



## TERMS OF REFERENCE – June 2024

### Drafting and designing a policy roadmap on living income and living wage

Fairtrade International is a non-profit, multi-stakeholder association of 22 member organizations – three producer networks (Africa, Latin America and Asia) and 19 national Fairtrade organizations. The association has a central office in Bonn, Germany.

All members in the Fairtrade system are guided by the principles of empowerment, capacity, transparency and fair pricing as the prerequisites of sustainable development.

Fairtrade International wishes to commission a consultant who will be tasked to develop a roadmap on living income and living wage.

#### **Context and description of the assignment**

A decent standard of living, covering basic needs and ensuring human dignity, is a fundamental human right. Yet, many small-scale farmers and agricultural workers, essential to global supply chains, live in poverty. Despite producing crops that generate billions, they often struggle to make a decent living due to exploitation and inadequate pay.

Farmers and agricultural workers face distinct challenges: farmers must cover farming expenses before any income benefits their households, while agricultural workers often endure poor wages, job insecurity, and exploitative conditions. These hardships drive many young people away from agriculture.

With six years left to achieve the Agenda 2030 and many indicators showing that we are not on track, Fairtrade believes that **ensuring farmers and workers are enabled to reach a living income (LI) or a living wage (LW) can unlock many obstacles that hinder the achievement of almost all the SDGs.**

Our [LI strategy](#) is based on three pillars:

- Sustainable production (e.g. improving farm profitability and resilience)
- Sustainable procurement (e.g. ensuring that companies make long-term sourcing commitments, and establishing Living Income Reference price as a floor price for companies committing to enable living incomes in their supply chains)
- An enabling environment (right policies and laws in place)

Fairtrade initiatives to progress towards living incomes (LI) for farmers and living wages (LW) for workers include:

- Fairtrade Minimum Price and Premium as a safety net and provide additional funds (for healthcare, education, investments in sustainable farming, etc.)
- The Fairtrade Standards, which require employers to incrementally increase wages to reach a living wage. We have also introduced the Floor Wage requirement that offers protection to workers in countries where wages are extremely low.
- The Global Living Wage Coalition: that was co-founded by Fairtrade to establish living wage benchmarks.
- Fairtrade's longstanding collaboration with the Anker Research Institute, support of their LW research and promotion of their LW methodology.
- The Living Income/Wage Reference Price: price model developed by Fairtrade and calculated for key commodities/countries.
- Promotion in some places of trade union organizing for collective bargaining.
- Encouragement to companies to source more Fairtrade ingredients.

Finally, Fairtrade believes that the piece of this puzzle that can be a **game-changer to make progress towards LI and LW and mainstreaming implementation is an enabling policy environment**. And right now, there seems to be a momentum to advocate in a more systematic, high-level and structured way towards policies that are conducive for all farmers and workers to reach a LI/LW. And it would be a necessity for scaling up, as Fairtrade on its own cannot develop a commercial LI approach without the necessary level playing field that can be provided through an enabling policy and regulation environment.

The opportunities Fairtrade have identified are the following:

- The adoption of the EU Corporate Sustainability Due Diligence Directive (CSDDD) which comprises provisions on LI, LW and on purchasing practices.
- The [Declaration on LI and LW signed by several EU member states](#).
- The commitments taken as part of the Initiatives for a sustainable cocoa (ISCOs) and other MSIs (e.g. banana, coffee) in relation to LI, LW and purchasing practices.

- The Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements [which now include a whole chapter on sustainability](#) including references to Living Income as well as Living Wages and aspects of social sustainability.
- The farmers' protests in Europe early 2024 have put the issue of fair/floor prices for farmers back on the political agenda (at EU level and in several EU member states); in particular the momentum for a revision of the Unfair Trading Practices Directive.

Furthermore, in 2023, Fairtrade hosted a cocoa-producers' led summit on LI in Abidjan, which led to the adoption of a [Declaration](#), agreed by cocoa producers, comprising a call to action towards the industry, ISCOs and policymakers.

In order to seize those opportunities, to build on the summit we hosted last year, and to gather commitments at high political level, Fairtrade seeks to provide policymakers with a roadmap comprising the actions, in the short and mid-term they must take now, to enable farmers and workers to reach a LI/LW.

### **Outcomes**

The ultimate goal of this consultancy is to provide policymakers with a clear and succinct roadmap for them to:

- Be convinced it is also in their interest and in their responsibility to ensure an enabling policy environment in relation to LI/LW
- Have clarity on the next steps they must take to enable farmers and workers to reach a LI/LW.
- Provide guidance on effective policy formulation for actionable market transformation needed to enable LI/LW at scale.

In order to achieve this goal, Fairtrade International is commissioning a consultant/consultancy team, to draft this roadmap.

The primary final deliverable is a roadmap that Fairtrade will present to its advocacy targets. **Therefore, it is not an internal document and must be meticulously and strategically prepared, ensuring clarity and conciseness, with a primary focus on policymakers.** This roadmap should be aimed at policymakers at national levels (both in low- and middle-income countries and developed countries), regional levels (such as the African Union and the European Union), and global levels (such as United Nations bodies).

**The following themes should be addressed throughout the roadmap:**

- **Why** policymakers both in LMICs and in developed countries should care about enabling farmers and workers to reach a LI/LW?
- What can policymakers do to ensure the most ambitious possible transposition and implementation of the **CSDDD**, when it comes to its provisions on LI/LW and purchasing practices? How can they also support the implementation of other national/regional HREDD frameworks in relation to LI/LW?
- What are the best practices for drafting policies and laws related to LI and LW so that they are **practical, enforceable**, and capable of producing significant positive changes?
- How can policymakers support **multi-stakeholders' initiatives** in agreeing and implementing ambitious commitments on LI/LW and purchasing practices?
- What leverages exist for the recognition at international level that LI and LW are human rights and key enablers of other human rights (e.g. through the UN Economic, Social and Cultural Rights Committee)?
- How to best articulate and coordinate fair prices, Living Income Differential (LID) and African Regional Standards (ARS) for a higher impact toward LI/LW?
- Which policies and laws should policymakers adopt to:
  - Foster the **transition to agroecology** in a way that contributes to enabling farmers and workers to reach a LI/LW
  - **Set floor prices**, for at least certain categories of commodities, in a way that contributes to maintain farmers from LMICs countries above the poverty line and on the way to reach a LI/LW
  - Foster **trade unions'** organising, and collective bargaining as means for workers to use collective strength and negotiate wage improvements that become legal entitlements.

**Methodology**

1. Research part:

- Literature review on the political opportunities and challenges to advocate towards LI/LW, looking at national, regional and global levels;
- Interviews with a set of stakeholders: mostly within the Fairtrade system, but also with external stakeholders, including policy-makers in like-minded governments, CSOs, a few companies. This could take the form of an online workshop. It will enable

- the consultants to have a better understanding of opportunities and challenges in relation to LI/LW advocacy.
2. The findings from those two first steps should contribute to inform the drafting of the policy roadmap.

### **Deliverables and time frame**

The expected deliverables to be submitted to Fairtrade will be:

- An internal document (3-4 pages max.) summarising the main learning outcomes from the literature review and from the interviews with stakeholders;
- A policy roadmap targeting policymakers (at national, EU and global level, both in 'origin' and 'consumers' countries). It should rank by order of priority (depending on their feasibility and impact) the key asks made to policymakers (this can take the format of a diagram). It should comprise an executive summary and should not be longer than 12-15 pages maximum. The key asks made to policymakers must be highlighted, so that they are very clear from the first read.

The project must be fully completed by the 18<sup>th</sup> of October.

### **Profile of the consultant**

The project will be awarded to a consultant (or consultancy team) meeting the following criteria:

#### *Essential*

- Fluency in English (near native) both written and spoken.
- Excellent drafting skills.
- Experience in advocacy, policy and strategic communication.
- Robust expertise in sustainable development, economic and social rights and policies.
- Willingness to adhere to Fairtrade research and ethics policies.
- In depth understanding of LW/LI as technical concepts and of their operationalisation.

#### *Desirable*

- Familiarity with current living income and living wages debates in key agricultural supply chains like cocoa, coffee and banana.
- Expertise in the area of sustainable agriculture is an asset.
- Expertise in industrial and labour relations and understanding of wage setting and relevant institutions.

- Experience/expertise in the fields of climate, trade justice and of gender and youth inclusion.
- Knowledge of one the three regions (Asia Pacific, Latin America, Africa).
- Demonstrated understanding of Fairtrade principles, key tools and approaches.
- Demonstrated experiences in similar tasks.

### **Eligibility**

The consultancy (or company) should be based in the European Union or in a developing country according to EU regulations. Developing countries are those in the [list of Official Development Assistance \(ODA\) recipients](#), which are not members of the G20 group, and Overseas Countries and Territories (OCTs).

### **Financial aspects**

The total budget available for this project amounts to 17,000 euros. It is commissioned by Fairtrade International, under a contract project with the European Commission to strengthening Fairtrade's Policy & Advocacy work.

### **Working Language**

The working language in Fairtrade International is English and all deliverables must be written in English.

### **Additional notes on visibility**

Deliverables for this project need to follow EU visibility rules. An annex listing all these visibility rules is available upon request.

### **Confidentiality and ownership**

All information gathered and documents produced during the assignment are the property of Fairtrade International. Consultants have to comply with confidentiality regulations.

### **Application Process**

If you are interested in being considered for this tender, please send a short proposal (**3 pages max**) detailing (1) how you meet the selection criteria (including links to past relevant work) (2) describing the approach you would take for this project (**beyond what is already outlined in the**



**ToRs**) (3) a project timeline, and (4) a budget. Please include your team's CVs as an appendix (not counted towards the page limit).

Call published: 6 June 2024

**Tender Deadline: 28 June 2024**

All deliverables should be submitted not later than 18 October 2024. The final invoice must be submitted before 31 October 2024.

Your application should be sent to: Sophie Aujean, Director of Global Advocacy at Fairtrade International: [s.aujean@fairtrade.net](mailto:s.aujean@fairtrade.net)