

Project Assignment

Standards review on Living Wage in Hired Labour with focus on bananas 2019

(January 2019)

This project assignment contains the most important information about the project. For additional information on the project, please contact the project manager (contact details below). The project will be carried out according to the Standard Operating Procedures for the Development of Fairtrade Standards/Minimum Prices and Premiums. More information on these procedures can be found on the [website](#).

Rationale for and justification of need for the project:

Living Wages is central to Fairtrade's 2020 strategy and is connected with our mission to improve the lives of farmers and workers. In its meeting of February 2018, Fairtrade's Board adopted a strategic framework for Living Wages in banana. Three sources of additional value (value pots) have been identified as ways of capturing more value in the supply chain for the purpose of achieving a Living Wage on certified banana plantations. The value pots are: (1) Plantation Contribution through a new Base Wage; (2) Workers Contribution through partial cash distribution of the Fairtrade Premium and (3) the Fairtrade Minimum Price.

In October 2018, the Fairtrade's Board instructed S&P to conduct a consultation on the implementation of the value pots framework through a standards and price review to achieve Living Wages in the banana sector. While the Fairtrade Standard for Hired Labour already includes a provision to make progress towards Living Wages, this review looks at how through Standards and Pricing the identified value pots in the banana supply chain can be applied to move towards Living Wages in line with our strategic ambition.

Risk assessment:

- Proposals to changes in the standard and prices have been approved and endorsed by the board, but stakeholder's acceptance will be a vital factor. There could be a risk of lack of stakeholder acceptance regarding the use of value pots to achieve Living Wages.

Mitigation: Ensure that stakeholders clearly understand the direction that Fairtrade International is taking and why. It will be vital that producers, buyers and retailers understand the attributes of the different value pots and how they will contribute towards a Living Wage in a way that is economically sustainable. It will also be essential that worker organisations recognize that the proposals do not undermine, but instead could support collective bargaining. This can be done through stakeholder engagement before the consultation. It will also be important to have clear and transparent communication and to make sure that all the stakeholders are involved and understand the process.

- There will be different sources of data (CODImpact, FLOTIS, National labor legislation values, updated Living Wage benchmarks and proxies) that will determine the success of this project. Any delays on their deliverables might extend the proposed timeline of this project.

Mitigation: Ensure good planning with realistic timelines so that their deliverables are available when needed.

- There is a risk that the implementation of the proposals will result to reduced sales and therefore lower benefits to plantations and workers and for Fairtrade.

Mitigation: bring the different stakeholders on board with a strong engagement and consultation process during the review, ensuring good and clear communication throughout the entire project phase.

Project Start Event:

Publication of project assignment for feedback

Project Start Date:

January 2019

Project End Event:

Publication of the revised Price and Fairtrade Standard for Fresh Fruit.

Project End Date:

Q4 2020

Project Goal and objectives

Goal:

To implement the Fairtrade Board decision to adopt strategic framework for Living Wage in banana in order to achieve the board's objective stated in its [2016-2020 strategy](#), to reach a Living Wage for workers at certified banana plantations.

The objectives are:

- Collect, compile and clean data from MEL and FLOCERT for running the value pot models
- Develop the value pot models for 5 banana producer countries
- Develop a value pot proposal for consultation and recommendation to the Standards Committee, considering 3 value pots: cash distribution of the Fairtrade Premium, global base wage contribution and use of the Fairtrade Minimum Price (FMP)
- Conduct a stakeholder engagement so as to ensure that the stakeholders clearly understand the proposal
- Consult on solutions with relevant stakeholder groups
- Develop a system for collection of quality data related to wage improvement at Hired Labour set-ups that will be used for economic modelling, tracking and evaluating of impact
- Develop guidance for the implementation of Hired Labour Standard req 3.5.4. (i.e. providing clarity on what counts and what does not count as Living Wage.

Connection with Theory of Change (ToC):

This project is connected to the Fairtrade Goals (make trade fair, empower small producer and workers and foster sustainable livelihoods). In particular, it aims to ensure that workers are able to exercise their rights and freedoms and earn a Living Wage. It also aims foster sustainable livelihoods for workers by enabling improvements in income, decent working conditions and improved living conditions.

For more information on Fairtrade's ToC see this [link](#).

Project scope:

The project covers all regions where the Fairtrade Standard for Fresh Fruits for Hired Labour (only applicable for bananas)

For more information on Fairtrade Standards click this [link](#).

Out of scope:

- Full revision of the Hired Labour Standard
- Living Wage for other fresh fruits mentioned in the Fairtrade Standard for Fresh Fruits apart from bananas
- Banana price setting (Review of the FMP) or announcement of the price of any of the inputs of the banana production (Find PA [here](#))
- Premium review for bananas
- Data collection on banana cost production (to be done in 2020)
- Data collection for the value pot models for countries not included in the 5 origins selected
 - Contribution from retailers
 - Living Wage benchmark and proxies

<p>Project timelines and information on opportunities to contribute:</p> <p>Scoping: January 2019 Research and development of proposals: Q1 – Q3 2019 Internal Consultation: Nov 2019 Public Consultation*: Sept 2020 Drafting final proposal: Oct 2020 SC decision: Nov 2020 Publication: Dec 2020 Implementation: 2021</p> <p>*The public consultation will last 30 days as this consultation builds on the results of the internal consultation.</p>	<p>Decision making process: The final decision will be taken by the Standards Committee (SC), a body made up of stakeholder representatives. The SC will aim at making a decision based on consensus. They may reword the final proposal if needed to reach consensus. If consensus cannot be reached, the SC will resort to voting.</p>				
<p>Project Owner (Unit): Alina Amador (Head of Standards)</p>	<p>Project Manager (contact point for the project): Giovanna Michelotto (Project Manager) g.michelotto@fairtrade.net</p>				
<p>Project Team (Unit):</p> <table border="1" data-bbox="204 1232 879 1601"> <tr> <td data-bbox="204 1232 459 1512">Technical team</td> <td data-bbox="459 1232 879 1512"> Jose Paredes Wilbert Flinterman Silvia Campos Louisa Cox (FTF) Jos Harmsen (MHNL) Corina Nienhaus (FTG) Manuela Stiffler (MHCH) CLAC (MARIKE DE PEÑA) FTA (Edward Akapire) </td> </tr> <tr> <td data-bbox="204 1512 459 1601">FLOCERT</td> <td data-bbox="459 1512 879 1601">Theresa Glammert</td> </tr> </table>	Technical team	Jose Paredes Wilbert Flinterman Silvia Campos Louisa Cox (FTF) Jos Harmsen (MHNL) Corina Nienhaus (FTG) Manuela Stiffler (MHCH) CLAC (MARIKE DE PEÑA) FTA (Edward Akapire)	FLOCERT	Theresa Glammert	<p>Project Environment (stakeholder groups not part of the project team):</p> <ul style="list-style-type: none"> • Certified banana producer organizations under the Fresh Fruit Standard • Certified banana traders • Major retailers of Fairtrade banana • NFOs • MEL • External Relations • Legal • Workers' Rights Advisory Committee (WRAC) • Steering committee overseeing the work on Living Wage, Living Income, Workers in SPOs and Rogue trading • World Banana Forum
Technical team	Jose Paredes Wilbert Flinterman Silvia Campos Louisa Cox (FTF) Jos Harmsen (MHNL) Corina Nienhaus (FTG) Manuela Stiffler (MHCH) CLAC (MARIKE DE PEÑA) FTA (Edward Akapire)				
FLOCERT	Theresa Glammert				