



FAIRTRADE
INTERNATIONAL

Best practices on increased flexibility in Fairtrade Premium use in times of COVID -19

In view of the current COVID-19 pandemic situation, Fairtrade International has recently issued an interpretation note to increase flexibility in the use of the Fairtrade Premium due to critical circumstances during this challenging time. You can refer to the documents [here](#) for reference and details on how to proceed.

We encourage you to consider using this complementary document as a guidance for best practices as you analyse your options for using Fairtrade Premium.

1. General (for all):

- 1.1 Plan for the long-term where possible, rather than spending all available Premium in one go. While your immediate needs are important, remember to balance them with the mid- and long-term needs that might arise in a few months' time, when markets start to reflect the impact of the pandemic on the economy worldwide.
- 1.2 Analyse how any changes in the use of Fairtrade Premium could compromise current projects or could undermine funding for projects critical to the community. Balance the importance of continuing community-critical projects with the urgent needs of members and workers during the pandemic.
- 1.3 If you have funds committed for other purposes, or that perhaps serve as collateral for other projects where donors are involved, check with donors to see if these funds can be reinvested to address more immediate needs, without compromising community-critical projects. Ensure that any such changes are clearly communicated to the relevant stakeholders and donors.
- 1.4 While reviewing short-, mid- and long -term needs, consider your local context and demographics. The outcomes of this assessment may result in a need to create longer-term reserves to support the most vulnerable groups, particularly people with underlying health conditions and the elderly, or to ensure food security for producers / workers who temporarily lose income / employment due to health reasons or economic crisis. Also consider any short-term effects of the pandemic, such as an increase in the cost of production or lack of medical capacity and patient care. The Premium has a limited capacity to mitigate these effects, therefore it is important to manage expectations on what can be achieved.
- 1.5 When considering investments to avoid the propagation of the virus and mitigate the impact to workers, their families and communities, include ways to raise awareness and facilitate sanitary measures, keeping social distance, etc.
- 1.6 If you choose to invest Premium money to purchase health and safety equipment, consider urgent needs such as personal protective equipment (PPEs), like face masks and gloves or other necessary hygiene products for staff/family members. Be sure to educate staff and family members on use and instruct them to follow all health and safety regulations and necessary precautions. Please check your local health ministry preventive measures and [WHO recommendations](#).
- 1.7 Consider Fairtrade Producer Networks' (PNs) recommendations and advice on Premium use in the local context, as those will contemplate the experience and good practices of other organisations in the region.
- 1.8 Document the decision-making process clearly, so that any adjustments to the Premium use are kept inclusive, transparent and accountable. If it is not possible to meet physically, document the process

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Fairtrade Labelling Organizations International e.V. German Register of Associations, No. VR 7795



for coming to the decision, e.g. through emails or other types of electronic documentation, such as WhatsApp messages, and archive all information. Remember that any change in Premium use must be justified and is limited to investments required to confront the crisis resulting from the COVID-19 pandemic. The decision documentation and justification must be presented for retroactive review at the next General Assembly.

- 1.9 Where possible, communicate, interact and cooperate with other certified producers in your vicinity. Share ideas and join forces for maximum impact of Premium use.

2. Fairtrade Premium Committees within Hired Labour organizations:

- 2.1 Sensibly assess how the pandemic situation is affecting the workers and their families and decide, together with the company, how best to adjust the Premium use plan. Ensure that all workers benefit equally (i.e. all workers including migrant, temporary, seasonal, sub-contracted and permanent workers). An example of appropriate Premium investment is a guaranteed income for those that have been laid off or are incapable to work due to health reasons related to COVID-19.

3. Small – scale Producer Organizations and Contract Production set ups:

- 3.1. Even though meetings and Assemblies are not possible, make a documented effort to involve the Board of the organization in your decision-making process on adjustments in Premium use.
- 3.2. For organizations that are losing sales or considerable income due to price volatility, consider distributing Premium to members to secure a basic income, or to create an emergency fund that members can borrow from at a low-interest rate, in case of need.
- 3.3. If needed, the Premium may also be used to hire workers to replace/assist elderly or health- vulnerable people, while guaranteeing the replaced workers with a source of financial compensation.