Sustainable Tea Production in Sri Lanka Driven by the Private Sector’s Initiatives

Background

Widely known by the “Ceylon tea” brand, the tea industry is one of the major business sectors in Sri Lanka, and the country is one of the largest producers and exporters in the world. The plantations were originally started by British planters in late the 19th century. They were taken over by the government in the 1970s, and privatized later in the 1990s. In the past decade, the tea industry has shifted towards more environmentally and socially sustainable type of production, partly affected by the global requirement for socially responsible supply chain and by market trends favoring sustainable products.

Kirin Company, Limited is a major beverage manufacturer in Japan, selling products such as beer, wine, and black tea. The company also sells its products globally, with its sales ranked 8th in the world by Forbes Global 2000. The company imports a large proportion of tea from Sri Lanka for the production of black tea beverages.

Kirin started promoting sustainable tea production as part of “the Sri Lanka Friendship Project”. The project is considered to be one of its “creating shared value” (CSV) activities, aiming for its supply chain to be operated by environmentally and socially appropriate practices. Since 2013, Kirin has supported tea plantations in acquiring Rainforest Alliance Certification (hereafter referred as RAC). As of 2017, 92 estates (tea farms) had started receiving training, and 44 of them have acquired certification. Over the three years from 2018, the company aims for supporting certifications for 7,750 smallholders. Although Kirin’s primary purpose of the activity is social responsibility, making the tea industry sustainable could be beneficial in achieving more stable supply of ingredients in the long run.

Outline

Lessons Learned and Recommendations

- Sustainable agricultural practices have been actively implemented through the initiatives of the private sector, and without public support.
- Local counterparts, well-acquainted with local people and practices, have played a pivotal role in multiple layers: decision-making at management level, forming project teams, and providing locally-tailored training.
- Some small-scale farmers (smallholders) have also succeeded in achieving Rainforest Alliance Certification, resulting in a broader outreach of measures and a more socially equitable distribution of benefits.

Photo by 2ES/MRI
Geographical Characteristics
Sri Lanka is an island nation located in the Indian Ocean. It is situated in the tropical region. The country is considered to be highly vulnerable to climate change, with impacts expected in agriculture, fisheries, and tourism. Especially, an expected intensification of extreme weather, such as drought and heavy rain, will affect agricultural production, including tea production. Because tea farms are typically situated in hilly terrain, they have already been suffering from soil erosion caused by heavy rainfall.

Objectives
The principal purpose of the project is to promote sustainable agricultural practices in tea plantations, by adopting the principles set by RAC standards. As part of its standards, climate change adaptation measures are implemented, such as prevention of soil erosion, soil enrichment and improved water management. An aspect of adaptation is especially vital in Sri Lanka, because the country has experienced frequent events of heavy rains in recent years, resulting in landslides and soil erosion.

Institutional Arrangements
Kirin has financed the project that covers the training costs of plantation workers and farmers. Other global companies, such as Unilever, have also financially supported certification in other estates. Certification and its maintenance fee have been paid by plantation companies. Kirin consulted with the Rainforest Alliance for deciding candidate sites for receiving support.

The Rainforest Alliance is a global NGO, working for biodiversity conservation and promotion of sustainable livelihood. It sets the certification standards, as well as procedures for accreditation and basic training materials.

The Alliance for Sustainable Landscape Management (ASLM) is a local NGO operating in Sri Lanka, and is a Local Partner of the Rainforest Alliance. The role of ASLM is to work with plantation companies for implementing the principles of sustainable agriculture. It provides detailed and locally-tailored training materials for plantation employees and farmers.

ASLM supports several plantation companies. In this case study the following two companies, Maskeliya Plantations PLC and Kahawatte Plantations PLC are focused. Each plantation owns several large farms (called "Estates") for producing tea and other products. Each estate is operated by an estate manager (often employees of the owning plantation company). Typically, for each estate there are a number of smallholders, who are individual farmers operating around the processing infrastructure of the estate. Tea produced in these estates is sold to tea exporters, often through tea markets, then is resold to trading companies. Trading companies provide tea to Kirin and other beverage manufacturers.

Activities
In this case study, the practices of two estates (tea farms), Strathspey Estate and Ekkerella Estate are reported, both of which have received RAC, with different set of principles and measures (see Figure 2-3-2).
1. **Training provided by ASLM**

Based on basic training materials provided by the Rainforest Alliance, ASLM provided locally tailored manuals with concrete measures. The materials were designed to be easily understood by farmers, with simple text and the frequent use of photos (see Figure 2-3-3 (A)). ASLM also provided training sessions for estate managers, workers and smallholders at training centers in the estates (see Figure 2-3-3 (B)).

2. **Strathspey Estate: Ecosystem-based soil improvement**

The Strathspey Estate is operated by Maskeliya Plantations PLC. It owns 780 ha of land and 480 ha of tea farms, and has 1,400 workers. The estate acquired RAC in 2015. Following the certification criteria, a set of measures, such as soil erosion prevention, nitrogen-fixing, forest preservation, sediment trapping, ecological corridors has been implemented.

A notable measure is for the prevention of soil erosion caused by heavy rains. On the edges of farmland and cliffs, soil-fixing plants have been applied (see Figure 2-3-3 (C)). On bare soils, nitrogen-fixing creepers have been planted. Land with a 45-degree slope or greater is left for conservation.

The plantation company started acquiring RAC according to the company’s principle on sustainability and market needs for acquiring certification. As a result of certification, quality of work and the lives of plantation workers has improved, and the awareness of sustainability among managers has also improved.

The estate was also one of the first adopters of RAC among smallholders. Smallholders tend to be left behind in terms of certification, because of lack of resources and knowledge. A set of easy-to-understand training materials and sessions, specially designed for small-scale farmers played a vital role.

3. **Ekkerella Estate: Integrated weed management**

The Ekkerella Estate is owned by Kahawatte Plantation PLC. The estate owns 765 ha of land for producing tea, cinnamon, black pepper and rubber plants. Several measures have been implemented according to RAC, which include designing drainage systems, improved terracing, integrated weed management.

A notable measure is “integrated weed management”, by which farmers selectively remove weeds with negative effects, while benevolent weeds are left intact (see Figure 2-3-3 (D)). In this way, soil nutrients are improved and biodiversity is conserved. In this estate, no herbicides nor pesticides are applied, which is a stricter standard than required for RAC (RAC permits the usage of certain level of herbicides and pesticides).

Two factors behind the successful implementation of measures are the CEO’s heightened awareness on sustainable agriculture and an organizational commitment with appropriate teams and leaders. The plantation company financially supported implementation. As a result of RAC, incomes of smallholders have improved due to reduced nutrients usage. The operating skills of farmers have also improved.
**CASE STUDY 2-3** Implementing Adaptation Measures

### Lessons Learned and Policy Recommendations

**Sustainable agricultural practices have been actively implemented through the initiatives of the private sector, and without public support**

It is noted that the project is solely operated under private initiatives, with beverage manufactures aiming for sustainable procurement, and Sri Lankan plantation companies operating with a clarified mission for sustainable agricultural practices. The scheme has expanded without public support, which could be an ideal situation for implementing adaptation measures. One of the reasons could be that the scheme was designed to be beneficial for the main stakeholders. Smallholders could improve their incomes, estate managers could have better operational plans, plantation companies could have favorable markets, and Kirin could make its supply chain more sustainable.

It is also notable that the adoption of new practice has spread rapidly. Kahawatte Plantations PLC, the company that operates the Ekkerella Estate and other estates, started acquiring RAC in 2015. Now, the proportion of certified tea has increased to 60% (as of late 2017), and the company is aiming for 100% certification. A factor behind rapid implementation might lie in its distinctive corporate culture, where the administrative decision of a large corporation can directly affect about five thousand employees and twenty-five thousand people, when their families are included.

**Local counterparts, well-acquainted with local people and practices, have played a pivotal role in multiple layers: decision-making at management level, forming project teams, and providing locally-tailored training**

Members of the local consultant, ASLM, have played a significant role in acquiring RAC for tea plantations. When managers of the plantation company decide on overall plan for sustainability, they discussed target sites and measures with managers and the Rainforest Alliance staffs. When the target sites were selected, they helped form a project team and train its team members. Finally, at the implementation level, they provided training sessions for plantation workers and smallholders.

ASLM has been very effective in communicating with farmers and workers, and it has succeeded in having the concept of sustainability and climate change sink into their minds. They understood the worker’s situation, and they have been committed to the goal. Training materials were designed to be understood by smallholders, with photos and diagrams showing concrete example of what should be done and what should be avoided. When a follow-up survey was conducted, a majority of smallholders could continue RAC, showing the effectiveness of the capacity-building.

Generally, translating the concept of sustainability into a locally actionable set of measures is a vital process in climate change adaptation. In the cases which this case study covered, they have been achieved through standards set by Rainforest Alliance and locally-tailored training carried out by ASLM.

**Some small-scale farmers (smallholders) have also succeeded in achieving Rainforest Alliance Certification, resulting in a broader outreach of measures and more socially equitable distribution of benefits**

Typically, larger farms with organizational capacity find it easier to obtain RAC, while smallholders tend to be left behind, with their resources limited. In recent years, however, plantation companies have started to put emphasis on smallholders earning certificate. This is important, because considering the goal of sustainable agriculture, the benefits of measures must be distributed equally. It is to be noted that this consideration of equality has been reached solely with the private sector’s initiatives.

It has not been easy for smallholders to obtain certification. ASLM played an important role here as well, by providing accessible training materials and sessions. It has also provided a daily reporting framework, in which smallholders themselves can plan on their own situations. These activities turned out to produce higher revenue because of improved management and reduced pesticide usage. Smallholders also turned out to have heightened sense of sustainability as a result.