

Calculating base wages in the Fairtrade Standard for Fresh Fruits, applicable to banana companies only

Currently, the Fairtrade Standard for Fresh Fruits defines the **Fairtrade Base Wage (FBW)** as a value set at the level of 70 percent of the Cash Living Wage benchmark based on the Anker methodology without considering in-kind benefits.

3.1.2 NEW 2021** Fairtrade Base Wage

Applies to: Banana companies

Your company ensures that no worker is paid a wage, in cash after taxes and mandatory deductions, lower than the Fairtrade Base Wage as defined at the level of 70 percent of the Cash Living Wage applicable for your country. You ensure that no remuneration is worsened/reduced after the introduction of this requirement, except when formally agreed with a trade union that has the right to bargain. The Fairtrade Base Wage is applicable from the 1 July 2021.

Guidance: Fairtrade, as a member of the Global Living Wage Coalition, defines a 'living wage' as the remuneration received for standard work week by a worker in a particular place sufficient for the worker and her or his family to afford a decent standard of living. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs including provision for unexpected events. Workers are defined as waged employees (permanent or seasonal/temporary, migrant, or local, sub-contracted or directly employed) whether they work in the field, in processing sites, or in administration. The term is restricted to personnel who can be unionised, meaning middle and senior management and other professionals are generally not considered workers. Cash Living Wages are periodically updated by Fairtrade International and available at the Calculating wages in the Fresh Fruit Standard section. Requirements 3.4.11, 3.5.4, 3.5.9 and all other relevant sections of the Hired Labour Standard continue to apply.

The following table shows updated values with Living Wage Benchmark at Gross, Net and Basic level for each banana producing country.

Table 1
Living Wage Benchmark (LWB) 2024
Applicable as of 1 February 2025 for Fairtrade banana companies

Country	Unit/month/worker	Gross LWB	Net LWB	Basic LWB
Cameroon	CFA francs	131,224	114,549	108,749
Colombia	Pesos	2,262,567	2,079,566	1,703,986
Dominican Rep	Pesos	28,084	26,425	23,221
Ecuador	US dollars	495	455	414
Ghana*	Cedis	3,609	2,839	2,988
Cote d'Ivoire*	CFA francs	181,306	162,821	161,227
Mexico	Pesos	14,505	12,650	11,819
Nicaragua	Cordobas	13,495	11,918	10,638
Peru	Soles	2,014	1,571	922

Source: Fairtrade compilation based on values published in September 2024 by the Anker Research Institute¹

*Note: * The Living Wage Benchmark for Ghana and Cote d'Ivoire have been updated considering the amount of inflation since the original studies (February 2017 for Ghana and July 2023 for Cote d'Ivoire).*

¹ ARI Benchmark studies can be consulted in <https://www.globallivingwage.org/resource-library/>

Comparing wages

Fairtrade International draws comparisons between the wage usually paid in each payroll and the FBW, both at the level of the **basic wage**. **The Basic Wage shows the wage received by workers that includes the mandatory social security and parafiscal contributions imposed by law on employers.** “Usually paid in each payroll” means that annual cash allowances, such as 13th and 14th salaries, national independence day bonus, etc. (which are received as cash once per year), are excluded from the calculation.

The Cash FBW shows the “**take home cash money**” which is received by workers usually in each payslip, after income taxes and mandatory social security and tax contributions requested by law are deducted from the basic wage. This level makes it possible to follow the cash money paid out to the workers.

Notation

- *Net FBW: Net*
- *Fairtrade Base Wage*
- *Basic LWB: Basic Living Wage Benchmark*
- *Basic FBW: Basic Fairtrade Base Wage*
- *Cash FBW: Cash Fairtrade Base Wage*
- *Cash deductions: cd*
- *Cash allowances: ca*
- *Ratio for deductions: rd*
- *Ratio for allowances: ra*
- *IKB: In-kind benefits*

Formulas

Net FBW: 70% of Net LWB – IKB

IKB: 10% of the Net LWB

$Basic\ FBW = [Net\ FBW - ca + cd] / [1 + ra - rd]$

Cash FBW = Net FBW – ra x Basic FBW] – ca

$Basic\ LWB = [Net\ LWB - IKB] - ra * Basic\ LWB - ca + rd * Basic\ LWB + cd$

When clearing the Basic LWB we get:

$Basic\ LWB = [Net\ LWB - IKB - ca + cd] / [1 + ra - rd]$

Fairtrade Base Wages applicable as of 1 February 2025

Table 2 shows the banana producing countries to which the FBW set as 70% of the LW applies as of the date of the preparation of this announcement. There are three values: the Net FBW, the Cash FBW, and the Basic FBW. Auditors must check the Basic FBW and compare to payslips provided by companies. The Basic Wage level is the reference for workers and employers because the statutory deductions and allowances are included in this value, and it is the base for calculating the net wage and the labour costs. However, following the current requirement 3.1.2 of the Fresh Fruit Standard for Hired Labour Organizations, Fairtrade also observes the cash equivalent of the Basic Wage to keep track of the cash amount of wages that workers take home.

Besides complying with the FBW minimum, the company must comply with other requirements in the Hired Labour Standard to continuously increase wages; requirement 3.5.1 applies whenever legal minimum or CBA regulations where exists, are higher, and section 3.5.4 that requires companies to ensure that workers receive a regular wage increase above the annual average inflation of the previous year. This is particularly relevant to prevent existing Living Wage gaps from widening further. Compliance with requirements 3.5.1 and 3.5.4 will be verified in addition to compliance with FBW values in this publication. Companies should not assume that paying the FBW automatically satisfies said requirements.

Table 2
Fairtrade base wage: cash, net and basic
Applicable as of 1 February of 2025

Country	Units/month/worker	Cash FBW	Net FBW	Basic FBW
Cameroon	CFA francs	72,166	72,166	76,124
Colombia	Pesos	1,049,974	1,310,127	1,144,350
Dominican Republic	Pesos	15,294	16,648	16,254
Ecuador	US dollars	263	287	290
Ghana	Cedis	1,789	1,789	2,092
Cote d'Ivoire	CFA francs	102,577	102,577	113,023
Mexico	Pesos	7,280	7,970	8,273
Nicaragua*	Cordobas	6,888	7,508	7,553
Peru	Soles	561	990	645

Note: The ratio of deductions and cash allowances has been adjusted according to latest information in the respective national labour legislation, where available.

**Due to changes in the ratio deduction the FBW 2025 for Nicaragua would have dropped. Fairtrade froze the base wage value of 2024 to ensure that workers do not receive a lower wage.*

Change in history

Date of publication	Changes
	First version
27.05.2021	Explanatory document on how to calculate wages for the Fresh Fruit Standard (Floor wages and the Fairtrade Base Wage).
04.08.2021	Simplification of information contained in table 1 and on the steps for running the wage comparison. Incorporated values used as reference to decide on which countries apply the net FBW 70%, as “take home cash money”.
23.03.2023	Updated Values of FBW70% at Net Take Home Cash Money, by using LWBs updated to June 2022. Updated clarifications on what wages to compare and how to do it.
08.03.2024	<p>Updated values for FBW70% at Net Take Home Cash Money, by using net LWBs updated in September 2023 by the Living Wage Coalition.</p> <p>Clarification on what the net wage received by workers might and might not include.</p> <p>Basic Wage references are provided.</p> <p>The ratio for deductions and values for cash allowances have been adjusted according to information of national labour legislations of each banana producing country, where available.</p> <p>LWB studies for rural regions in Cameroon and Nicaragua, updated in September 2023, were used in the calculation of the FBW70% at Net Take Home Cash Money.</p> <p>Due to changes in ratios and/or benchmarks the FBW 2024 for Cameroon, Ecuador and Peru would have dropped. Fairtrade froze the base wage value of 2023 to ensure that workers do not receive a lower wage.</p> <p>The document has been divided and the wording has been improved to differentiate the values applicable to the base wage for banana companies from the floor wage values applicable to other fresh fruits.</p> <p>Living Wage Benchmark values updated and published September 2024 by the Living Wage Coalition.</p>
15.11.2024	<p>Basic FBW is used as the reference for auditor to compare with wages paid in payslips. The term “FBW (THCM)” is replaced by “Cash FBW.”</p> <p>The ratio for deductions and values for cash allowances have been adjusted according to information of national labour legislations of each banana producing country, where available.</p> <p>Due to changes in ratios for allowances and deductions stipulated in country labour legislations, where available, the FBW 2025 for Nicaragua would have dropped. Fairtrade froze the base wage value of 2024 to ensure that workers do not receive a lower wage.</p>