International Labour Organization

Terms of Reference

State of Decent Work in Tea Small Holding Sector - Implications on Future of Work

April 2018

1. Background

Sri Lanka aims at achieving the status of an upper middle income county by 2025, and in line with this objective it has set a priority to create 1 million additional jobs by 2020, which will require rapid formalization of informal sector of the economy to a desired extent, creating most inclusive workforce with matching skills and enhancing competitiveness of its export industries.

The Sri Lankan economy continues to grow at a steady pace, and the growth forecast for 2017 was at 4.5 % and is expected to rise to 5% in 2018. There were times when the tea and rubber industries were the large contributors to the economy. Now these industries are continuously facing difficult times due to several market factors as well as climatic conditions. Most of the sectors of the economy including the plantation sector are facing challenges of skilled labour shortages. While employment in the service sector is on the rise, it is declining in the agriculture sector. The "Vision 2025" – a policy document that was launched in September 2017 by the Government of Sri Lanka, emphasizes key challenges facing the labour market that needs to be addressed to realize a knowledge-based, competitive, inclusive, and export oriented market by 2025. The plantation sector has been seen as one of the key sectors for rural employment and livelihoods. It is estimated that around a million people are engaged in the sector.

This assessment will be very much focused on the operation of smallholders in tea sector as they are playing an increasingly important role in the Sri Lankan plantation sector. Traditionally these operations were seen as a non-significant player because of a small scale of production and nature of its operation mostly as a family business.

Today smallholders have excelled the corporate sector in terms of yields. The disparity in yields between the corporate sector and smallholder has been well established. The smallholders' productivity in Sri Lanka is close to that of India and Kenya. Smallholders are known to have a very high proportion of vegetatively propagated tea as opposed to the seedling tea, which account for the yield differences between the two sectors. Also, the smallholders have been provided a substantive support from the state making it viable for them to incorporate a very high proportion of vegetatively propagated tea.

Although produced by over 35 countries worldwide, four countries lead the production and export of tea: China, India, Kenya and Sri Lanka. The Sri Lankan tea production is going downhill. About 10 years ago, it was the third largest producer and exporter of tea ahead of Kenya but no more. In this sense, one can reasonably visualise that the future of tea plantation sector of this country rests on the future of smallholders. The proportion of tea produced by smallholders differs from country to country but in Sri Lanka the smallholder sector is growing and currently its contribution stands at around 70% of total production. It has been reported that many of the smallholders have their own factories and have been supplying directly to the "buying centre".

Country	Production (tonnes)
China	1,939,457
India	1,208,780
Kenya	432,400
Sri Lanka	340,230

Source: FAO, 2013

In view of ever growing role of the smallholders, it is critically important to understand role of tea smallholders in the supply chain in terms of their contribution to the supply of tea leaf, their relationship with regional plantation companies as bought leaf providers, business operation models (cooperatives/ small holder societies), land ownership, access to finance and gender division of labour. It is equally important to explore the current state of decent work in the tea small holder sector with special focus on social protection mechanisms available for both small holders and the workers. The key priorities of social protection mechanism are occupational safety and health, determination of wages, resilience to natural disasters, indebtedness, and social security networks.

2. **Objective**

The overall objective of this rapid assessment is to understanding of the current state of decent work among the tea small holders and its implications on future of work in the plantation industry.

The specific objectives of this rapid assessment is to

a. Identify the role of tea smallholders in the supply chain in terms of their contribution to the supply of tea leaf, their relationship with regional plantation companies as bought leaf providers, business operation models (cooperatives/ small holder societies), land ownership access to finance and gender division of labour
b. Assess the current state of decent work in the tea small holder sector with special focus on social protection mechanisms available for both small holders and the workers in terms of occupational safety and health, determination of wages, resilience to natural disasters, indebtedness, and social security networks
c. Identify how the smallholders are likely to evolve in the coming years in relation to the four thematic areas namely "work and society", "decent jobs for all", "organization of work and production" and "governance of work".

3. **Scope of the assessment**

The Tea Smallholding Development Authority (TSHDA) defines a tea small holder as a person who hold less than 10 Acres (4 Ha) of tea land where tea is grown for the purpose of converting to made tea. The assessment to be carried out as a mapping exercise would be an initial step in setting both theoretical and practical limits to the study. The process involves identifying the specific geographical areas (high, middle and low land) for study. The smallholder entities should be proportionately represented to reflect the diversity that exists among themselves in terms of size and nature of operation.

4. Tasks and methodology

The methodology will consist of a qualitative analysis. The primary data can be gathered through key informant interviews (KIIS), and focussed Group Discussions (FGDs).The KIIs to be conducted with management of the regional plantation companies, tea smallholders, officials at central and regional levels of TSHDA, office bearers of tea smallholder cooperatives/societies, Office bearers of the tea factory owners association, representatives of the trade unions and other relevant government officials. FDGs to be conducted with workers, tea small holders, leaf collectors, factory officers and financial institutions. The primary data should be transcribed and analysed by using a suitable qualitative data analysis method. Relevant secondary data from statistical surveys and researches can be used to support the primary data. A representative sample size, using the purposive sampling technique, in terms of number of smallholders, scale of operation and geographical representation will (High land, mid land and low land) be determined by the research team in consultation with the TSHDA.

5. Output

A final report is expected to document the research methodology, sample, respondent selection process, and include operational and methodological constraints encountered in the field. The report must clearly provide the findings from the rapid assessment must consist of the following:

- An assessment on the role of smallholders in tea supply chain particularly focusing on their contribution to the supply of tea leaf, their relationship with regional plantation companies as bought leaf providers, business operation models (cooperatives/ small holder societies), land ownership, access to finance and gender division of labour

- Assess the current state of decent work and challenges in the tea small holder sector with special focus on social protection mechanisms available for both small holders and the workers. The key priorities of social protection mechanism are occupational safety and health, determination of wages, resilience to natural disasters, indebtedness, and social security networks
- How the smallholders are likely to evolve in the coming years in relation to the four thematic areas of the future of work namely “work and society”, “decent jobs for all”, “organization of work and production” and “governance of work”.
- Recommendations for the ILO, government authorities ,Regional Plantation Companies and the smallholders on how they could intervene for the betterment of tea smallholders in terms of enhancing their role in the supply chain and providing better social protection

The report should not exceed 75 pages (excluding annexes). It should be compiled in English

6. Timeline

The exercise is expected to take place during a 2-month period, commencing in May 2018 and ending June 2018. The approximate timeline should be:

Activity	Time line
Pre interview preparations	1st – 7th May

The field work to conduct KIIs , FGDs	8th to 29th May
Post interview stage (transcription , data analysis , presenting preliminary findings	Submission of preliminary findings to ILO future of Work conference 6th June
Submission of the first draft of the report	18th June
Submission of the final report after incorporating the comments from ILO	27th June

7. How to apply

To carry out this assignment ILO seek expression of interest from consultants /organizations who has overall knowledge on role of small holders in agriculture value chains and their socio economic challenges. The consultants must have good understanding of the formal and informal actors of tea industry and its operations in Sri Lanka.

The interested consultants/ organizations have to provide a proposal along with a work plan and a budget in line with this TOR to deliver the assignment. The proposals need to email to guruge@ilo.org by 25th April, 2018.