



## Catalysing systemic action for a more sustainable tea sector – the story of Tea 2030

*Dr Sally Uren, Chief Executive, Forum for the Future, October 2020*

Convening multi-stakeholder collaborations is one of the key ways in which Forum for the Future delivers on our mission of accelerating progress towards sustainable development. From food and renewable energy to the beauty and personal care sector, and across a range of land-based commodities, we have used collaborative processes to bring different actors together, all of whom face a common sustainability challenge, and try and solve shared complex challenges.

How do we do this, and how do we decide where and how to intervene to drive action? What impact do we create and what insights and learning can we pass on to others? This article seeks to answer these questions by drawing on the experience from one of Forum's longest-running collaborative initiatives, focused on the tea sector: [Tea 2030](#).

### Why focus on tea?

Tea is grown in around 60 countries around the world, with China, India, Sri Lanka and Kenya together accounting for 75% of global production. Like [many other commodities](#), the future of tea is not secure. Millions of tea smallholders live in, or close to poverty. Poor worker conditions on tea plantations continue to hit the news headlines and the tea itself is grown in parts of the world where landscapes are rapidly eroding today, and are susceptible to climate change tomorrow. The challenges facing tea are too big for one organisation to handle alone and, without fundamental change, are likely to deepen, rather than lessen, over time.

Tea 2030 was a pre-competitive multi-stakeholder initiative convened by Forum for the Future in 2013 in response to these pressing, and wide ranging, sustainability challenges facing the industry. The main goal of the initiative was to develop a common understanding of the long term challenges and opportunities facing the global tea industry, as well as to identify systemic challenges which require action from across the entire value chain.

### Our approach: the process of collaboration

Forum has been convening and facilitating [system change collaborations](#) for over twenty years. Our projects and initiatives tend to follow the following process, into which we bring our system diagnostic tools, our [futures](#) techniques and our evolving understanding of how systemic change happens.



Fig 1: The process of collaboration, from Forum's [Collaboration Guidebook](#).

## What exactly did this look like for Tea 2030?

### Step 1: Confirm the need

Back in 2012, both Finlays and Unilever, long-standing Forum for the Future partners, independently expressed concern about the long-term viability of the global tea industry. Whilst there were already other collaborative platforms in operation in 2013, they did not feel that the industry was taking a sufficiently futures and systemic approach to the many challenges the industry faced.

In order to test this hypothesis, we undertook a short scoping study. Engagement with key stakeholders confirmed that yes, whilst there was some great work happening in the sector – most notably the projects being delivered under the umbrella of the Ethical Tea Partnership – the industry did not have a shared vision of success, and was not aligned on key actions it needed to take to secure its future.

### Step 2: Convene partners

Having confirmed the need, we moved on to recruiting partners to the initiative. Critically, we had to ensure representation from all parts of the tea value chain, which meant we needed the tea producers as well as the tea brands. We secured participation from Tata Global Beverages, Finlays, Taylors, S&D, Starbucks and Unilever, and – to avoid this becoming purely a business-only platform – also invited Rainforest Alliance and Fairtrade to participate. Finally, it was clear that Tea 2030 needed to add to existing efforts and initiatives rather than detract, so it was critical to include the two organisations already very active in the tea industry, the Ethical Tea Partnership and the IDH – The Sustainable Trade Initiative.

Alongside these core partners, most of whom made a financial contribution to the initiative, we also engaged widely with both the growers and tea associations.



### **Step 3: Scope and diagnose**

Now that we had formed a coalition of partners, we needed to understand what exactly the big systemic challenges facing the tea industry were. This stage of any collaborative initiative is critical to ensure a shared understanding within the industry of its biggest challenges, the perception of which will vary according to where an organisation sits in the system. For example, the concerns of a smallholder tea grower will not be the same as those of a brand manager in a multinational corporation. Using interviews and desk research we set about diagnosing what was going on in the tea industry.

### **Step 4: Explore emerging futures**

Research and interviews can shed important light on the current issues any industry is facing. However, one of the most powerful ways of understanding, and then tackling, systemic barriers is to co-create different possible, plausible future scenarios as a way of asking the 'what if' questions. What if the global tea industry adapted to climate change? What if we can re-imagine the way tea is traded in ways that deliver greater value capture to those on the edge of poverty? Scenarios allow us to explore what the future might look like, and in the case of the more positive versions of any future, we can then ask 'how did we get there'?

In the case of Tea 2030, through a series of collaborative workshops with all the value chain represented, from all geographies, we created [four different possible futures for tea](#). In order to create these scenarios we took the two trends that according to our consultation would have the greatest role in shaping the future of the tea industry and about whose future pathway there was most uncertainty: 1) Sustainability leadership: Will business and government have demonstrated significant leadership on addressing sustainability challenges by 2030? And 2) Propensity to invest in the tea sector: Will there be sufficient capital available for the tea sector to invest by 2030?

### **Step 5: Align around a vision**

The next step in the process was to explore these four scenarios and understand the common risks and opportunities presented by these futures to today's industry. In one scenario for example, black tea as a drink had become attractive to a younger generation – a huge opportunity for tea in developed markets in Europe where sales of black tea overall are in decline. In another scenario, tea plantations had been successfully harnessed as carbon sinks, as such providing greater value in some cases than the actual crop itself. Conversely, in a third scenario, in 2030, it just wasn't possible to grow tea any longer as the climate had changed the microclimate irreversibly.

Armed with a set of future risks and opportunities, all of which were possible, we then asked the critical question: *"If the global tea industry maximised these opportunities and minimised these risks in 2030, what would it look like?"* In the case of Tea 2030 the answer to this question gave us features of a sustainable tea industry, with tea being cast as a '[Hero Crop](#)': a crop that helped combat climate change, drove sustainable livelihoods, and – being rich in antioxidants – had the potential to deliver positive health benefits.

### **Step 6: Create strategies**

We then asked: *"If this is what good looks like, how will we get there?"* What were the levers for change the entire industry needed to focus on to secure a sustainable future for tea?

This is where we **identified three systemic levers for change**:

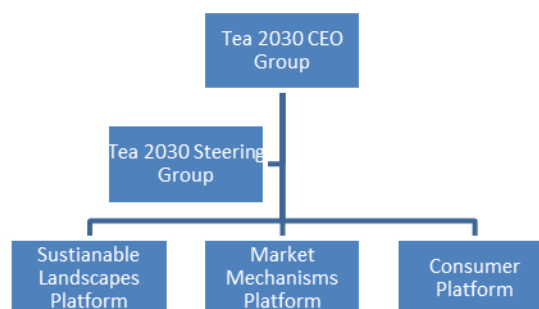
- 1) **Sustainable landscapes.** Tea is grown alongside other crops, and is often next to forests which can be vulnerable to land-use change, with resultant impacts on the adjacent tea crop. Certification of tea to a sustainable standard will not protect the crop from soil erosion caused by logging of forests. The only guaranteed way to protect the crop is to protect the landscape. **How might we create sustainable landscapes that would allow thriving and flourishing tea crops?**
  
- 2) **Market mechanisms.** Huge volumes of tea are auctioned through auction houses in Africa and India, usually on a weekly basis. Over supply of tea means the price drops, which means the producer might not even recover the costs of production. The auction system can also drive huge price volatility, which again can undermine sustainable livelihoods. **How might we reimagine market mechanisms for tea which reduce risk and volatility for smallholders in particular?**
  
- 3) **Consumer demand.** The price paid to the tea producer is not just a function of the tea trading system, it is also a function of the price paid by the end consumer. In the case of black tea sold on many supermarket shelves, this is often as low as 1p per tea bag. **How might we use sustainability to drive both demand and willingness to pay a higher price for tea?**

### Step 7: Take collective action

Having identified three systemic levers for change, we then created three platforms to drive action in these areas and towards the shared vision of tea as a 'Hero Crop'. Individuals within partner organisations and the wider stakeholder group self-selected to join workstreams according to interest and expertise.

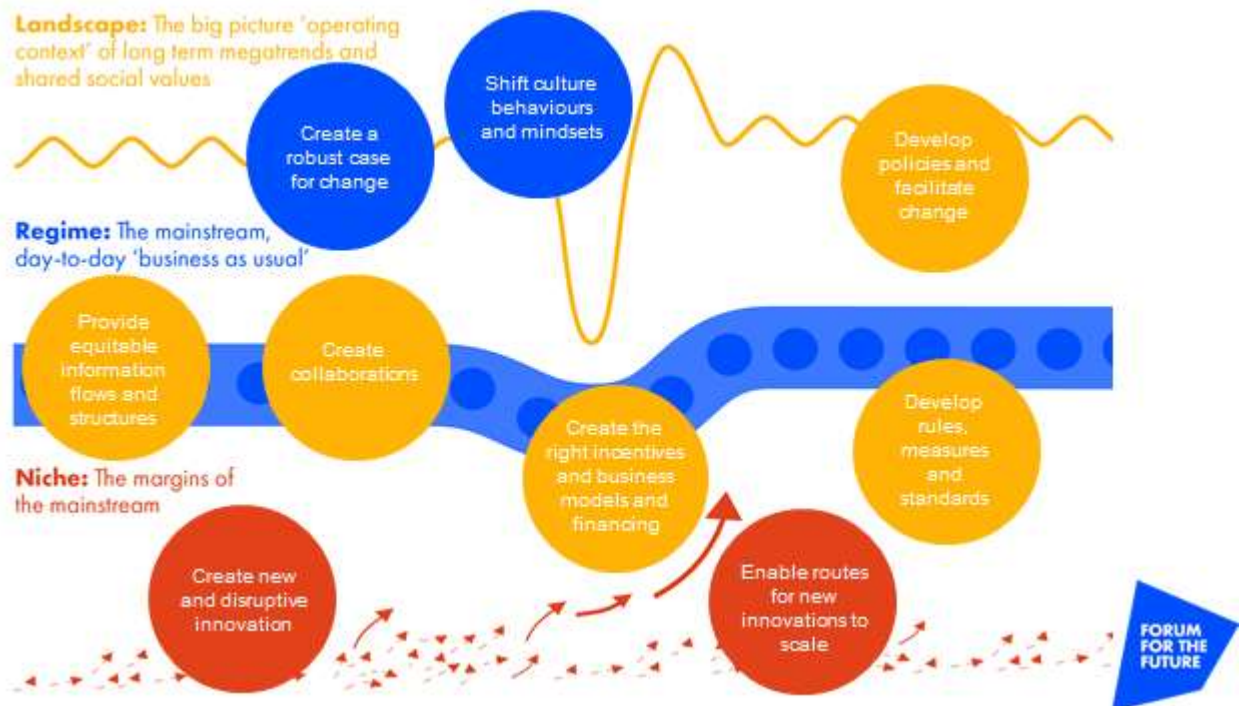
### Step 8: Maintain momentum

This is the stage when it becomes important to keep learning from setbacks and to come together with the wider group to share lessons, encouragement and insights. In order to ensure the platforms moved forward, we established a formal governance framework for the initiative (below), the main function of which was to track and review progress. We also published regular updates, shared with the wider Tea 2030 community.



## How we did it – the theory of change

At Forum we believe it's possible to describe nine strategies that can shift systems.



Tea 2030 focused on the following four:

### 1. Create a robust case for change

We used horizon scanning techniques to pull together the most significant environmental, social and economic challenges for the future of the tea industry. These ranged from demographic changes, competition for land and productivity and the balance of power across the supply chain, to climate change, the emergence of new business models and changing consumer attitudes to food value. With our partners, we then used these trends to create four future scenarios for tea. This allowed the industry as a whole, as well as individual organisations, to identify, understand and respond to long-term challenges.

### 2. Shift culture, behaviour and mindsets

Through the collaborative futures processes, and system diagnosis, we were hoping to try and shift the culture amongst key players in the industry towards one that took a longer term view, was less risk averse and conservative, and more open to thinking differently about the future of tea. This strategy can help organisations and individuals turn long-term systemic analysis into action.

### 3. Create collaborations

The three platforms – landscapes, market mechanisms and consumer demand - were in effect mini-collaborations, held together by a shared vision and governance structure.



#### 4. Create the right incentives, business models and financing

Through the workstream on developing alternative market mechanisms, we sought to explore how the market system for tea could better function to deliver greater value and resilience in the supply chain, particularly for farmers. On the other end of the value chain, the Consumer Demand workstream sought to stimulate end-user demand.

##### What did we achieve?

**The project created a robust case for change.** We published the [first global trends report](#) for the tea industry in 2013. These trends were then updated in 2017 and made widely available to the industry.

**We also engaged widely throughout the sector**, hosting six sector-wide trends analysis and collaboration opportunity mapping workshops in North America, Europe and Africa. We also contributed to workshops hosted by the Indian Tea Association, the Tea Association of the USA and the Ethical Tea Partnership. The project definitely made a contribution to shifting mindsets.

What proved much harder, and slower, was delivering progress in the three innovation platforms.

When we kicked off the **Sustainable Landscapes platform** in 2013, the now quite advanced work on understanding and promoting landscapes was in its infancy. The production of a landscapes assessment tool in partnership with the Rainforest Alliance was therefore a welcome practical step in the understanding of how to secure sustainable landscapes. The original idea was then to trial this tool in a tea landscape, however, there just wasn't enough energy in the sector to do this, and it also wasn't clear whether this would actually add value to the work then getting underway, led by IDH.

A real opportunity to take our approach to a landscape arose in 2016 in Misiones, Argentina, where Tea 2030 convened forty producer organisations and helped establish a local producer group. With the commitment from the Argentinian government, a marketing and sustainability strategy for the region was developed. However, because of the deep financial crisis locally and in part due to a change in the local Argentinian government, momentum for this initiative was lost.

Turning to the **Consumer Demand platform**, this group started with huge energy, as the potential benefits of driving demand for black tea, as well as using sustainability as a way of increasing the price consumers are willing to pay for tea were clear to all. The working group spent its first year scoping out the boundaries of a possible intervention, before settling on the development of a UK-based campaign targeting millennials, designed to drive engagement of this demographic with black tea.

The choice of the UK was significant as black tea sales are in decline, and the price point for tea is incredibly low. As one retailer remarked at the time, "black tea is entering a perfect storm of reduced demand and lower prices", something that could be devastating for the value capture at origin. The group then created a brief, awarded a contract to an agency and a digital campaign was created. Unfortunately, at that point, staff within the key brands





changed, and the commitment to an industry-wide consumer focused campaign faltered. Whilst industry-led campaigns have worked to promote sustainability in other sectors such as wine or coffee, the tea industry eventually decided that it just wasn't ready to take such a step – despite the heroic efforts of some leading brand managers.

The **Market Mechanisms** platform was established in 2015 to explore mechanisms to address the management of price risk within tea value chains. The members of the group advised focussing on the Kenya tea market due to its numerous smallholder producers and openness to working with new models. A meeting of producers in Nairobi selected a futures market as the mechanism they were most interested in and the potential for a futures market came up continually in discussion. With the support of Finlays, a paper was commissioned to explore the viability of a futures market for the tea sector and the market mechanisms group spent three years exploring opportunities, including engaging with the Intercontinental Exchange (ICE). Meanwhile James Montlake, previously of ICE, set up TeaSwap Ltd. in 2017 and tested tea swaps in India and Sri Lanka.

Although slowest to start, this workstream has initiated tangible work in the industry. The market mechanisms group led the [Kenya Tea Swaps project](#) from November 2018 to December 2019, in partnership with TeaSwap Ltd. and with funding from the UK Department for International Development (DFID)-funded Business Innovation Facility (BIF). The project was designed to sensitise the market and pilot the market mechanism 'tea swaps' alongside the Mombasa auction. The direct objective of the project was to reduce price volatility and the cost of doing business for auction buyers and sellers. It was hoped that, if there was significant uptake of swaps in the market, factories would be able to protect themselves from falling prices, maintaining earnings above the cost of production and therefore be able to pay higher up-front prices to their smallholder suppliers; putting more value into the hands of smallholders. Over one year, the project engaged stakeholders across the Kenya tea market in workshops and meetings about tea swaps, culminating in simulated and real trials of the swap mechanism; involving 12 buyer organisations and 27 seller organisations. At the end of the project around a quarter of participants thought swaps might lead to benefits for smallholders.

### What were the main challenges for Tea 2030?

- Despite a clear case for change, the **imperative to act** was not strong enough. There was no burning platform, which meant that industry execs struggled to make time for the initiative and the three workstreams, resulting in low momentum and slow progress.
- Even though Tea 2030 was never intended to compete with other industry initiatives, but instead set out to support alignment between them, it was difficult to communicate the '**value add**' of Tea 2030 to existing initiatives. As a result, buy-in was slow.
- Being able to **engage retailers** was an important condition for driving progress across the three platforms. However, despite huge efforts, it became clear that tea is just not important enough to any one retailer.
- Our **funding model** – which, with the exception of Tea Swaps, came entirely from corporates – was not flexible enough to the needs of a project requiring intensive



stakeholder management and relationship building. This highlights the needs for diversified funding, with a mix of corporate and philanthropic sources.

- **Internal staff changes** – both at Forum and in our partner organisations – had a direct impact on the progress we were able to make. In the case of the consumer demand platform, it even resulted in a premature end to the project.

### What are the key insights?

- The **diagnosis stage** of collaborations is critical. It helps the different participants, with their different perspectives, come to a common understanding of how the system works, and highlights the roles of the various actors and the inter-dependencies among them. Creating and working with a **systems map** early on in the project would have helped us better understand where engagement and buy-in, and action, amongst key players was most important to the ultimate success of the initiative.
- **Certification standards** have their limits. Sustainability standards for commodities help raise the bar, but they do not guarantee sustainable production. Only landscape-based approaches can do this.
- Change for commodities like tea ultimately requires **support of governments**. Activity by corporations can go a long way, but government as a critical actor needs to put in place policies and regulations that support the changes we are trying to create.

### What's next for Tea 2030?

Following a successful meeting between the CEOs of a number of key producer and packer companies in June, Ethical Tea Partnership and IDH are continuing to explore the practicalities of establishing a strategic, global packer and producer group to collaborate on sustainability within the global tea industry.

TeaSwap Ltd. (operating in Kenya as TeaSwap Africa) is continuing to trade **tea swaps** in East Africa. It is also trialling different ways for swaps to bring benefits to smallholder tea farmers – such as through improving the accessibility and terms of bank credit.

Forum for the Future is continuing to work on developing and exploring alternative business models for land-based commodities, such as cotton, coffee, cocoa or palm oil, through the work of the [Sustainable Value Chains and Livelihoods Challenge Lab](#). We are creating a set of [resources for cross-commodity learning and action](#) which can significantly contribute to new, sustainable and regenerative, business models in tea, coffee, cotton and beyond becoming mainstream.

### Further resources

You can find out more about the Tea Swaps project in this [case study](#). This is part of a **case**





**study series on sustainable value chains**, which Forum for the Future is curating in partnership with other organisations, intended as a useful resource for those planning, or already undertaking, work to test different business models in agricultural commodities. We hope that the lessons learnt have the potential to inform other projects addressing similar challenges, and ultimately accelerate the change that is needed.

To find out more about Forum's work on *Sustainable Value Chains and Livelihoods*, contact Associate Director Charlene Collison at [C.Collison@forumforthefuture.org](mailto:C.Collison@forumforthefuture.org).

*Dedicated to Dr Ann-Marie Brouder, without whom Tea 2030 would not have been possible.*