



From Commodity Tea to Innovative, High Value Addition

“We never want to think that we have done enough, we want to continue to improve and experiment, keeping our minds open for new ideas. And that makes it so much more exciting to go to the ‘office’ ”

Satemwa Tea Company produces a wide range of Black, Green, Oolong, White and Dark teas. Some of the teas end up in global brands around the world.

Registered in 1874, Satemwa Tea Estate is among the country's most respected and established tea producers managed and operated by third generation members of the Cathcart Kay

family. The original factory, which was built in 1937, in the tea world is one of the most notable producers of tea in Southern Africa.

Over the years, the factory has seen many changes in technology but consistent passion and care has led to Satemwa maintaining a unique space in Malawi; It is now the last remaining of the original founding tea estates that led to

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**UNDP Resident Representative,
Ms. Mia Seppo**



the creation of a successful tea industry in Malawi. Knowledge of tea processing techniques has been passed down through generations of both the Kay family and the employees leading to distinctive and celebrated teas being created at Satemwa.

On 22nd of May 2017, Satemwa Tea Estate opened a new factory and packing unit in Thyolo district, in the southern part of Malawi. Satemwa aims to move away from the traditional black tea commodity market and enter the high value niche export market for artisanal

tea and flavoured tea bags. This will enable the company to mitigate the risk of fluctuating global tea prices and assert itself as a major player in the more lucrative niche market. It was supported with a grant under the Malawi Innovation Challenge Fund (MICF).

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Representative, Ms. Mia Seppo at the launch ceremony. She went ahead to wish the company the best in its attempt to take a Malawian product made from raw material produced by Malawians into global export markets whilst improving the livelihood of the poor producers in the supply chain that it has set up.

Satemwa Tea Company has individual contracts with 198 members of the Mswadzi Smallholder Tea Growers Association (which is an organization of 300 smallholder tea farmers in Thyolo.

The main source of income in Thyolo is subsistence farming and the sale of green tea leaves to Satemwa. The farmers also supply herbs, flowers and fruits to be used for natural flavouring speciality teas. In addition, the tea company is training farmers in special plucking skills to improve their overall quality standards. The 198 farmers, who are supplying high quality tea leaves for processing will see a 45% increase in their income and the company has created more than 70 new jobs at the new factory.

“We are pleased to note the inclusive nature of the business model, which is a key pillar of the MICF; this is where the biggest impact from the MICF is expected. Integrating smallholder tea farmers into the supply chain, providing them with the right training to achieve both high yields at the right quality and, ultimately, setting up a transparent system for payments all go a long way to ensure that the farmers are empowered and there is long term sustainability. Satemwa Tea Estate has shown resilience against various challenges faced during the implementation period ranging from adverse weather conditions to fluctuating global tea prices, this is testimony to the resilience of the private sector in Malawi,” stated DFID Malawi Head of Mission, Jen Marshall.



market. Through this project the company will produce the following products:

Flavoured teas – *These are processed black, green or oolong teas which are then blended with additional flavourings. A wide range of spices, herbs and flower petals are used to produce a large variety of flavoured teas. Fruit flavoured teas are generally made by blending the fruit's essential oils/petals of flowers with the processed tea. It is the first time in Malawi tea will be blended with additional flavors.*

Speciality teas – *These are produced through alternative processing methods such as steaming or pan drying. Green Tea which is a speciality tea will be produced on a commercial scale for the first time in Malawi.*

Yamba Tea – *This is the first attempt by any company to introduce a 100% smallholder-led tea brand to the retail market.*

MICF is a competitive, transparent mechanism that provides grant finance for innovative projects and inclusive business models proposed by the private sector active in Malawi's agricultural, manufacturing and logistics sectors. It is supported by the United Nations Development Programme, UK Aid and KFW.



Project Building Blocks

Farmers identified and provided with extension service support for growing herbs



Setting up of a processing plant with extra capacity of a new herb drier and a packaging unit for production of pyramid teabags for the export market

Development of a marketing and branding strategy for the artisanal tea produced in Malawi



New specialty tea introduced on the export market



Smallholder farmers increase incomes through the supply of herbs by 40%. Speciality tea pluckers' incomes increase by 46% and 70 factory jobs created



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