphic above does NOT include increases or reductions on the basis of productivity. Effective wages paid can be higher or lower than this amount depending on worker productivity.

² The GLWC is organised as a partnership between the Anker Living Wage and Income Research Institute (Anker Research Institute) and the GLWC Action Network (Action Network), of which RA is a member. The GLWC uses the 'Anker methodology' as the basis for producing information about living wages and wage gaps to support wage improvement strategies and programmes.

The way forward: key opportunities

A validation workshop was held in May 2022 to discuss the observations from the study and to gather ideas on the way forward for RA and the Kenyan tea industry. The workshop was attended by 65 participants – including representatives of producers, producer associations, trade unions, brands, sector-focused and multistakeholder programmes and civil society organisations. A key focus of the workshop was to discuss meaningful ways forward to address the key risks and challenges in the sector and achieve further progress towards social responsibility and labour rights objectives for the Kenyan tea sector.

The following were key takeaways from the validation workshop:



- **Progress requires a coordinated approach:** Progress on key risk areas for RA CHs relates to structural risks affecting the entire sector. Tackling these challenges requires a coordinated response – horizontally across different producers in the sector, and vertically, with the involvement of tea brands and retailers. Participants expressed interest in carrying forward the conversation and working together towards a coordinated response to these key challenges, underpinned by trade relationships in which value is distributed more equitably, with due regard to the cost of producing tea sustainably and ethically.



- **Progress on wages requires a “level-playing field”:** Producers expressed support for a tea-specific living wage as an ambition but cautioned that there is a need for a level playing field in order to stay competitive, pointing to the need for CBAs to set similar wages for similar tasks. This implies that sustained better prices are needed to enable producers both to pay higher wages and to invest in better management systems and infrastructure for workers.



- **Potential for new RA 2020 Standard to drive progress:** Several participants expressed interest in the scope for RA certification to encourage better prices and new investments to support needed improvements. At present, the costs of meeting certification requirements are perceived to be high, without a commensurate increase in obtainable prices. However, as the new RA 2020 Standard requires Sustainability Differentials and Sustainability Investments to be paid to producers from other value chain participants, this creates a key opportunity to promote social improvements.



- **Need for localised guidance and support:** Several sector representatives expressed interest in localised guidance and support on designing and operating effective programmes to tackle the issues identified in this study.



- **Need for clarity and streamlining:** Several stakeholders expressed a need for different initiatives in the sector to align approaches towards mutually supported common goals and for clarity on the roles and responsibilities of each actor in the supply chain, from producers up to the ultimate brand (i.e. a roadmap).

