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منظمة الأغذية والزراعة للأمم المتحدة | 联合国粮食及农业组织 | Food and Agriculture Organization of the United Nations | Organisation des Nations Unies pour l'alimentation et l'agriculture | Продовольственная и сельскохозяйственная организация Объединенных Наций | Organización de las Naciones Unidas para la Agricultura y la Alimentación

COMMITTEE ON COMMODITY PROBLEMS

INTERGOVERNMENTAL GROUP ON TEA

NINETEENTH SESSION

New Delhi, India, 12 – 14 May 2010

PROJECT PROPOSAL FOR SUBMISSION TO THE COMMON FUND FOR COMMODITIES: "GRASS ROOT EXTENSION SERVICE FOR SMALL TEA FARMERS IN SRI LANKA AND UGANDA, FOR STRENTHENING ECO-FRIENDLY FARM PRODUCTIVITY AND TRACEABILITY OF IMPROVED LEAF QUALITY FOR HIGHER VALUATION OF PROCESSED TEA, TOWARDS AUGMENTING LIVELIHOOD ENHANCEMENT OF TEA FARMERS"

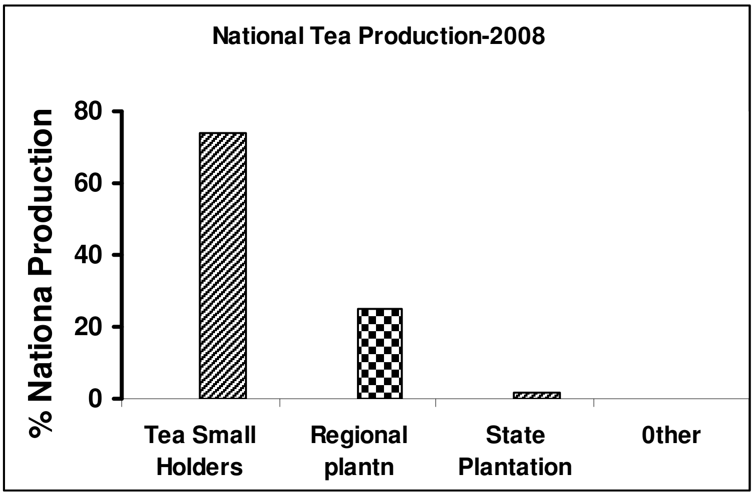
I. OVERVIEW

1. Tea is an important commodity in both Sri Lanka and Uganda. Apart from being a foreign exchange earner it also provides employment opportunities to several millions of persons, both directly and indirectly. Both these countries have many tea farmers who have been growing tea for a long time, a significant number of whom continue to remain poor with no signs of livelihood improvement due to low income generated in their holdings. This project is being initiated in these two countries to improve the knowledge base of the farmers by providing grass root level extension services with the help of self help groups and extension officers to enhance production in a sustainable manner in an ecofriendly environment producing good quality leaf with traceability, thereby augmenting the livelihood enhancement of the farmers.

II. TEA IN SRI LANKA

2. Tea was first introduced to Sri Lanka in 1824 and thereafter commercially established successfully in 1867. With the appearance of the coffee leaf disease in 1869, causing the collapse of the entire coffee industry, tea industry replaced coffee and thrived on the same lands where coffee was earlier cultivated. It is one of the main sources of foreign exchange earnings in Sri

Lanka and accounts for about 3 percent of the GDP. It also provides directly or indirectly work for over millions of workers in the country.



3. The total extent of tea in Sri Lanka is around 221,968ha out of which 132,329ha (59 percent) belongs to tea small holders and they contribute about 74 percent of national production. Therefore tea small holders play a major role in the tea production of Sri Lanka.

A. SMALLHOLDER SECTOR IN SRI LANKA

4. Tea smallholdings in Sri Lanka originated from about the first decade of the twentieth century and developed slowly as subsistence farming allotments within the vicinity of commercial plantations. These peasants cultivated tea in small parcels of land managed by family members themselves with very basic inputs. The green leaf harvested by these peasants was monopolized by various middlemen in the supply chain – commencing from leaf collection from growers to transport and then to processing factories. In view of such intermediaries, the net financial benefit to the grower was minimal.

5. These small tea holdings are grown often as a monoculture or as mixed gardens in fair number of holdings where tea is grown along with other cash crops such as coffee, rubber, coconut, cloves, pepper, vanilla, lemon grass, citronella, medicinal herbs, etc

6. It is also not uncommon to observe an integrated farming system in some of these areas where short term crops such as vegetables and fruit trees, as well as poultry and cattle are managed in the vicinity of the tea plots, thus providing additional income to the farmers.

7. The slow growth and expansion of tea small holdings came to a halt during the depression of the 1930s, but received a further fillip to forge ahead with the post-war boom and since the mid-1940s a steady growth of this sector was recorded in the low and mid-elevation tea growing areas, with possibly around a total of 30,000 ha of holdings in active production.

8. Opportunities for further rapid expansion became possible with the Government Land Reform Acts of 1972 and 1975. This phase of growth was the result of government policies to redistribute plantation land for village expansion, along with the fragmentation of uneconomic estates for colonization schemes and the granting of crown land for village settlements.

9. Under the Land Reform Act of 1972, the maximum unit of private land per individual was limited to 50 acres (20 hectares). For the purpose of the Census of 1983, a parcel of tea land was referred to as a **'holding',** and all private sector tea holdings managed on private basis, irrespective of size of land, were considered as smallholdings. Thus the "Small Holding" came to be defined as **"the land cultivated with tea and managed on private basis irrespective of size**

of land". By this definition, all estates or holdings owned and managed by the state were excluded.

TABLE 1 – Number of Small Holdings and Extents (Ha) in the Three Census

District	**1983 Census**		**1994 Census**		**2005 Census**	
	Number of Holdings	**Extent (ha)**	**Number of Holdings**	**Extent (ha)**	**Number of Holdings**	**Extent (ha)**
Colombo	-	-	13	14	491	236
Gampaha	-	-	-	-	9	2
Kalutara	1,843	881	8,494	2,566	38.263	7,587
Kandy	40,388	19,269	14,198	9,733	30,747	12,486
Matale	1,631	1,694	705	1,305	1,408	1,190
Nuwara Eliya	13,763	6,559	10,892	7,053	17,547	5,971
Galle	36,479	13,603	56,547	17,855	90,524	25,325
Matara	27,964	13,342	44,051	16,886	67,613	22,971
Hambantota	609	207	1,186	306	2,533	492
Kurunegala	224	124	135	42	151	99
Badulla	13,171	7,030	15,287	6,899	29,679	7,863
Moneragala	-	-	77	25	637	67
Ratnapura	17,713	9,818	49,161	17,789	97,984	28,232
Kegalle	6,080	3,242	5,906	2,446	19,637	5,753
TOTAL	159,865	75,769	206,652	82,919	397,223	118,274

10. As per the first census of tea smallholdings in 1983, there were 159,865 tea holdings, accounting for a land area of 75,769 ha, with an average size of 0.47 ha per holding.

11. The second census was carried out in 1994. and in this census, the number of holdings had increased from 159,865 in 1983 to 206,652 in 1994, corresponding to an increase of 29 percent .The tea extent under this sector was found to have increased to 82,920ha from the earlier extent of 75,769 ha in 1983 which corresponded to an area increase of 9.4 percent. This extent of small holder tea area corresponded to 44 percent of the total tea area of the country.

12. The third census was carried out in 2005, and as per this Census, the number of tea small holdings showed an increase to 397,223 holdings amounting to a further increase of over 48 percent.

13. Until about the mid 1980's the sector continued to perform poorly due to the inadequacies of technical support and poor facilities for leaf collection and transport to the processing factories, with a significant number of these tea farming peasants hovering around and below poverty line. With the intervention of the government to set up the Tea Small Holdings Development Authority (TSHDA) in 1975, and the follow-up short term financial assistance from international lending institutions from about the late 1980s, an improvement in the performance of this sector became evident. However, due to various constraints the achieved improvement could not be sustained in many of the small holder tea areas.

TABLE 2 – Average yield kg/ha in the different districts of small holder areas in 2004

District	Number of Tea Holdings	Extent of Mature Tea (ha)	Green Leaf Production in 2004 kg	Average Yield in 2004 Kg/ha	
				Green Leaf kg/ha	Made Tea kg/ha
1. Colombo	491	117	1,051.630	8,988	1,933
2. Gampaha	9	02	540	270	58
3. Kalutara	38,263	6,730	79,625,335	11,831	2,544
4. Kandy	30,747	11,668	58,955,172	5,053	1,087
5. Matale	1,408	1,117	6,265,998	5,610	1,206
6. N' Eliya	17,547	5,585	30,814,920	5,517	1,187
7.Galle	90,524	23,658	239,854,031	10,138	2,180
8. Matara	67,613	21,892	181,339,162	8,283	1,781
9. Hambantota	2,533	445	3,010,831	6,766	1,455
10.Kurunegala	151	98	186,747	1,906	410
11.Badulla	29,679	7,471	37,550,267	5,026	1,081
12.Moneragala	637	58	266,862	4,601	989
13.Ratnapura	97,984	26,252	263,554,040	10,039	2,159
14.Kegalle	19,637	5,143	47,139,719	9,166	1,971
TOTAL	**397,223**	**110,236**	**949,615,254**	**8,614**	**1,853**

TABLE 3 – Average Annual Yield in Different Districts based on Sample Survey in 2008 Compare with 2004 Yield Levels

Districts	No of Holdings	Extent (ha)	Average Yield VP (Kg/ha)	Average Yield SD (Kg/ha)	Average Yield (Kg/ha) 2008	Average Yield (Kg/ha) 2004
Kalutara	893	157.1	2,417	1,548	2,417	2,544
Kandy	672	182.0	1,284	662	1,147	1,087
Matale	89	44.6	1,634	414	613	1,206
N'Eliya	873	171.7	1,544	879	1,356	1,187
Galle	1,939	614.1	2,114	606	2,111	2,180
Matara	1,775	570.1	2,393	726	2,353	1,781
Badulla	1,545	503.3	1,515	594	1,054	1,081
R'pura	1,991	494.5	1,896	1,006	1,848	2,159
Kegalle	1,265	402.0	1,702	634	1,696	1,971

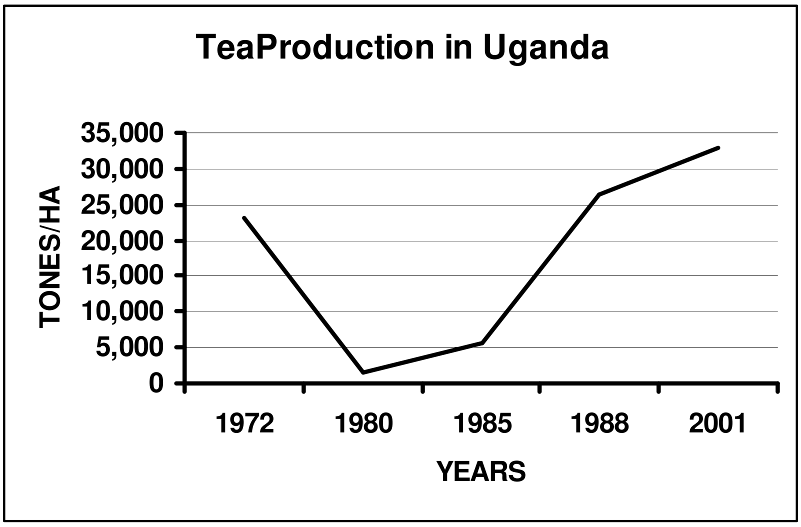
Total	11,042	**31394**	**1968**	**648**	**1,788**	**1,853**

14. A sample survey carried out in 2008 on a total of 11,042 ha of selected small holder tea areas (10 percent of total small holder tea extent in revenue) in the different districts indicated a reduction in yield in most of the districts such as , Kalutura, Matale, Ratnapura , and Kegalle whilst yields remained stagnant in, Kandy, Galle and Badulla compared to what was achieved in 2004 (Tables 2 and 3). Despite the past efforts in improving productivity and income generation, there has been no significant livelihood improvement in greater number of small holder communities.

15. In order to improve the production in those areas where the yield has remained stagnant or declined, and improve the quality of tea leaf in keeping with the current trade requirements this project was initiated on the request of the Tea Board of Sri Lanka and Tea small holdings authority (TSHDA) to provide adequate training at grass root level to small holders to enhance income generation towards augmenting livelihood improvement.

III. TEA IN UGANDA

16. Tea is, after coffee and fish, presently the third largest foreign exchange earner of Uganda. Tea was introduced in Uganda in 1900 and became an important crop from about 1945 onwards with the development of large private tea estates by Europeans and Asians. Due to long period of economic disaster caused by tribal and territorial conflicts, production of tea almost ceased in 1970's.



17. From a record production of 23,000 tones of made tea (MT) in 1972, the industry collapsed to the lowest level of 1,533 tones of MT in 1980. Although tea production subsequently increased from 1700 tones of MT in 1981 to 5600 in 1985 it failed to reach the earlier standard. Since then, this industry was resuscitated and the output has grown both in quantity and quality. This has been achieved by a privatization policy and the return of estates to former owners. Both Tamteco (Toro & Mityana Tea Company) and Uganda Tea Growers Corporation (UTGC) a joint venture between the Government and Mehta family managed most of the tea plantations at that time. The EEC and the World Bank provided assistance to resuscitate the small holder segment of the industry and the UTGC rehabilitated seven tea factories with assistance from Netherlands. In order to motivate the producers and reduce the nations traditional dependence on coffee exports, the government doubled the producer prices in 1988 to U.Sh 20 per kg but still tea production remained under capacity. In 1988 there was an improvement in production and the quantum rose to 26,422 tones of made tea. This trend continued and in the year 2001, Uganda produced 32,868 tones of MT. The contribution from the tea small-holder in 2001 was 32 percent of the total production (10,518 tones MT).

TABLE 4 – Area under tea production in Uganda

DISTRICT	Ha Under Tea	Percentage
Kabarole	6,960	38.5
Mukono	2,429	13.4
Bushenyi	2,282	12.6
Mubende	2,216	12.3
Rukungiri	1,450	8.0
Hoima	1,159	6.4
Kibale	801	4.4
Masaka	349	1.9
Mpigi	262	1.4
Luwero	168	0.9
TOTAL	**18,075**	**100.00**

18. With improved and intensified good agricultural practices and rehabilitation, the country is hopeful to increase tea production by a further 25 percent, to an estimated quantum of 42,500 tonnes, with already available planted tea

19. Precently the total extent of land under tea in Uganda is just around 21,000 ha, in the rural areas of nine (09) administrative districts occupying the south-western part of the country. The southern half of the country is with rich soil and the rainfall permits extensive agriculture. The present tea extent is reported to be only 20 percent of the land area that can be brought under tea (100,000 ha). Of this extent less than 10,000 ha is presently cultivated by tea small-holders. Currently about 70 percent of tea production in Uganda is by both large and medium privately owned estates and factories with a few out growers and 30 percent by smallholders. Total number of small holders in Uganda is estimated to be around 15,000 which is far less than that in Sri Lanka.

20. Uganda has thus the potential for a five-fold increase in extent and almost a ten-fold increase in production over that of the present production level of 32,000 tones of MT.

A. SMALLHOLDER SECTOR IN UGANDA

21. Tea is one of the main cash crop for the western and central Uganda. With the establishment of the Uganda Tea Growers Corporation (UTGC) in 1966, indigenous farmers and small holders were encouraged by the government to plant tea. The UTGC established 4 smallholder factories to process green leaf produced by the smallholders and these include :Igara Tea Factory in Bushenyi district; Kayonza Tea Factory in Kanungu district; Mabale Tea Growers Factory in Kyenjojo district and Mpanga Tea Growers Factory in Kabarole district. Amongst these maximum number of small holders is reported to be in Kaborale district and Kyenjojo district both located in Fort Portal in Western Uganda at an elevation of about 1400 ft amsl. Subsequently more tea estates and factories were established in the country. These factories are owned by small holders who have shares in them. In addition to individual owned tea gardens which on average are 2 hectares or less the tea factories also own estates which belong to the small grower shareholders. Apart from those small holders who have shares in these factories,

there are also many other small farmers who are known to supply their leaves to other additional tea factories in the country.

22. Unlike in Sri Lanka, there is a sort of gender barrier of women working in the tea plantations of Uganda and there are restrictions on land ownership for women who could otherwise engage in small- holder tea production. During mid 1990's following the introduction of a comprehensive support programme within the small holder tea rehabilitation project funded by the European Union, the lives of women tea growers in Central and Western Uganda are being improved wherein women are being recognized and accepted into the market economy of the smallholder tea sector, which up to now has been male dominated. Many of the women involved in tea production are either widowed, single, or those who manage the tea shambas (gardens) for their husbands who are working elsewhere

23. About 90 percent of the leaf supplied to a factory is from out-growers and the number of growers supplying leaf to a factory is reported to range from about 200- 1600.

24. The smallholders sell their green leaf to these factories and are paid cash according to an arrangement agreed upon by the factory management and the growers.

25. The factories are governed by a Board of Directors nominated by the shareholders once in every 2 years. The Board hires technical personnel to assist in the running of the tea estates and factories.

26. In the past a government organization, UT Authority, was in charge of the Tea Trade of Uganda. It is now replaced by Ugandan Tea Association (UTA) which is a voluntary organization without any government mandate, which association is recognized by the east African Tea Trade Association as the body representing Ugandan tea.

27. Although the smallholder tea producers in Uganda own about 50 percent percent of the total tea area, their tea production is only about 25 percent to 30 percent of total tea production in the country. Although there is much more suitable land owned by the small holders where tea is yet to be grown, they are unable to expand due to lack of capital for planting of tea and obtain suitable planting material and also inadequate knowledge

28. The average yield of the small holder tea sector in Uganda is reported to be very low (1000- 1500kg/ha or less) compared to that of the larger estates which yield around 2500-3000kg/ha. This low yield is due to a number of limitations including: sub-standard management due to inadequate knowledge and/or capital, very old tea varieties of low yield potential, low stand of tea in the tea gardens and inadequate supply of inputs or use of improper inputs. The cost of production of the small holder sector is also reported to be very high

29. There is therefore a need to invest more in the smallholder sub-sector to expand their out grower contribution to produce maximum out put. . This would significantly contribute to the economy of the country and also improve quality of life of the people.

IV. RELEVANCE OF THE PROPOSED PROJECT TO THE ICB'S COMMODITY STRATEGY

30. The currently proposed project has a direct relevance to the ICB's commodity strategy as it is envisaged to bring about a sustained improvement in the productivity of the tea small holder tea areas in Sri Lanka and Uganda thereby improving the welfare and livelihood of the tea farmers within the selected project areas. The project will help train farmers at grass root level with the support of self help groups and extension officers in adopting good environmentally friendly agricultural practices to help enhance productivity and quality improvement of the tea with leaf traceability in the project areas and improving the cost effectiveness of inputs. The project will also address issues of improving the training facilities of small holder farmers to sustain the development of holdings to result in the visible and sustained improvement in the livelihood of

farmers, thereby attracting youth to seek employment in the small holder areas and reducing unemployment. The improved income generation in the small holder communities would undoubtedly support infrastructural improvements, including roads, electricity, schools and medical facilities, with the consequent improvement in welfare facilities such as health and education. Such evident improvement would serve as a model for dissemination and would have a multiplier effect on other tea small holders within and outside the respective country.

A. PROJECT OBJECTIVES AND RATIONALE

31. There are many long established tea small holdings in the different tea planting regions of Sri Lanka and Uganda. Although tea production by the smallholder tea sector in Sri Lanka had demonstrated a significant increase over the past two decades (1985 to 2005), contributing significantly towards the national production, the prevailing situation, however, is not encouraging throughout the sector.

32. The overall productivity growth of the sector has been marginal, remaining almost stagnant since 2005, with the variation within the individual districts being of even greater concern. In the low country areas where two thirds of the small holders are located, there are emerging signs of declining yield amongst a fair number of holdings.

33. Replanting the senile tea and infilling vacancies amongst a significant number of existing small holdings are important areas that have to be given due recognition to improve productivity in all tea growing countries. Replanting has been very minimal in Uganda. Even though the rate of replanting amongst the smallholder sector in Sri Lanka had been set at an annual target of 2 percent, the extent replanted at present is far below the set target.(0.91 percent, 0.93 percent and 0.80 percent during 2005, 2006, 2007, 2008 , 2009 respectively).

34. The growth of small holder sector in Uganda is very slow. Despite there being large extents of land suitable for growing tea, the extent planted to date by small growers is reported to be less than 10,000ha (50 percent of the tea areas). Even though the fall in tea industry of Uganda during long years of political and economic struggle has now been resuscitated, the small holder sector is yet yielding significantly lower than the larger estates and facing many problems.

35. Many of the problems encountered by the small holders in these two countries are almost similar, though problems specific to the individual country also exists. Continued exploitation by middlemen and leaf collectors resulting in poor leaf prices that do not match the escalating higher cost of production is a primary cause for neglect of holdings. On the other hand, there are several smallholder tea farms in Uganda that remain under-exploited due to the inadequate knowledge on tea farming practices, as well as the inadequate or the total lack of supplies of needed inputs for even modest crop productivity. Many of these tea farmers continue to remain poor with no signs of livelihood improvement.

36. Most of the small holder gardens have very poor stand and are planted to old low yielding poor quality cultivars. Such poor performance of smallholder farms appeared to have been brought about by neglect due to lack of income and/ or in some instances due to pest and disease attack. However, in most instances the farmers appeared to be unaware of the limitations encountered in their plots, and wherever there is a decline in productivity, they seemed to assume such poor growth to be due to some irreversible limitation and tend to neglect their tea plots. This is especially so since in some of these areas the tea is intercropped with other cash crops which bring immediate ready cash for the sustenance of their meager livelihood.

37. Currently it is becoming increasingly difficult to attract skilled labour to work in the tea areas which is one of the major issues facing the industry as a whole in both these countries. In Sri Lanka the majority of the available labour prefer to work in the city and thus are moving away from the tea areas. In Uganda, on the other hand, most of the workers in the tea areas had in the past been from the refugee camps . With improvement in political situation many of these labour has moved back to their respective countries and now there is dearth of labour.

38. Unless mechanized to a large extent which is beyond the scope of the small holder the non-availability of skilled labour is a limitation that could lead to inefficiency in all field operations.

39. Another limitation in the Ugandan tea sector is provision of Hydro power which is very expensive and also erratic and not reliable. New dams are currently under construction to resolve this problems.

40. Unprocessed tea is not durable. Therefore direct linkage to processing factories is important and the relationship between farmers, factory and the trade need to be strengthened. Grater attention is also required to develop supportive infrastructures such as roads and institutional arrangement at the grower factory interface.

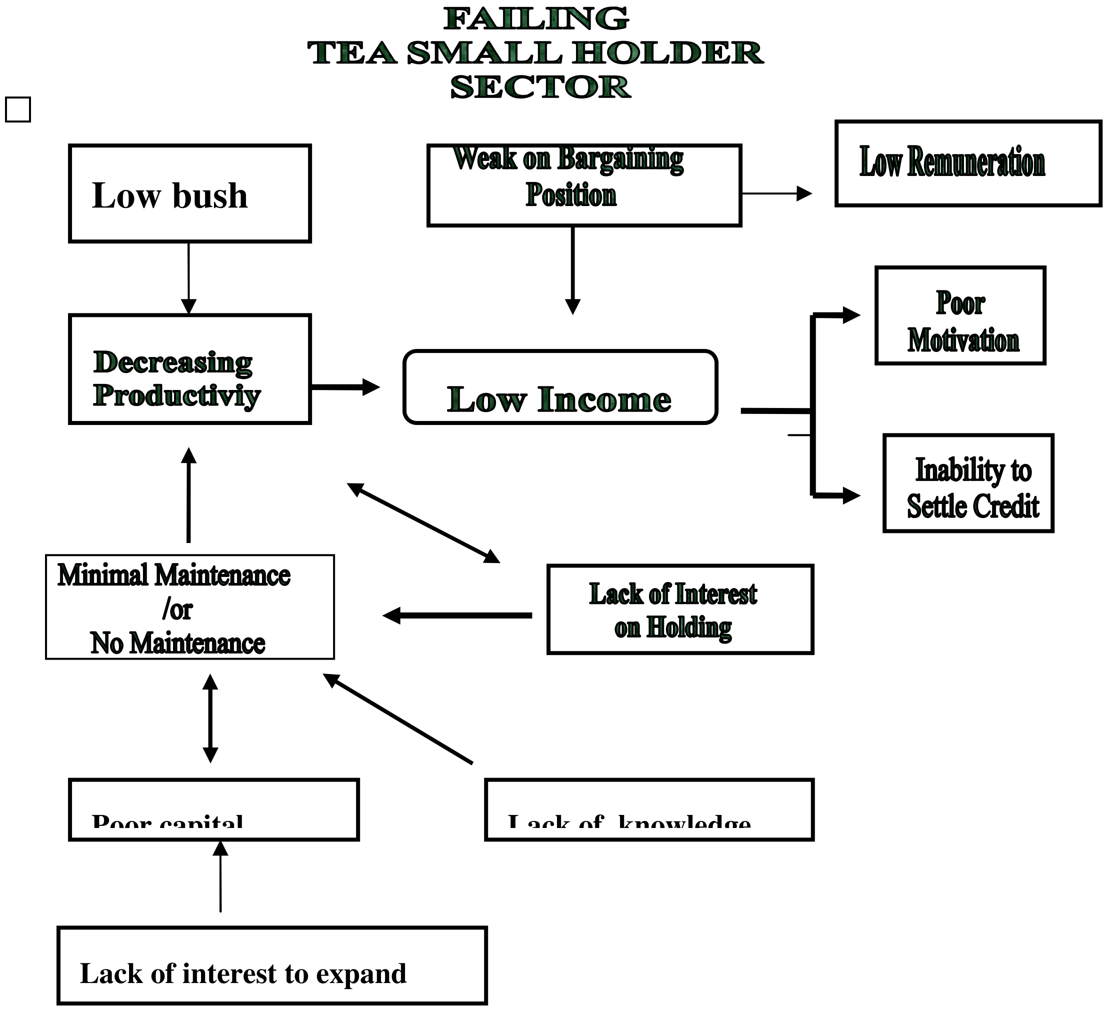
41. The emerging signs of global warming, including short fall in rain and prolonged dry periods has also caused problems in the tea growing areas of both countries. Such changes in climate with consequent changes in the spectrum of pest and disease outbreaks, especially in Sri Lanka have a combined impact on plant casualties and overall lowered field productivity. Such challenges are met to some degree by the larger cooperate sector plantations. However, due to inadequate knowledge to counter such environmentally induced negative impacts by cost effective means and due to the use of limited number of unsuitable tea cultivars to tolerate such changes the small holder sector productivity is being faced with bigger challenges.

42. The newly emerging challenges faced by the Tea Industry as a whole in all the tea growing countries are quite different from those of the past e.g.: the need for obtaining quality management certification and food safety management certification such as ISO 9001, HACCP , and ISO 22000. Strict adherence to established MRLs in the harvested leaf, is another stringent requirement. These emerging trends have an impact on the small holder farmers as well and should therefore be addressed carefully to help sustain and enhance productivity of this sector.

43. With a greater emphasis on leaf quality and the emerging need for leaf traceability, the current quality standards of the small holder bought leaf has to be increased significantly. This could be achieved by improving the present field practices; strict adherence to the method of harvesting for generating quality leaf acceptable to the trade; proper handling of harvested leaf ; ready transport of leaf to the assigned processing factories with minimal damage; as well as by maintaining proper records of all field inputs for leaf traceability and auditing. Such maintenance of records need to be validated by an authority acceptable to the international trade.

44. In order to improve the small holder sector, all limitations hindering productivity of this sector have to be looked into carefully and a proper system should be evolved to strengthen this sector and the associated bought leaf factories, towards achieving a common goal of improved field productivity as well as the production of high quality end produce commanding improved price realization.

45. This could be achieved by disseminating Good Eco-friendly Agricultural Practices to tea small holders by engaging a participatory approach of training and monitoring with the help of “Self Help Groups” supplemented with extension staff as training facilitators. In order to ensure there is sustainability in development and avoid any neglect following the termination of the project, the farmers should also be trained to identify the specific problem/problems in their area and be able to take timely remedial actions to avert any signs of decline in productivity and leaf quality to sustain enhanced income generation.



Proposed Project Components

Component 1: Improve performance of existing tea holdings in selected project areas of Sri Lanka and Uganda

Component 2: Provide grass root level training to small holder tea farmers on all aspects of eco-friendly field management practices

Component 3: Community development of Small holder tea farmers for augmenting livelihood improvement.

This proposal being only a Pilot Project involving both countries, the benefits accruing to the selected limited number of small growers is expected to have a multiplier effect, spreading out to all growers with time. With 397,223 small growers in Sri Lanka, only 2,400 growers are selected for this project to be funded by CFC (Districts of Bandarawela, Kalutara, Ratnapura and Matara). As such, with a far lesser number of growers in Uganda, we will have to limit the selected initial number to only a third of the number to be allocated to Sri Lanka, *i.e.* 800 growers in Uganda (Districts of Bushenyi, Kabarole, Kanungu and Kyenjojo) . Firstly, the growers within a radius of 10 k.m. from the respective three or four Grower Factories have to be considered to be accommodated within this number. For the 2,400 selected growers in Sri Lanka, there will be 48 self help groups, each looking after the interest of 50 growers. Likewise, for the 800 selected growers in Uganda, there will be 16 Self Help Groups, looking after the interest of 50 growers each. Overall financial allocation will be based on the number of Self Help Groups, at US $ 55,000 each.

US $ 55,000 x 16 SHG = US $ 880,000; US $ 55,000 x 48 SHG = US $ 2,640,000

Total = US $ 3,520,000

Tentative Costs and Financing:

Project Components		**CFC Component**	**Country Contribution** **US $ (25 percent)**	**Total cost US$**
Component 1	Improve performance of existing tea holdings in selected project areas	**1,125,000**	**375,000**	**1,500,000**
Component 2	Provide grass root level training to small holder tea farmers on all aspects of eco-friendly field management practices	**990,000**	**330,000**	**1,320,000**
Component 3	Community development of Small holder tea farmers for augmenting livelihood improvement.	**525,000**	**175,000**	**700,000**
Total		**2,640,000**	**880,000**	**3,520,000**

IMPLEMENTATION ARRANGEMENT AND MANAGEMENT

Instituitions Involved

Supervisory Body:

FAO – Intergovernmental Group on Tea

Contact: Kaison Chang
Secretary, IGG on Tea, Rome

Project Implementing agency:

Tea Small Holder Development Authority,
No 70, Parliament Road
Pelawatte, Battaramulla
SRI LANKA

Collaborating Institutions

Sri Lanka Tea Board
574, Galle Road
Colombo 3
SRI LANKA

Tea Research Institute of Sri Lanka
St. Coombs
Talalwakelle
SRI LANKA

Uganda Tea Association (UTA)
P.O. Box No. 4161
Kampala, UGAND

Mpanga Growers' Tea Factory
P.O.Box 585, Fort Portal
UGANDA

Mabale Small Growers Cooperation, Uganda

Beneficiaries and Benefits

The target (direct) beneficiaries of this project are the low income earning tea smallholders, factory owners and unemployed persons in the tea growing areas as well as the respective countries at large with significant numbers of tea small holders.

Training these farmers to grow tea in a cost effective way in an eco-friendly manner free of risk factors would enable the farmers to be in a better bargaining position to command higher prices for their commodity, which would in turn contribute towards increasing their income for several generation to come, alleviating poverty and uplifting their life style and social status. This would undoubtedly have a multiplier effect on motivating farmers in the neighboring areas within and outside the respective countries to open up farms and thus generating self employment and preventing labor from migrating from tea areas .

By training these farmers to grow tea in a cost effective way in an environmentally acceptable manner, there is every possibility to ensure enhancement in productivity to well over 2,000 kg/ha over a period of 15 years, along with the enhancement of income generation of about US $ 2000 per annum to lift beyond prevailing poverty line, which could be maintained in a sustainable manner.

Problems, Issues and Opportunities Of The Commodity and Measures To Address Them

The small holders have limited resources and with the rise in cost of living they are unable to get the optimum level of out put for the inputs provided. They face several challenges hindering improved production and supplying of good quality leaves. The various challenges faced by the tea small holders have already been discussed above. In order to minimize these limitations and improve the performance of the small holders towards enhanced production of good quality leaves, acceptable as per International standards, the following strategies can be adopted to enhance opportunities

- Encourage the formation of Women's Self-Help Groups (WSHGs) to form Quality Circles and manage leaf collection, leaf weighing and transport to the assigned processing factory; sustained training of fellow farmers for the timely application of all agricultural inputs and the maintenance of proper records of such inputs for leaf traceability ; to assist in maintaining high leaf standards for quality manufacture suitable for exports;

- Horizontal dissemination of knowledge amongst the small holders with the help of WSHG's on all aspects of good agricultural practices to result in a multiplier effect of knowledge transfer;

- close monitoring and supervision of field development programme by the WSHG's and Field Extension Staff;

- To get a third party to validate the proper maintenance of records for traceability and grant the needed certificate, similar to external validatory certification by fair trade, acceptable to the international trade.

- Factory owners to accept only high quality raw material made available from the outsourced smallholdings within the feeder area of the factory

- To get the buyers into confidence by inviting their participation at workshops with the smallholder groups, self-help groups and the processing factory manager, discussing and reviewing the maintenance of records, processing factory.

- Sustained provision of technical support from TSHDA, TRI in Sri Lanka and the Ugandan Tea Association (UTA).

- To sustain the well coordinated linkages amongst the associated groups, including WSHG's, Field extension Staff, Leaf collectors, leaf transporters and factory owners.

The above will help develop skilled tea farmers, providing employment to greater number of youth, and prevent their migration from the tea area in search of other job opportunities. Improved production of greater quantity of good quality leaf with traceability would help the farmers to fetch higher prices, thereby improving their income and life style devoid of any social stigma.

Component 1: Improve performance of existing tea holdings in selected project areas of Sri Lanka and Uganda.

Specific Objective: To enhance productivity of existing low-yielding small holdings in the selected project areas of Sri Lanka and Uganda by identifying limitations, and increase the bush population by infilling vacancies. Adopting eco-friendly agricultural practices thereby with time enhance the supply of quality leaf of the required high standard that meets with international health parameters for good tea manufacture by the linked processing factories. To command improved price realization resulting in the payment of higher leaf prices that will help augment livelihood enhancement of small tea farmers.

Out puts: Establishing full compliment of healthy tea bush population within small holdings (plants in the small holder project areas devoid of any vacancies), that will sustain higher yields of improved leaf standard for quality tea manufacture by linked processing factories that in turn help improve leaf pricing for higher income generation and livelihood improvement amongst the small holders in the project areas .

Activities*:*

- Selection of specific Tea small holders in both the countries where the owners are managing the farms themselves and the yield is below average and which are linked to progressive factories

- To carry out a baseline survey (study) in the selected small holder areas (project areas) to check on existing yield levels, stand per ha and the limitations, including soil limitations, existing vacancies, pest and disease incidence, nutrient supplies, frequency of harvesting. Such studies will provide indicators to measure progress during the project period.

- Identification of tea nurseries closer to project areas for obtaining nursery plants for regular infilling of vacancies and re-supplying casualties.

- Increase bush population by block infilling with appropriate location specific tea cultivars, by carefully avoiding the use of high-input cultivars that are susceptible to drought and pests and diseases.

- Soil conservation measures to minimize erosion and soil enrichment by incorporating organic residues and compost/vermicompost.

➢improve efficiency of harvesting practices for better quality leaf for higher remuneration.

➢establishment of good leaf collection centres and transport for efficient quick transport of leaf from the field to the factories.

➢establish quality circles with women's self-help groups selected amongst progressive farmers, to monitor leaf quality for higher remuneration and assist in the preparation of compost/vermicompost.

➢ Regular monitoring and evaluation of tea smallholdings within the project areas to assess progressive improvement to ensure sustainability, with the assistance of, consultants, extension staff from the tea factories and self-help groups.

➢A Third party to be appointed acceptable to the buyers to carry out regular inspection and provide Validatory certificates on proper maintenance of records and traceability.

Inputs:

Project coordinator to administer and coordinate the project activities in the two countries

Local Project Manager to assist in the overall day to day management of the project in the respective countries.

Local Consultants along with Extension Staff attached to the factory to be responsible for supervising and coordinating the field activities of the project and train farmers.

External Consultants to help initiate the project adopting integrated management practices based on eco- friendly agricultural practices and thereafter carry out periodical monitoring and evaluation of progress of both tea holdings and farming communities.

Trained WSHGs for assisting in the sustained and timely application of agricultural inputs

Quality circles organized with self-help groups (WSHGs) from amongst progressive farmer communities to assist in maintaining high leaf standards for quality manufacture suitable for exports.

Nursery plants and other inputs such as fertilizers, compost, vermicompost, sprayers, field tools, etc.

Leaf collection centers for collecting leaf and arrange transport

Leaf transport vehicles to ensure speedy delivery of leaf

Required inputs to be purchased from a revolving corpus deposited with the local bank, on an escrow arrangement.

Component 2: Provide grass root level extension service on all aspects of eco-friendly agricultural field practices to improve the knowledge of small holder tea farmers

Specific objective: Training smallholder tea farmers in selected project areas on eco-friendly agricultural practices for sustainable tea growing in an environmentally friendly manner and to produce enhanced quantity of good quality leaf devoid of any chemicals and also expose them to good organizational set up for the efficient leaf collection and transport as well as the successful establishment of the interface between growers and the processing factories and the coordinated supply chain towards high-value export markets

0utput: Develop 3200 skilled farmers (2400 in Sri Lanka and 800 in Uganda) in the project areas for the sustained adoption of good eco-friendly agricultural practices and the production of high quality leaf acceptable to the International Market. Dissemination of such experience and knowledge horizontally amongst the growers within and outside the project areas would have a multiplier effect to enhance knowledge of large number of farmers.

Activities

➢Establishment of Six Training Centers (Four in Sri Lanka and Two in Uganda) in selected locations closer o project areas to hold training programmes, workshops, group discussions.

➢Selection of Extension officers from the factories to assist in training of Self –help groups and farmers.

➢ Setting up of 64 SHG's (48 in Sri Lanka and 16 in Uganda) with each SHG having 50 members.

➢ In situ training of skilled Tea Farmers selected from four tea districts of Sri lanka and three of Uganda on all aspects of tea cultivation from propagation of plants to harvest and marketing.

➢ Training of skilled tea farmers on sale and marketing of produce by arranging familiarization visits to progressive quality producing factories.

➢ Quality circles organized with Women's-self-help groups (WSHG) from amongst progressive farmer communities to intensify small-holder extension activities

➢ Workshop to disseminate the need to generate high quality leaf suitable for quality tea manufacture that is free of extraneous contaminants for the growing health conscious up-market.

➢ Work shop to disseminate the positive health benefits of tea consumption and create awareness amongst the growers to help maximize such benefits by instilling the need for the growing of tea with the minimal use of chemical pollutants and maintaining good hygienic conditions during leaf handling, transport and processing.

➢ Self help group and extension officers to participate in workshop with buyers.

➢ Establish quality circles with self-help groups selected amongst progressive farmers, to discuss and identify common field problems and limitations in the small holder areas.

➢Extension officers and women's self help groups to have workshop with small holders in other districts within the country to bring about horizontal dissemination of knowledge on all aspects of good agricultural practices to result in a multiplier effect of knowledge transfer;

➢ Arrange selected farmer representatives (six farmers from Sri Lanka and four farmers Uganda) to visit the progressive smallholder tea sectors in countries such as South India and Kenya) to gain information on the overall organizational set up.

INPUTS

Project coordinator to administer and coordinate the project activities in the two countries.

Local Project Manager to assist in organizing training activities in the respective countries.

Selected extension staff from Tea Factories to assist in training of farmers.

Establish ---- Training Centres

Organize farmer self-help groups to complement extension activities.

Supply of training materials (audio visual unit, lab top computer, projectors, cameras, Margi boards etc)

Component 3: Educate the small holder tea farmers in improving their life style to uplift their social status

Specific objective: With improvement in income generation of the tea farmers in the project areas the farmers should be motivated to improve their health and life style for the upliftment of their social status and to encourage more youth to work in the tea areas.

Activities

➢ Carry out a baseline study to assess the prevailing economic condition and life style of the small holder families in project areas. This will also serve as indicators to assess alleviation of poverty

- Conduct periodical health clinics to educate the farmers on health aspects and maintaining hygiene
- Monitoring and evaluation of smallholder families within the project areas, to assess improvement in income and social status
- Establish quality circles with self-help groups selected amongst progressive farmers, to discuss common problems of the farmers and suggest self improvement with the assistance of extension officers who serve as facilitators
- Conduct film shows to demonstrate improved life style with good hygienic conditions.
- Improve the infrastructure of the tea small holder areas by improving the roads, education system, hospitals.
- Take regular census of employed youth in the tea small holder farms to ensure they are motivated to work in the tea areas without moving away to city

Inputs

Selection of consultants and extension officers from the tea factories for carrying out base line surveys and monitoring of income generation and improvement in quality of life within tea farmers

Selection of self help groups to study common problems of the farmers

Selection of medical practitioner for periodical monitoring of the health of tea farmers.

"Grass root extension service for small tea farmers in Sri Lanka and East Africa, involving self-help farmer groups for sustaining eco-friendly farm productivity improvement and traceability of improved leaf quality, towards augmenting livelihood enhancement."

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Programme Goal: Provide grass root level extension service involving self help groups and extension officers on eco friendly agricultural practices to improve productivity and produce qood quality leaf with traceability, thereby augmenting livelihood enhancement.	Measures of Goal Achievement: (a) Increase in productivity in project areas to an attainable yield of around 2,000 kg/ha during a period of 10 years; (b) Improvement in leaf quality with traceability of leaf to farms; (d) improvement in price realization to a minimum of US$ 0.75 per kg green leaf;	(a) Yield increment; (b) quality improvement of leaf standards acceptable to international trade; (c) traceability of leaf to individual farms ; (d) price realization from payments made to leaf suppliers; (e) improvement in income generation amongst smallholder families against baseline survey	(a) Continuing support from ministry in charge and the relevant executing agency (Tea Board, TSHDA,TRI of SL and UTA of Uganda) for technical and administrative support. (b) active coordinated participation of relevant institutions, local banks, input suppliers, bought leaf factories and the traders.
The Project Purpose: (a) Improve productivity of small holder tea areas (b) consistent quality of traceable leaf supplies; (c) increase the bargaining position for higher leaf pricing;(d) augmenting factory capacity (e) disseminate information on sustainable agricultural practices; (e) augment livelihood enhancement.	Conditions that will indicate purpose has been achieved: End of project status (a) Increased productivity at lower cost; (b) reduction of vacancies and elimination of weak areas; (c) validatory certificates accepted by international trade (d) Increased price realization of quality leaf (e) improvement in the knowledge of farmers on good agricultural practices (e) evident livelihood improvement.	(a) monitoring price realization amongst tea smallholders in the project areas; (b) leaf quality reports from quality circles of self-help groups and processing factories;(c) validatory certificates by external auditors on proper maintenance of records and traceability (d) improvement in the human development index from base line assessments (e) census on youth participation in small farms and the decrease in number of migrants out of farms.	(a) Price realization sufficient to motivate to invest in sustaining development in small holdings; (b) sustained coordinated participation of self-help groups (c) sustained monitoring of improvement parameters (d) sustained strengthening of linkagess between processing factories and leaf suppliers and self-help groups.
Output: (a) Successful consolidation of vacancies and weak areas to augment productivity improvement (b) improved leaf quality to enhance the bargaining position for better price realization ; (d) sustained maintenance of records of farm inputs for traceability (d) enhanced quality of life; (e) improvement in number of youths employed in small farms	Magnitude of outputs necessary and sufficient to achieve purpose. (a) Improvement in the yield of 3,200 small holder units ; (b) improved leaf standards of over 70 percent good leaf with traceability ; (c) maintaining stipulated MRLS in quality leaf; (e) increase in price realization to a minimum of US$ 0.75 per kg green leaf and (f)Improvement in the overall family income of not less than US$ 2000 per annum.	(a) assessment of knowledge base amongst tea smallholders; (b) number of holdings emerged out of poverty line and having an income of around US$ 2000 per annum; (c) improved leaf quality without extraneous contaminants; (e) overall smallholder production as a percentage of country production.	(a)Ready acceptance of recommendations by tea smallholders; (b) effective functioning of quality circles of self help groups for quality leaf production. (c) processing factories willing to pay premium prices for quality leaf; (d) middlemen do not undermine established partnership; (e) sustained demand for quality teas by the international trade .
Input: (a) Administrative and Technical support to enhance and sustain service provision to tea smallholders; (b) adoption of eco-friendly agricultural practices towards higher productivity; (c) continued training and sustained technical support by the TSHDA, Tea Board and TRI along with the participatory support of organized self-help groups for higher productivity and quality improvement of green leaf (d) assistance for social development and welfare;	Level of effort/expenditure for each activity. **Component 1:** US$ 1,500,000Improve performance of existing tea holdings in selected project areas **Component 2:** US$ 1,320,000 Provide grass-root level training on all aspects of eco-friendly field management practices **Component 3:** US$ 700,000 Community development of smallholder tea farmers for augmenting livelihood improvement.	PEA Project Progress Assessments (a) Project Progress Reports (b) Annual audited accounts (c) Periodic on-site visit reports to project areas to assess progress of implementation (d) Visit to farmer families to assess improvement in knowledge of farmers (e) Visit to farmer families to assess improvement in quality of life (e) Results of benchmark evaluations. (f) Mid-term and final Evaluation	(a) Financing through local Rural Agricultural Banks made less complicated and made on timely basis to be in line with proposed activity plan (b) The PEA and associated collaborating agencies cooperate to execute the project efficiently; (c) the respective governments remain committed to the development of the tea smallholder sector.