



LIVING WAGES FOR BANANA WORKERS FAIRTRADE'S APPROACH

THE CHALLENGE

A living wage is a human right. It's a wage that covers the essential needs of workers and their families, including food, clothing, shelter, healthcare, education, transportation and a little extra to save for emergencies.

Many workers on banana plantations still live in poverty, despite growing one of the world's most popular fruits. A highly competitive market creates price pressure on bananas, ultimately putting the squeeze on banana workers. Low wages contribute to human rights abuses, as well as exacerbating health and safety risks in the workplace. Many workers are not aware of their rights, or do not have an opportunity to join a union. And the COVID-19 pandemic has increased the insecurity and vulnerability of millions of agricultural workers worldwide, including those on Fairtrade certified banana plantations.

FAIRTRADE'S RESPONSE

Fairtrade is fully committed to SDG 8 - in particular to achieve full and productive employment and decent work for all women and men, and equal pay for work of equal value. We firmly believe that living wages and decent work must go hand in hand. Enabling banana workers to earn a living wage is one of the core objectives of Fairtrade's strategy.

A living wage is best achieved through collective bargaining. We also want to enable workers to organise in free and independent trade unions, and strengthen the ability of employers and trade unions to engage in social dialogue. We recognise that we cannot achieve this alone and are committed to working with partners in coalitions, platforms and joint projects.

FAIRTRADE BANANA FACTS

- 124 Fairtrade certified Banana plantations exist in 9 countries.
- There are 23,500 Fairtrade Banana workers.
- Most Fairtrade Bananas come from Colombia, Dominican Republic and Ecuador.



FAIRTRADE
INTERNATIONAL

8 DECENT WORK AND
ECONOMIC GROWTH



LIVING WAGES

MEASURING WAGES

- Living wage benchmarks
- Collecting data on actual wages
- Addressing the gender gap

SHARING VALUE

- Fairtrade Base Wage
- Fairtrade Minimum Price
- Fairtrade Premium

COLLECTIVE BARGAINING

- Strong Standards
- Training and support

ADVOCACY

COLLABORATION

Our strategy for living wages on banana plantations has three pillars: Measuring wages, sharing value along supply chains and collective bargaining. Underpinning them all is our advocacy work, and collaboration with others across the entire supply chain.

MEASURING WAGES

Living wage benchmarks

In order to pay a living wage, we need to know the cost of a decent standard of living in each country, and the gap between that and workers' current wages.

As a founder and leading member of the Global Living Wage Coalition, Fairtrade has enabled the development of independently-validated living wage benchmarks for all major Fairtrade banana-producing countries and regions. These benchmarks, calculated using the renowned Anker methodology, show the gaps between actual wages and the living wage - gaps which vary widely from country to country (see www.globallivingwage.org).

Collecting data

To track progress towards a living wage we have introduced a new standards requirement for banana plantations to share wage data. A new digital tool, developed with partners, will collect and report the data, enabling us to better understand the wage setting process in certified plantations and to design further initiatives to advance wages.

Addressing the gender gap

Women all over the world face structural barriers to achieving decent wages, and the banana industry is no exception. Fairtrade is taking action by funding the development of a framework to measure gender differences in wages. As a supplement to the Anker living wage methodology, it will be field tested, rolled out through trainings and used to help employers, trade unions and other key actors to understand gender pay gaps and underlying issues, so that barriers to better wages for women workers can be addressed.

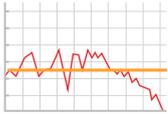


SHARING VALUE

Fair prices and fair terms of trade are essential to ensure that every worker and family can earn a decent living through their work. Fairtrade's unique tools ensure a fairer distribution of value across the entire supply chain:



Fairtrade Base Wage: Set at 70 percent of the take-home pay needed for a living wage, the new Fairtrade Base Wage will be paid from 1 July 2021 onwards. It applies to all countries and is unique amongst certification schemes in making a concrete step towards a living wage. Every Fairtrade banana plantation worker will get at least the base wage, even if the legal minimum wage is lower. And if they already receive more, their wages can't be lowered.



Fairtrade Minimum Price: Achieving a living wage is only possible if prices are sustainable along each step of the supply chain. Fairtrade is the only certification scheme to guarantee a minimum price for bananas. It provides plantations with a valuable safety net and supports their ability to pay living wages. Fairtrade will assess the impact of the new base wage on costs of production throughout 2021 and 2022, and factor this into our annual review of the Fairtrade Minimum Price.



Fairtrade Premium: Fairtrade is the only sustainability standard that guarantees a fixed Premium for bananas. Over the years, it has offered economic support to thousands of banana workers through low-interest loans, subsidized medical care, scholarships and cash payments, and more. As a temporary measure to help bridge any remaining gap between wages and a living wage, the revised fresh fruit standard requires up to 30 percent of the Fairtrade Premium to be paid out as a cash bonus. If workers so decide, an additional 20 percent of the Premium may be used - bringing the maximum allowed to 50 percent.

PROMOTING COLLECTIVE BARGAINING

We believe **collective bargaining is the most economically sustainable and socially empowering approach to reach a living wage, for employers and workers.** Collective bargaining also plays a key role in achieving agreement on various aspects of decent work, such as working conditions or job security. Fairtrade recognizes that living wage should not be addressed in isolation and needs to be part of a broader decent work agenda.



Strong standards

Fairtrade's Hired Labour Standard requires wages to increase over time to reach a living wage. After applying the Fairtrade Base Wage, employers must negotiate with trade unions or other elected workers' representatives about timelines and steps to bridge the remaining gap. These timelines may depend on the company's financial position, but wages should always be increased above inflation to make sure that the gap is narrowed and ultimately closed.



Training and support

We work in close collaboration with trade unions and producers to build their ability to negotiate, to facilitate social dialogue and to ensure they know their rights. We share relevant living wage benchmarks with them and the data generated from our new data collection tool showing gaps between actual and living wages (disaggregated by gender and occupation) will also be shared as valuable input for wage negotiations. We can also support employers and unions to start a dialogue process.



ADVOCACY AND COLLABORATION

Fairtrade wants to ensure sustainable change for all banana workers, not just those on Fairtrade certified plantations. But if we are to succeed, we need everyone to play their part. Fairtrade advocates for living wages and decent work in the banana sector, both in consumer and producer countries and in multi-stakeholder initiatives such as the World Banana Forum, of which Fairtrade is a leading member. Our advocacy focuses on:

- Acceptance of a uniform approach to measuring living wages and actual wage levels in the banana sector
- Fair prices for all banana producers, and a balanced distribution of value across the supply chain
- An industry-wide commitment to collective bargaining as an essential element of sustainable trade
- Mandatory human rights legislation, including rules on purchasing practices.

Collaboration is key to the success of our work. In all our efforts we work closely with producers, trade unions, businesses and civil society. Through our membership of multi-stakeholder platforms such as the Global Deal (an initiative of the OECD and ILO) and the World Banana Forum we promote the importance of collective bargaining and social dialogue.

NEXT STEPS

This is our overarching approach but we recognise that each country has its specific living wage challenges. That's why we are now developing country specific living wage roadmaps, detailing how we will work to close the living wage gap in each origin. These will be developed throughout 2021.

We are currently developing a programmatic approach that combines tailored projects addressing key areas such as social dialogue and productivity, as well as a new voluntary "living wage differential" - an extra payment which would contribute towards bridging the gap to a living wage. Your Fairtrade contact will reach out to tell you more as we develop this further.



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