

**"ELEVATING SMALLHOLDER TEA CULTIVATION IN SRI  
LANKA: STRATEGIC POLICIES 2024"  
(DRAFT FOR ACCEPTANCE)**

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## Forward: A Call for Urgent Action on National Policies and Value Chain Management in Sri Lanka's Tea Sector

It is nothing short of a travesty for Sri Lankan agriculture that the **Overarching Agriculture Policy of 2019**, developed with a generous **€28 million EU grant**, remains dormant. This inaction reflects the dire need for strategic leadership and management. Sri Lanka's current financial bankruptcy is mirrored in its systemic inefficiencies, compounded by the lack of coordination and commitment to implement transformative policies. Immediate steps must be taken to re-engage with the EU to explore ways to reactivate funding, particularly for digitalization and capacity building, both critical to driving agricultural modernization.

The absence of a coherent **Plantation Policy** further exacerbates this issue. Agriculture and plantation policies are inherently interdependent, and neglecting one undermines the success of the other. The government must prioritize addressing this gap without delay, as Sri Lanka continues to suffer from the lack of comprehensive, actionable, and sustainable national policies.

As highlighted by the Director General of the Sri Lanka Tea Board (SLTB), the handmade tea sector requires targeted interventions. The **Agriculture Modernization Project** has identified **value chain management** as a cornerstone for the agri-sector's progress. Thus, the establishment of a **dedicated advisory unit** within the Ministry of Plantation Industries (MPI), staffed with qualified value chain management consultants, is no longer optional but imperative.

**Vivonta Green Tech Consultants** ([www.vivonta.lk](http://www.vivonta.lk)) stands ready to support this national endeavor. As the sole virtual organization offering a comprehensive suite of plantation agriculture value chain services, Vivonta is uniquely positioned to provide the expertise necessary to overhaul the sector.

The **10 critical issues** raised by Mr. Ushan Samarasingha of the Low Country Planters' Association have been instrumental in shaping the draft policies outlined in this document. These policies serve as a foundational framework for the **National Policy for the Smallholder Tea Sector of Sri Lanka**. We recommend convening structured brainstorming sessions to refine these proposals into actionable strategies.

We extend our gratitude to the **Director General of the SLTB**, the **Secretary of the MPI**, **Hon. Minister Samantha Vidyaratne**, and the **34 value chain consultants of Vivonta** for their guidance and unwavering support.

The potential of Sri Lanka's plantation sector to contribute over **\$10 billion annually** to the economy is not a distant dream but an achievable reality. Through collective effort, decisive action, and strategic policymaking, we can realize this vision. Let us move forward with urgency and purpose to transform Sri Lanka's smallholder tea sector into a global success story.

**Wishing the team every success,**  
*Vivonta Green Tech Consultants Pvt Ltd*

## Annexure 01: Proposed Amendments to the TSHDA Act to Empower Smallholders and Promote Equitable Growth

To address the disparities and enhance the role (planned growth) of Sri Lanka's smallholder tea sector within the regulatory framework, the **Tea Small Holdings Development Authority Act (TSHDA)** should be amended to empower smallholders with greater decision-making authority and ensure their concerns are addressed at both administrative and legal levels. Below are suggested improvements to the Act:

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### 1. Inclusion of Smallholder Representation at the Highest Level of Decision-Making

#### Amendment Proposal:

Establish a **Smallholder Advisory Council (SAC)** within the TSHDA. This council should consist of elected representatives from smallholder societies across different regions.

#### Key Responsibilities of the SAC:

- Participate in national-level decision-making related to the tea industry.
- Provide recommendations on policies affecting tea pricing, subsidies, and sustainability.
- Oversee resource allocation, ensuring equitable access to support services like fertilizers, loans, and extension services.

#### Impact:

This structure will enable smallholders to have a direct say in strategic decisions, reducing the dominance of the Regional Plantation Companies (RPCs).

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### 2. Establishing Legal Recourse for Smallholders

#### Amendment Proposal:

Introduce a provision allowing smallholders to seek redress for grievances through a **special tribunal** under the TSHDA.

#### Special Tribunal Framework:

- Set up regional **Tea Sector Arbitration Committees** empowered to mediate disputes related to unfair trade practices, pricing discrepancies, and land-use conflicts.

- Allow appeals from these committees to a designated **Tea Sector Appeals Court** with jurisdiction under the Ministry of Plantation Industries.

**Impact:**

This ensures that smallholders have a structured mechanism to resolve disputes efficiently and equitably, without the need for lengthy and costly court processes.

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### **3. Enhanced Autonomy for Smallholder Societies**

**Amendment Proposal:**

Revise the Act to mandate that all **Tea Smallholder Societies** operate with full financial and operational autonomy under guidelines provided by the TSHDA.

**Key Features:**

- Societies should manage funds for reinvestment, infrastructure improvements, and training programs.
- Empower societies to negotiate directly with buyers and exporters for better prices, bypassing intermediaries where feasible.

**Impact:**

Strengthened societies will be better equipped to represent their members' interests and challenge inequalities in the sector.

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### **4. Protection of Smallholder Sector Interests Against RPC Dominance**

**Amendment Proposal:**

Introduce a clause requiring **regular audits and reviews** of policies that impact the smallholder sector disproportionately, with corrective action plans implemented when disparities are identified.

**Implementation Mechanisms:**

- Create a **National Tea Development Balance Report** published annually, assessing the equity of policies and investments between smallholders and RPCs.
- Allocate a minimum percentage of national tea development funds exclusively for smallholder-focused projects.

**Impact:**

This ensures that the smallholder sector is not overshadowed by RPCs and receives proportional recognition and support.

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**5. Incentivizing Innovation and Investment in the Smallholder Sector****Amendment Proposal:**

Provide legal and financial incentives for smallholder cooperatives to innovate, such as introducing micro-loan schemes, grants for adopting sustainable practices, and subsidies for modern equipment and transport vehicles.

**Additional Focus:**

Empower smallholders to transport their tea leaves directly to processing centers, bypassing profit-driven intermediaries who compromise quality.

**Impact:**

These incentives will encourage smallholders to modernize operations, increase productivity and competitiveness, and meet planned growth levels.

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**6. Extending Leasehold Periods for Land Use Security****Amendment Proposal:**

Advocate for leasehold reform to extend land tenure for both RPCs and smallholders, ensuring secure long-term rights over their lands.

**Contingency Planning:**

The government should develop a **Plan B** to take over the management of large-scale plantations if RPCs fail to fulfill obligations.

**Impact:**

This will enable both sectors to make long-term investments in productivity and sustainability.

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## 7. Regular Review and Revision of the Act

### Amendment Proposal:

Mandate a **five-year review cycle** for the TSHDA Act to incorporate emerging challenges and opportunities in the tea sector.

### Impact:

This ensures the Act remains relevant and adaptive to the needs of smallholders and other stakeholders.

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### Expected Outcomes

These amendments will:

1. Amplify the voice of smallholders in national policy discussions.
2. Ensure legal protection and fair treatment for smallholders.
3. Balance the influence of RPCs and smallholders in the tea industry.
4. Drive innovation, productivity, and sustainability within the smallholder sector.

Through these reforms, the TSHDA Act can become a transformative tool for equitable growth and representation in Sri Lanka's tea sector.

**Date:** 30th November 2024

## Annexure 2: Framework for Establishing a Price Stabilization Mechanism for Sri Lanka's Tea Sector

To protect Sri Lanka's tea growers from price volatility, a Price Stabilization Fund (PSF), supported by government subsidies, and the introduction of forward contracts and futures trading, can provide long-term financial security. Below is a comprehensive framework to establish and implement these mechanisms effectively:

### 1. Objectives

**Mitigate Risks:** Shield tea growers from adverse price fluctuations during low-price seasons.

**Ensure Income Stability:** Provide a steady income to smallholders and other growers.

**Promote Market Transparency:** Enhance market predictability through regulated futures and forward contracts.

**Boost Confidence:** Encourage growers to invest in sustainable practices and productivity improvements.

### 2. Key Components of the Framework

#### 2.1 Price Stabilization Fund (PSF)

**Structure:**

The PSF will be a government-managed fund with contributions from tea growers, processors, exporters, and the government.

Revenue streams include government subsidies, levies on high-season profits, and potential international aid or grants.

**Functions:**

**Price Floor Mechanism:** Guarantee a minimum price for tea during low-price seasons.

**Risk Management:** Offset losses when market prices fall below production costs.

**Incentive Programs:** Fund training, technology adoption, and quality improvements.

**Operational Model:**

Create a baseline price index for tea, regularly reviewed and adjusted.

Disburse payments to growers when market prices fall below the baseline index.



## Governance:

Managed by a Tea Price Stabilization Board (TPSB) consisting of representatives from:  
Smallholder tea societies.

Regional Plantation Companies (RPCs).

Exporters.

Government officials.

Independent economic advisors.

Value chain consultants

## 2.2 Forward Contracts and Futures Trading

### Policy Framework:

Develop legislation to enable forward contracts and futures trading specific to tea.

Establish guidelines for fair trading practices, enforceable through regulatory bodies.

### Market Structure:

Create a Tea Futures Exchange under the Ministry of Plantation Industries.

Standardize tea grades (only 8? quantities, and delivery timelines for contracts).

### Stakeholder Involvement:

Facilitate partnerships between growers, brokers, and buyers to promote forward contracts.

Provide training and awareness programs for smallholders on futures trading benefits.

### Risk Mitigation Measures:

Ensure contracts are backed by a government guarantee scheme to minimize default risks.

Introduce insurance products to cover unexpected production losses.

## 3. Implementation Strategy

### 3.1 Legislative and Regulatory Development

Amend existing tea industry legislation to incorporate provisions for the PSF and futures trading.

Establish a regulatory authority to oversee operations, enforce transparency, and manage disputes.

### 3.2 Infrastructure Development

Set up a National Tea Price Monitoring System to collect and analyze data on market trends, production costs, and global demand.

Develop a centralized digital platform for futures trading accessible to all stakeholders.

### 3.3 Capacity Building

Conduct extensive training for growers, brokers, and exporters on forward contracts, futures trading, and financial literacy.

Partner with financial institutions to provide technical assistance and support.

### 3.4 Funding and Resource Allocation

Initial capitalization of the PSF through government allocations and international development funds.

Annual contributions from private stakeholders, scaled according to production and revenue.

## 4. Monitoring and Evaluation

Performance Metrics:

Number of growers benefiting from the PSF.

Reduction in income volatility among smallholders.

Volume of tea traded through futures contracts.

Growth in tea exports and market share.

Periodic Reviews:

Conduct quarterly evaluations to assess fund utilization and market performance.

Adjust the baseline price and contract terms based on feedback and economic trends.

Feedback Mechanisms:

Establish grievance redressal systems for growers to report issues with price stabilization measures.

## 5. Expected Outcomes

A more resilient tea sector capable of withstanding price fluctuations.

Increased income security and stability for growers, particularly smallholders.

Enhanced global competitiveness of Sri Lankan tea through reduced uncertainty and improved quality standards.

Sustainable growth and equity within the value chain, fostering long-term investment and innovation.

Through this framework, Sri Lanka's tea industry can achieve financial stability while empowering growers to focus on productivity and quality improvements.

### 3. Annexure 3: Skill Labor Shortage Management Policy for Sri Lanka's Tea Sector

#### Objective

To address the shortage of skilled labor in the tea sector by creating a sustainable workforce pipeline through skill development, fair compensation, and career growth opportunities.

#### 1. Key Components of the Policy

##### 1.1 Development of a Job and Skill Inventory

Small holder sector technical category Job Inventory:

Conduct a comprehensive survey to identify all job roles in the tea smallholder sector, including harvesting, processing, logistics, quality assurance, and management. Categorize roles based on their complexity and required skill levels.

Skill Inventory:

Identify the technical and soft skills required for each job. Include skills such as modern plucking techniques, pruning, pest management, machine operation, and sustainable farming practices.

Mapping Skills to Roles:

Develop a matrix linking job roles to the corresponding skills and competencies needed.

##### 1.2 Establishment of Regional Skill Development Centers

Regional Alignment:

Set up centers in key tea-growing regions (e.g., Nuwara Eliya, Badulla, Ratnapura) to ensure accessibility.

Training Programs:

Offer certifications in areas like modern harvesting techniques, tea processing, and sustainable agricultural practices.

Collaborate with national vocational training programs to integrate sector-specific modules.

Facilities:

Provide training equipment such as mechanized plucking machines, quality testing kits, and tea processing tools.

Incentives for Participation:

Provide stipends or travel allowances to attract young workers to training programs.

### 1.3 Certification and Assessment Framework

Competency-Based Assessment:

Develop assessment criteria aligned with identified skills.

Include both practical evaluations and theoretical tests.

Certification Levels:

Introduce tiered certifications (e.g., Basic, Intermediate, Advanced) to reflect skill levels.

Recognize certifications through industry-wide endorsement.

Accreditation:

Partner with institutions like the Tertiary and Vocational Education Commission (TVEC) to ensure certifications meet national standards.

### 1.4 Pay Grade and Compensation Structure

Daily Pay Linked to Competencies:

Develop pay grades based on skill levels and certifications.

Example:

Unskilled Worker: Base pay.

Certified Level 1: Base pay + 10%.

Certified Level 2: Base pay + 20%.

Annual Compensation Model:

Introduce a Total Compensation Model (TCM) combining daily wages, productivity bonuses, and long-term benefits like pensions (*already started with Social Security Board – Ms. Kalhari De Silva 0714451076*) and health insurance. (*Insurance Regulation Authority*)

Include performance-linked incentives for workers exceeding (QQCD) quality, quantity, cost and delivery targets as agreed with the management.

## 1.5 Attracting Young Workers

### Career Pathways:

Highlight growth opportunities, such as progressing from a harvester to a field supervisor or processing specialist.

### Engagement Initiatives:

Host career fairs and awareness campaigns in schools and communities to showcase the benefits of working in the tea sector.

### Workplace Modernization:

Improve working conditions, such as providing safe equipment, better facilities, and welfare programs.

## 2. Implementation Strategy

### 2.1 Public-Private Partnerships (PPP)

Partner with plantation companies, government agencies, and NGOs to fund and operate skill development centers, overseas tours and reward ceremonies once in six months. (behavioral changes to promote totally productive technicians)

### 2.2 Technology Integration

Use e-learning platforms to complement physical training.

Develop mobile apps for skill assessments, tracking certifications, and accessing resources.

### 2.3 Policy Advocacy

Advocate for government incentives, such as tax benefits for companies supporting skill development programs.

Seek international grants and donor funding for initial implementation.

### 3. Monitoring and Evaluation

Key Performance Indicators (KPIs):

Number of workers trained and certified annually.

Reduction in labor shortages across tea estates.

Increase in productivity and quality of tea harvested.

Feedback Mechanisms:

Regular surveys to assess worker satisfaction and identify areas for program improvement.

#### 3.1 Expected Outcomes

A competence framework for each of the job title.

Creation of a skilled & certified workforce tailored to the tea sector's needs.

Increased productivity and efficiency across the value chain.

Better job satisfaction and retention rates among tea sector employees.

Sustainable growth and modernization of the tea industry in Sri Lanka.

4.1 Here are five professional and internationally appealing job titles designed to elevate the social esteem and pride of tea pluckers and other daily-paid workers in the tea industry with standard field uniforms / identity cards:

**Agro-Harvesting Specialist**

A title that highlights the expertise and precision required for plucking tea leaves while aligning with global agricultural terminology.

**Tea Quality Technician**

This emphasizes the worker's critical role in ensuring the quality of harvested tea, reflecting professionalism and technical skill.

**Sustainable Harvest Associate**

A modern and environmentally conscious title that acknowledges the worker's contribution to sustainable tea farming practices.

**Crop Care Coordinator**

A title that conveys responsibility and coordination, underscoring the worker's role in nurturing tea plants for optimal yield.

**Plantation Operations Specialist**

A versatile title that elevates daily-paid workers by focusing on their operational expertise within the plantation ecosystem.

These titles aim to dignify the roles and inspire a sense of pride while aligning with global professional standards.



## Annexure 5: Policy Name: Global Tea Marketing and Branding Initiative (GTMBI)

### Policy Framework

#### Objective:

To position Sri Lanka as a global leader in premium tea through innovative marketing, international branding, and strategic digital outreach, ensuring the sustained growth of the tea industry while diversifying into high-value markets.

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### Key Components

#### 1. National Digital Marketing Platform:

- Develop an interactive digital platform showcasing Sri Lanka's unique tea heritage, regions (terroir), and specialty blends.
- Features include:
  - Virtual tours of tea estates.
  - Stories of tea culture and history.
  - A marketplace for direct-to-consumer sales.

#### 2. Collaborations with Influencers and Digital Content Creators:

- Partner with global influencers and food/beverage content creators to promote Sri Lankan tea as a lifestyle product.
- Use storytelling to highlight the cultural and health benefits of Sri Lankan tea.

#### 3. Branding Premium Tea Segments:

- Position Sri Lankan tea in three premium categories:
  - Single Estate Teas: Focused on unique terroir.
  - Organic Certified Teas: Aligned with global sustainability trends.
  - Wellness and Medicinal Teas: Highlighting health benefits.

#### 4. Simplifying and Enhancing Product Offerings:

- Standardize tea grades into internationally recognized categories for clarity and appeal.

- Innovate in flavor profiles and packaging design to cater to modern consumer preferences.
  - Promote "refuse tea" as a fiber-rich product for the global health and wellness market.
5. Expanding Direct Export Capabilities:
- Provide logistical and marketing support for smallholder producers to access global markets directly.
  - Develop export consortia to negotiate better trade terms.
6. Leveraging Global Trends:
- Focus on growing demand for organic, specialty, and ready-to-drink teas.
  - Collaborate with health experts to market medicinal teas internationally.
7. Establishing Strategic Partnerships:
- Collaborate with luxury hotels, airlines, and gourmet food brands to integrate Sri Lankan tea into premium hospitality experiences.
  - Partner with international tea associations and participate in global trade fairs.
8. Capacity Building and Research:
- Train tea producers and marketers on global branding trends and digital tools.
  - Invest in R&D for innovative tea products and flavors.
9. Strengthening the Sri Lanka Tea Board (SLTB):
- Employ professional marketers, food scientists, and content creators on a contractual basis.
  - Create a Global Tea Market Intelligence Unit to track trends and guide branding strategies.
10. Market Differentiation through Certifications:
- Introduce a Ceylon Certified Authenticity Seal for traceability and quality assurance.
  - Promote geographical indication (GI) recognition for major tea regions like Uva, Dimbula, and Nuwara Eliya.

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## Implementation Plan

1. Phase 1 (Year 1): Foundation Building
  - Launch the national digital marketing platform.
  - Identify key influencers and initiate collaborations.
  - Begin product standardization and certification processes.
2. Phase 2 (Year 2-3): Market Expansion
  - Participate in international expos and trade fairs.
  - Build export channels for smallholders.
  - Develop high-value partnerships with global brands.
3. Phase 3 (Year 4-5): Sustained Growth
  - Strengthen Sri Lanka's presence in emerging markets (e.g., China, Southeast Asia).
  - Expand premium product lines and packaging innovations.
  - Launch global campaigns focusing on health and sustainability.

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## Expected Outcomes

1. Increased Export Revenue:
  - Grow annual tea export revenue from \$1.3 billion to \$2 billion within 5 years.
2. Brand Recognition:
  - Establish Sri Lanka as a top destination for premium tea in global markets.
3. Diversified Markets:
  - Expand into high-value markets such as health-conscious consumers and organic product segments.
4. Empowered Smallholders:
  - Enable direct export capabilities, increasing smallholder profitability.
5. Sustainable Industry Growth:
  - Enhance long-term viability through organic and sustainable practices.

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This policy will ensure Sri Lanka's tea industry remains competitive in a rapidly evolving global market while enhancing its brand equity and expanding its footprint in premium segments

## Annexure 6: Policy Name: Tea Sector Wellness and Substance Abuse Prevention Policy (TSW-SAPP)

### Policy Objective

To reduce and prevent substance abuse among employees in the tea sector through awareness, counseling, rehabilitation, and community-based initiatives, fostering a healthy, productive, and supportive workforce.

### Policy Framework

#### 1. Awareness and Education

##### Workplace Awareness Campaigns:

Conduct regular awareness programs highlighting the risks of substance abuse.

Use visual aids, workshops, and expert speakers to educate employees and their families.

Distribute educational materials in multiple languages for better outreach.

##### Peer Educator Program:

Train selected employees as peer educators to disseminate information and support substance abuse prevention.

#### 2. Counseling and Support Services

##### Employee Assistance Program (EAP):

Provide confidential access to counseling services for employees battling substance abuse.

Include family counseling as a key component to create a supportive home environment.

##### Helpline Services:

Establish a 24/7 helpline for anonymous advice and immediate support.

#### 3. Rehabilitation and Recovery

##### Partnerships with Health Organizations:

Collaborate with healthcare providers and NGOs to create accessible rehabilitation programs.

Facilitate on-site health checkups to identify early signs of substance abuse.

##### Reintegration Programs:

Support employees undergoing treatment by offering flexible work arrangements and reintegration plans post-recovery.

#### 4. Community-Based Prevention Initiatives

##### Community Awareness Drives:

Engage local communities in anti-substance abuse campaigns, focusing on tea sector villages and housing areas.

##### Youth and Family Programs:

Organize youth engagement activities to educate the next generation about substance abuse risks.

Provide parenting workshops to strengthen family units and reduce vulnerabilities.

#### 5. Workplace Policies and Accountability

##### Zero-Tolerance Policy:

Enforce a strict no-substance abuse workplace policy, with clear consequences for violations.

##### Random Screening:

Conduct random, non-invasive substance abuse screening at workplaces to ensure compliance.

#### 6. Monitoring and Reporting

##### Substance Abuse Task Force (SATF):

Create a dedicated task force to monitor substance abuse trends, evaluate policy impact, and suggest improvements.

##### Annual Reporting:

Publish annual reports on substance abuse trends and the effectiveness of intervention measures.

##### Implementation Plan

##### Phase 1 (Year 1): Launch

Conduct baseline surveys to assess the prevalence of substance abuse.

Roll out initial awareness programs and set up counseling services.

## Phase 2 (Year 2-3): Scaling Up

Expand community-based initiatives.

Partner with local and national health organizations for rehabilitation services.

## Phase 3 (Year 4-5): Sustained Efforts

Strengthen monitoring mechanisms and refine programs based on feedback.

Create success stories to inspire wider participation and reduce stigma.

### Expected Outcomes

#### Reduction in Substance Abuse Rates:

A measurable decrease in substance abuse cases within the tea sector workforce over five years.

#### Improved Employee Well-Being:

Enhanced productivity and mental health among employees.

#### Community Resilience:

Stronger community networks actively participating in substance abuse prevention.

#### Sustainable Impact:

Long-term cultural shift toward a healthier, substance-free workforce.

This policy leverages education, support, and accountability to combat substance abuse, ensuring the tea sector thrives with a healthier and more motivated workforce.

#### Establishing Strategic Partnerships:

Collaborate with luxury hotels, airlines, and gourmet food brands to integrate Sri Lankan tea into premium hospitality experiences.

Partner with international tea associations and participate in global trade fairs.

#### Capacity Building and Research:

Train tea producers and marketers on global branding trends and digital tools.

Invest in R&D for innovative tea products and flavors.

#### Strengthening the Sri Lanka Tea Board (SLTB):

Employ professional marketers, food scientists, and content creators on a contractual basis.

Create a Global Tea Market Intelligence Unit to track trends and guide branding strategies.

Market Differentiation through Certifications:

Introduce a Ceylon Certified Authenticity Seal for traceability and quality assurance.

Promote geographical indication (GI) recognition for major tea regions like Uva, Dimbula, and Nuwara Eliya.

Implementation Plan

Phase 1 (Year 1): Foundation Building

Launch the national digital marketing platform.

Identify key influencers and initiate collaborations.

Begin product standardization and certification processes.

Phase 2 (Year 2-3): Market Expansion

Participate in international expos and trade fairs.

Build export channels for smallholders.

Develop high-value partnerships with global brands.

Phase 3 (Year 4-5): Sustained Growth

Strengthen Sri Lanka's presence in emerging markets (e.g., China, Southeast Asia).

Expand premium product lines and packaging innovations.

Launch global campaigns focusing on health and sustainability.

Expected Outcomes

Increased Export Revenue:

Grow annual tea export revenue from \$1.3 billion to \$5 billion (?) within 5 years.

Brand Recognition:

Establish Sri Lanka as a top destination for premium tea in global markets.

Diversified Markets:



Expand into high-value markets such as health-conscious consumers and organic product segments.

Empowered Smallholders:

Enable direct export capabilities, increasing smallholder profitability.

Sustainable Industry Growth:

Enhance long-term viability through organic and sustainable practices.

This policy will ensure Sri Lanka's tea industry remains competitive in a rapidly evolving global market while enhancing its brand equity and expanding its footprint in premium segments.

## Annexure 7: Policy Name: Structured Temporary Worker Importation Policy (STWIP)

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### Policy Objective

To address labor shortages in the tea sector by importing temporary workers under regulated agreements, ensuring ethical recruitment practices, skill alignment, and compliance with national and international labor standards.

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### Policy Framework

#### 1. Strategic Agreements with Partner Countries

- Establish **bilateral labor agreements** with countries having surplus skilled or semi-skilled labor (e.g., South Asia or Southeast Asia).
  - Define quotas and duration for temporary worker deployment based on sector needs.
  - Ensure agreements include provisions for cultural orientation and skill matching.
- 

#### 2. Skill Assessments and Training

- Conduct **pre-employment skill assessments** in collaboration with accredited agencies in source countries.
  - Provide **industry-specific training** to workers before deployment, emphasizing:
    - Modern tea harvesting and processing techniques.
    - Workplace safety and compliance with Sri Lankan standards.
  - Offer **onboarding programs** upon arrival to familiarize workers with local practices and laws.
- 

#### 3. Adherence to Labor Laws and Rights

- Enforce strict compliance with Sri Lankan labor laws and **ILO standards** on fair wages, working hours, and living conditions.
  - Ensure workers' rights to:
    - Freedom from exploitation.
    - Access to grievance mechanisms.
    - Equal pay for equal work as local employees with similar roles.
- 

#### 4. Welfare and Integration Measures

- Provide **safe housing** and access to basic amenities near work sites.
  - Facilitate **cultural exchange programs** to promote harmonious integration with local communities.
  - Establish support systems, including language assistance and counseling services.
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## 5. Monitoring and Governance

- Create a **Temporary Worker Oversight Authority (TWOA)** to monitor recruitment, placement, and working conditions.
  - Develop a **compliance checklist** for employers to ensure adherence to labor laws.
  - Conduct regular audits and inspections to prevent abuse and exploitation.
- 

## 6. Transition and Exit Strategy

- Implement **phased repatriation plans** for temporary workers at the end of their contracts.
  - Offer re-hiring options for skilled workers under renewed agreements.
  - Explore pathways for knowledge transfer to local workers, reducing reliance on imported labor over time.
- 

## Implementation Plan

### Phase 1 (Year 1): Feasibility and Framework Development

- Conduct a **labor market analysis** to determine specific workforce shortages in the tea sector.
- Negotiate and finalize bilateral agreements with source countries.
- Develop recruitment guidelines in partnership with licensed agencies.

### Phase 2 (Year 2-3): Pilot Program Launch

- Deploy a **small-scale pilot program** to import temporary workers for selected estates.
- Monitor the program's impact on productivity, costs, and worker satisfaction.

### Phase 3 (Year 4-5): Full-Scale Implementation and Optimization

- Expand the program across the tea sector.
  - Establish **feedback mechanisms** to refine processes and address emerging challenges.
  - Gradually reduce reliance on imported labor by building local capacity.
- 

## Expected Outcomes

1. **Enhanced Productivity:**
  - Mitigation of labor shortages, ensuring uninterrupted tea production cycles.
2. **Ethical Recruitment Practices:**
  - Transparent processes and fair treatment for all imported workers.
3. **Sustainable Workforce Management:**
  - A balanced approach combining temporary worker importation and local skill development.
4. **Stronger Bilateral Relations:**

- Strengthened diplomatic ties with source countries through mutually beneficial labor agreements.

This policy provides a structured, ethical framework for importing temporary workers while safeguarding their rights and fostering long-term workforce sustainability.

## Annexure 8: Policy Name: Workforce Well-Being and Engagement Policy (WWEP)

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### **Policy Objective**

To reduce absenteeism and enhance productivity in the tea sector by improving employee satisfaction through better living conditions, healthcare, recognition programs, and grievance resolution mechanisms.

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### **Policy Framework**

#### **1. Enhanced Living Conditions**

- **Upgraded Housing:**
    - Renovate existing housing to ensure proper ventilation, sanitation, and safety.
    - Introduce family-friendly accommodations to foster stability.
  - **Basic Amenities:**
    - Provide access to clean water, electricity, and communal facilities like kitchens and recreational areas.
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#### **2. Comprehensive Healthcare Facilities**

- **On-Site Clinics:**
    - Establish or upgrade healthcare facilities within estates for primary care and emergency services.
  - **Preventive Healthcare Programs:**
    - Regular health check-ups, vaccination drives, and health education sessions.
  - **Health Insurance:**
    - Provide affordable or employer-subsidized health insurance plans for workers and their families.
- 

#### **3. Recognition and Incentive Programs**

- **Performance-Based Rewards:**
    - Introduce monetary and non-monetary incentives for consistent attendance and high performance.
  - **Recognition Events:**
    - Celebrate achievements through monthly or annual award ceremonies.
  - **Skill Development Opportunities:**
    - Offer training programs leading to certifications and career growth within the sector.
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#### **4. Grievance Management and Feedback Mechanisms**

- **Periodic Surveys:**
    - Conduct employee satisfaction surveys every six months to identify grievances and improvement areas.
  - **Grievance Redressal Committees:**
    - Form estate-level committees to address worker concerns promptly.
  - **Open Communication Channels:**
    - Provide anonymous complaint mechanisms to encourage candid feedback.
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## 5. Tailored Interventions

- Analyze absenteeism trends to implement:
    - **Flexible Working Arrangements:** Adjust schedules to accommodate personal needs, especially during peak seasons.
    - **Targeted Support Programs:** Address specific challenges like childcare or elder care.
- 

## Implementation Plan

### Phase 1 (Year 1): Needs Assessment and Pilot Initiatives

- Conduct baseline surveys to determine current job satisfaction and absenteeism rates.
- Launch pilot programs in selected estates focusing on housing, healthcare, and recognition initiatives.

### Phase 2 (Year 2-3): Expansion and Optimization

- Scale up successful pilot initiatives across the sector.
- Introduce estate-specific interventions based on periodic survey findings.

### Phase 3 (Year 4-5): Integration and Sustainability

- Establish these practices as industry standards.
  - Embed continuous feedback mechanisms to ensure policy relevance and effectiveness.
- 

## Expected Outcomes

1. **Reduced Absenteeism:**
  - Improved worker attendance through enhanced job satisfaction.
2. **Higher Productivity:**
  - A motivated workforce contributing to improved operational efficiency.
3. **Better Employee Retention:**
  - Reduced turnover by addressing worker grievances and promoting career growth.
4. **Enhanced Reputation:**
  - Strengthened brand image as a sector prioritizing worker well-being.

This policy offers a structured approach to fostering a satisfied, healthy, and motivated workforce, thereby addressing absenteeism challenges effectively.

## **Annexure 9: Policy Name: Exchange Rate Resilience Policy (ERRP)**

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### **Policy Objective**

To mitigate the adverse impacts of currency exchange rate fluctuations on the tea sector by promoting market diversification, hedging strategies, and bilateral trade agreements, ensuring stable revenues and long-term economic sustainability.

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### **Policy Framework**

#### **1. Market Diversification**

- **Expanding Export Destinations:**
    - Identify and target untapped markets in Africa, South America, and Asia-Pacific.
    - Promote Ceylon Tea's unique qualities through digital marketing campaigns and trade shows.
  - **Product Diversification:**
    - Develop new tea variants and value-added products to appeal to diverse consumer preferences in different markets.
- 

#### **2. Currency Risk Hedging**

- **Utilizing Financial Instruments:**
    - Encourage exporters to adopt hedging tools such as forward contracts, options, and swaps to mitigate exchange rate risks.
    - Partner with financial institutions to offer affordable hedging solutions tailored for smallholder exporters.
  - **Export Revenue Stabilization Fund:**
    - Establish a government-backed fund to cushion the industry against drastic currency fluctuations.
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#### **3. Bilateral Trade Agreements**

- **Local Currency Trade Mechanisms:**



- Promote bilateral trade agreements with key importing countries to enable payments in local currencies.
  - Establish currency swap agreements to minimize dependency on volatile international currencies like USD.
  - **Trade Incentives:**
    - Provide incentives for exporters engaging in local currency transactions under bilateral agreements.
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#### **4. Digital Trade Platforms**

- **National Tea Export Portal:**
    - Develop an integrated digital platform for exporters to connect directly with global buyers, reducing intermediaries and transaction delays.
  - **Real-Time Currency Updates:**
    - Integrate real-time currency exchange rate tools and forecasting modules into the platform for informed decision-making.
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#### **5. Industry Collaboration**

- **Exporter Forums:**
    - Create platforms for exporters to share best practices and collectively address currency fluctuation challenges.
  - **Public-Private Partnerships:**
    - Collaborate with financial institutions and trade organizations to develop innovative financial solutions for the tea sector.
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### **Implementation Plan**

#### **Phase 1 (Year 1-2): Analysis and Capacity Building**

- Conduct a detailed analysis of current market concentration and currency risk exposure.
- Train exporters on the use of financial hedging tools and the benefits of market diversification.

## **Phase 2 (Year 3-4): Policy Rollout**

- Implement bilateral trade agreements with top export destinations.
- Launch the National Tea Export Portal with integrated risk management tools.

## **Phase 3 (Year 5): Monitoring and Expansion**

- Assess policy impact and refine strategies based on feedback.
  - Expand bilateral agreements and trade partnerships with additional countries.
- 

## **Expected Outcomes**

### **1. Revenue Stability:**

- Reduced vulnerability to currency fluctuations ensuring steady export earnings.

### **2. Increased Market Reach:**

- Diversified export destinations boosting the global footprint of Ceylon Tea.

### **3. Cost Efficiency:**

- Lower transactional costs through local currency trade mechanisms.

### **4. Enhanced Exporter Confidence:**

- Empowered exporters leveraging financial tools to mitigate risks.

This policy ensures a proactive approach to managing exchange rate volatility while safeguarding the economic interests of the Sri Lankan tea sector.

## Annexure 10: Policy Name: Dynamic Wage Framework for Sustainable Growth (DWFS)

### Policy Objective

To establish a fair, flexible, and sustainable wage system in the tea sector, linking wages to productivity, market dynamics, and cost-of-living indices. This framework aims to ensure equitable income for workers while maintaining economic viability for plantation businesses.

### Policy Framework

#### 1. Key Components of the Dynamic Wage Formula

##### Productivity-Based Adjustments:

Link a portion of wages to individual or team productivity metrics, such as kilograms of tea plucked or processed per worker.

##### Market Price Indexation:

Tie wage increments to global tea market prices, ensuring that workers benefit from favorable market conditions.

##### Cost-of-Living Adjustments (COLA):

Periodically revise wages based on national or regional cost-of-living indices to address inflation and economic challenges.

#### 2. Stakeholder Engagement

##### Tripartite Consultations:

Engage employers, worker unions, and government representatives in developing and refining the wage formula.

##### Transparent Communication:

Ensure all stakeholders understand how wages are calculated and how their efforts or market trends influence earnings.

#### 3. Implementation Mechanisms

##### Wage Calculation Software:

Develop a digital platform to calculate and disseminate wage adjustments based on real-time data inputs.

##### Piloting the Model:

Test the wage formula in select estates before full-scale implementation to identify challenges and refine processes.

#### 4. Supporting Measures

##### Skill Development:

Provide training programs to improve productivity and enable workers to earn higher wages under the formula.

##### Incentives for Innovation:

Introduce rewards for workers who adopt innovative or efficient techniques that enhance output.

#### 5. Regular Review and Adjustment

Establish a wage review committee to assess the effectiveness of the formula annually and recommend adjustments based on feedback and economic conditions.

#### Implementation Plan

##### Phase 1 (Year 1): Development and Stakeholder Consensus

Develop the dynamic wage formula through consultations with all stakeholders.

Design and pilot the digital wage calculation platform in 5-10 estates.

##### Phase 2 (Year 2-3): Gradual Rollout and Training

Expand implementation to all estates, accompanied by productivity and technology training for workers.

Monitor and address any challenges in real-time.

##### Phase 3 (Year 4-5): Consolidation and Expansion

Conduct an impact analysis to measure the policy's success in improving worker satisfaction and estate profitability.

Refine and standardize the formula for sector-wide adoption.

#### Expected Outcomes

##### Fair Compensation:

Workers receive equitable wages reflecting their productivity and market contributions.

##### Economic Sustainability:

Plantations maintain financial viability by aligning labor costs with market conditions.

Worker Motivation:

Increased morale and productivity through transparent and performance-linked wages.

Industry Stability:

Reduced labor disputes and absenteeism by addressing wage fairness dynamically.

This Dynamic Wage Framework ensures a balanced approach to compensation, fostering mutual growth and sustainability for workers and employers in the tea sector.