



Exploring the benefits of the Fairtrade Premium in the context of living wages

A research study on the role of the Fairtrade Premium in reducing pressure on wages and generating the enabling environment needed to make living wages effective in improving livelihoods for workers in banana supply chains in Ghana and Colombia

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Banana packing at Agrícola
Mayorca HLO, Colombia

Executive summary

Overview

Fairtrade's ambition is that workers have the power to improve their own livelihoods and negotiate their wages and terms of work. At the heart of this ambition is our deep-rooted commitment to living wages. The need for a living wage has always been pressing in the banana sector, but the global uncertainty of the last two years has increased the urgency, particularly in the UK industry. It has become increasingly important to understand how investments made through certifications like Fairtrade support the closing of the living wage gap, and create the enabling environment needed to make living wages useable and effective in improving livelihoods.

This study was commissioned to understand how Fairtrade Premium can play a crucial role in reducing the pressure on workers' wages through in-kind benefits that support the basic needs that are the components of a living wage (food, clothing, shelter, healthcare, education, transport to work and a little extra for unforeseen circumstances); and how the Fairtrade Premium can create the enabling environment for living wages to be effective. This study takes a mixed methods approach with a focus on three hired labour organisations (HLO) in Colombia and two in Ghana. Qualitative data was collected through focus groups and interviews in both Ghana and Colombia, as well as individual case study collection in Colombia. Quantitative data was collected through a remote mobile phone survey delivered through Fairtrade's pioneering FairVoice methodology in one HLO in Ghana.

'I know that it is a fruit that is being sold, but I know that through this I am also improving my quality of life'

Sonia Maria Tuberqueria Ortiz, banana worker, Colombia



Sonia Maria Tuberqueria Ortiz – Worker at Agrícola El Faro HLO, Colombia



Key findings

In both countries, the Fairtrade Premium has been invested in ways that are relevant to the local and regional infrastructure that creates the enabling environment for living wages. In Colombia, that includes investment in workers' housing and education infrastructure. In Ghana, the Premium has been used to subsidise food in cafeterias, build schools and health centres, and establish transportation infrastructure, along with providing access to interest-free loans.



In Ghana, the benefits generated through Fairtrade Premium have an average cash equivalent of about \$75 per worker per month and make an important contribution to workers' livelihoods. The significance of these benefits is clear when compared to the living wage benchmark of \$257 for this region.



The HLO that took part in the mobile survey in Ghana allocated 36.7 percent of Fairtrade Premium for loan schemes between 2014 and 2021. A total of 85 percent of workers in the survey reported having benefited from a loan, and the loan scheme was rated the best benefit of Fairtrade Premium. Of the 79 people who responded to the open question about why the loan was beneficial for them, 35 people (44 percent) referenced housing, either for paying rent, buying land, constructing buildings or for utility costs.



On average, workers in the Colombian plantations in this study received additional benefits that are equal to \$88.60 per worker per month through Fairtrade Premium. However, the amount varies with their family size and the activities and projects they participate in. The significance of these benefits is clear when compared to the living wage benchmark of \$433 for this region.



In both countries, cost of living increases are putting additional pressure on wages for workers. In the mobile survey in Ghana, over 66 percent reported that they used cash payments from the Premium towards basic needs such as food or running costs, showing how the Premium plays a crucial role in addressing rising costs of living.



In recommendations for the future, the researchers advised against changes, such as an increase of the Fairtrade Premium paid directly to workers, that may divert funds from infrastructure, services and other benefits that support living wages and hinge upon Fairtrade Premium funding support. Without these essential services, workers would not be able to access services supporting their living wage. However, these Fairtrade Premium benefits should not be in lieu of increases in actual cash wages.



Introduction to the research

Fairtrade and living wages in the banana sector

Workers at farms, factories and plantations are among the most vulnerable people in global trade. Without access to land or unable to make a living from it, they often have few options for a sustainable livelihood. These workers often lack formal contracts, freedom of association, basic health and safety assurances, and adequate wages, among other challenges. Fairtrade's ambition is that workers have the power to improve their own livelihoods and negotiate their wages and terms of work. At the heart of this ambition is our deep-rooted commitment to living wages. A living wage means ensuring workers have enough of an income to afford a decent standard of living for their household – including a nutritious diet, clean water, decent housing, education, healthcare and other essentials – plus a little extra for savings and emergencies so they can plan for the future.

The need for a living wage has always been pressing in the banana sector. But after two years of COVID-19 creating higher costs and lower margins, as well as the unprecedented impacts of the Ukrainian conflict and rapid rise in inflation for banana producing countries and their communities, the urgency is now clear for the UK industry. As some retailers commit to price interventions in their supply chain to address the gap, and others map wages in their supply chains, it has become increasingly important to understand how investments made through certifications like Fairtrade support the closing of the gap and make wages more meaningful.

Fairtrade sourcing is a critical 'first step' bundle of interventions to close the living wage gap. Through Fairtrade sourcing, producers receive Fairtrade Premium and Fairtrade Minimum Price protections so that plantations can maintain the costs of production (including wages) during commodity price crashes. The Fairtrade Premium – an additional sum that producer groups can spend on community or business projects of their choice – reduces the pressure on wages. For instance, producers can choose to use their Premium funds to cover the costs of housing, healthcare and schooling, or pursue additional income-generating activities. For bananas coming from estates, the Fairtrade Premium is US\$1 (€0.96) per box of fresh



Paola Esther Sandoval Suarez
– Worker at Agrícola Mayorca
HLO, Colombia

bananas (18.1kg; Fairtrade International, 2021) and is paid to HLOs. Each HLO has a Fairtrade Premium Committee (FTPC) that decides democratically – together with its workers – how the money is spent.

Fairtrade has taken additional concrete steps towards closing the living wage gap for banana workers in recent years. Notably, in July 2021 Fairtrade launched the Fairtrade Base Wage for banana plantations. Set at 70 percent of the take-home pay needed for a living wage, the base wage is unique among certification schemes in making a solid step towards a living wage. Furthermore, between 30 percent and 50 percent of the Fairtrade Premium can be paid out as cash for workers. Read more about [the Fairtrade Foundation's approach to living wages here](#).

In-kind benefits in living wages

There are many methodologies available to calculate living wage benchmarks. Fairtrade works with other certification schemes through the Global Living Wage Coalition to establish independently validated country- and region-specific living wage benchmarks using the Anker methodology. These are set for all key origins where Fairtrade bananas are sourced.

In-kind benefits can be an important component of remuneration since they can reduce the cash wage that workers require for living expenses, but also represent a significant cost for employers. Some types of employer can use in-kind benefits as partial payment of a living wage, such as meals at work or transportation to and from employment. To be considered as partial payment of a living wage, in-kind benefits need to meet a number of criteria outlined in the Anker methodology, which allows up to 30 percent of remuneration to consist of in-kind benefits. The Ankers are currently reviewing the in-kind benefit proxy.

Meanwhile, Fairtrade sets its Fairtrade Base Wage calculation at 90 percent cash wage of the overall benchmark, allowing 10 percent in-kind benefit proxy as a contribution from employers. Fairtrade decided to set the in-kind benefits percentage for banana HLOs at 10 percent due to research in banana origins showing on average that the customary in-kind benefits amount is 10 percent remuneration. There are also challenges calculating the value of in-kind benefits at the plantation level and a recognition of the variability in the quality of in-kind benefits. Allowing 10 percent in-kind benefits therefore improves the accuracy of management reporting and enables workers to have greater ability to manage and prioritise how they spend their income by recognising the importance of take-home cash for workers.

While in-kind benefits from employers are important in understanding living wages, this study focuses primarily on benefits that workers receive through the Fairtrade Premium. There are some instances where initiatives may be joint-funded between Fairtrade Premium and employers, and these have been included. However, any statutory or employer-only in-kind benefits have not been factored into the calculations in this study.

This study also references cash payments received by workers. Fairtrade Standards stipulate that up to 30 percent of the Fairtrade Premium must be paid out in cash as a temporary measure while there are living wage gaps, and this is on top of the existing 20 percent that workers can democratically decide to receive in cash if they choose to. To deal with occasions where government regulations stand in the way of cash disbursement, workers may choose to receive the Premium bonus in vouchers instead.





Paola Esther Sandoval Suarez – Worker at Agrícola Mayorca HLO, Colombia

Research design

Focusing on UK retail supply chains, this research aims to understand: how Fairtrade Premium can play a crucial role in reducing the pressure on wages by supporting the basic needs that are the components of a living wage (food, clothing, shelter, healthcare, education, transport to work and a little extra for unforeseen circumstances); and how the Fairtrade Premium can create the enabling environment needed to make living wages effective in improving livelihoods. For example, a living wage should cover education needs, but there also needs to be adequate infrastructure such as school buildings and the means to travel to school to meet this basic need in livelihoods. This is where Fairtrade Premium can play a crucial role.

Using the components of a living wage as a structure for the research, this study focused on the key questions about how the Fairtrade Premium can: provide or improve access to food and water; improve or subsidise education; provide access to healthcare; contribute to housing; improve or subsidise transport; support with cash payments, saving and loans; and provide other in-kind benefits relevant to the living wage context that exists for workers and their families.

This study takes a mixed methods approach with a focus on three HLOs in Colombia and two in Ghana. The project had the following phases:

- Desk research and data review.
- Qualitative data collection, which included focus groups and interviews in both Ghana and Colombia, as well as individual case study collection in Colombia.
- A remote quantitative survey delivered through Fairtrade's new FairVoice methodology.

To reach more people to explore these questions, Fairtrade utilised the innovative FairVoice technology, developed with community insights specialists On Our Radar, to conduct mobile surveys directly with workers in Ghana. This means that survey questions can be sent directly to workers' phones via SMS, and they are able to share their experiences and insights on how the Fairtrade Premium has benefited them and why this has been important. The survey was mostly closed questions, with some open-ended questions to encourage further freedom in participants' answers.

The limitations of this approach are that it does require basic literacy and access to a mobile phone, which can exclude some people. The technology does allow for translation abilities, however local staff advised that English was still the best language for the survey, as local languages are often not written and can be very diverse among worker populations. To mitigate the bias these barriers might create in the selection of respondents, the Fairtrade Premium Committee provided support to some people to be able to access the survey.

The survey worked with one HLO estate in Ghana with 687 workers. It was sent to 335 workers – approximately half the workforce. 118 people responded to the survey, a response rate of 35 percent. This sample provides the data with a 95 percent confidence level, with an 8 percent margin of error. Accurate comparisons of this type of survey to benchmark response rates are difficult to find. The closest comparison can be seen with Dillion et al. (2021), who discuss the low response rates that are typical for phone surveys and highlight a 21 percent completion rate in Ghana in their study.

As this is a new approach to data collection, questions were also asked about how workers found the experience of answering surveys through mobile phones. Responses to this were positive, with many expressing that the anonymity of using mobiles enabled them to answer questions more honestly.

'It's the best way for everyone else to express his or herself without fear or panic about the truth speaking.'

FairVoice mobile survey respondent

'My experience is that any survey from Fairtrade should always be done through SMS.'

FairVoice mobile survey respondent

'It makes answering the survey independent and fearless'.

FairVoice mobile survey respondent

The study was conducted in June–October 2022 when global recovery from the COVID-19 pandemic and the war in Ukraine created exceptional economic situations globally. In Ghana, this was evidenced by 29.8 percent inflation in June 2022, which had increased to 50 percent by November 2022, a 30.6 percent currency devaluation over the period from January to July 2022, high fuel costs, and skyrocketing food costs (Trading Economics, 2022). Colombia also experienced startling inflation, but far less intensely than Ghana, at approximately 10 percent in June 2022, rising to 12.5 percent in November 2022 (Trading Economics, 2022).

Since the costs of living in 2022 are higher than the normalised inflation rate, estimations used to calculate the living wage benchmarks cited in this study (see Smith et al., 2022; Andersen et al., 2022), we can expect that living wages, particularly in Ghana, exceed the published benchmarks during this exceptional period. It should be noted that after the study was concluded, and with funding from Fairtrade, the Anker Research Institute adjusted the benchmarks to the unexpected rise in inflation. The study may, therefore, represent a 'snapshot' during turbulent times.

Another complication arising due to the severity of the economic crisis at the time the study was conducted is that the benefits (which are partly converted into US dollar cash equivalents) might be larger than assumed. That's because the Ghanaian Cedi (GHC) was very weak, the Euro was weak and the US dollar was strong at the time of the study. Moreover, community members (not only plantation workers) benefited from investments through Fairtrade Premium, and so there are certainly benefits for communities not sampled in this study.

In both Colombia and Ghana, monthly income and living wage gap calculations are tricky as, in both countries, incomes differ according to task and skill and are usually based on performance outputs, rather than hourly or daily wages. Consequently, income can fluctuate greatly over the year for the same worker and between workers (Andersen et al., 2020; Smith et al., 2017).



Anibal Segundo Alegre
Anayaa – Worker at Agrícola
Las Antillas S.A. HLO,
Colombia



José Concepción Ramírez Girón – Worker at Agrícola Mayorca HLO, Colombia

Findings

'The Fairtrade Premium supports us in important development activities, and I don't know how we would have managed during Covid times if it weren't for the Fairtrade Premium. Education, health, and meals at work are just some examples. But our main hope is to improve our whole community so that our children have a better future.'

Banana plantation worker, Ghana

Findings show that Fairtrade Premium plays an important role in supporting the enabling environment for living wages. In both countries, the Fairtrade Premium has been invested in ways that are relevant to the local and regional living wage infrastructure. That includes investment

in workers' housing and education infrastructure in Colombia, and the provision of subsidised food in cafeterias, construction of schools and health centres, establishment of transportation infrastructure, and access to interest-free loans in Ghana.

Ghana



Ghana has increased banana exports considerably over the past two decades. Total exports grew from approximately 3,000 metric tonnes per year in early 2000 to the current >80,000 metric tonnes per year.

The estimated gross living wage benchmark (including income taxes and other mandatory deductions) for the lower Volta River area of Ghana in 2022 were 1,841 GHC (\$257 gross) per month (Smith et al., 2022). Banana plantation workers in Ghana receive the Fairtrade Base Wage (70 percent of the living wage benchmark) and receive substantial in-kind benefits through Fairtrade Premium, including subsidised food, school supplies, healthcare and transportation, among others.

The benefits generated through Fairtrade Premium have an average cash equivalent of \$75 per worker per month and make an important contribution to workers' livelihoods and beyond. The significance of these benefits is clear when compared to the living wage benchmark of \$257 for this region.

On average, the additional benefits generated through Fairtrade Premium are equal to \$75 (USD) per person per month for workers in Ghanaian plantations in this study



Cost of living and food

Cost of living and high inflation are having a big impact on workers in Ghana, with 29.8 percent inflation, a 30.6 percent currency devaluation over the period from January to July 2022, high fuel costs, and skyrocketing food costs. In one HLO, a portion of Fairtrade Premium is used to subsidise meals for its workers. Workers receive one meal per day in cafeterias on the plantations which is cost-shared between management and Fairtrade Premium (the cash value of a meal was 6.5 GHC/\$1.12 in 2021). Only 21 percent of the effective food costs are paid by workers; 49 percent are paid by the Fairtrade Premium and 30 percent by management. The meal subsidy reduced workers' monthly food expenditures by approximately \$23.90 per person per month in 2021 (139 GHC), effectively lowering household monthly food expenditure by 12 percent (approximately 6 percent as a result of Fairtrade Premium).

'This year all prices have doubled. Petrol is now 9 GHC per litre, earlier this year it was 5. If costs for transportation double, everything doubles, and our roads are very bad... A small fish is now 5 GHC in the market; there are certain items we simply cannot afford any more. The meals we receive on the plantation help us a lot to cope with the situation...'

Banana plantation worker, Ghana

Cash payments

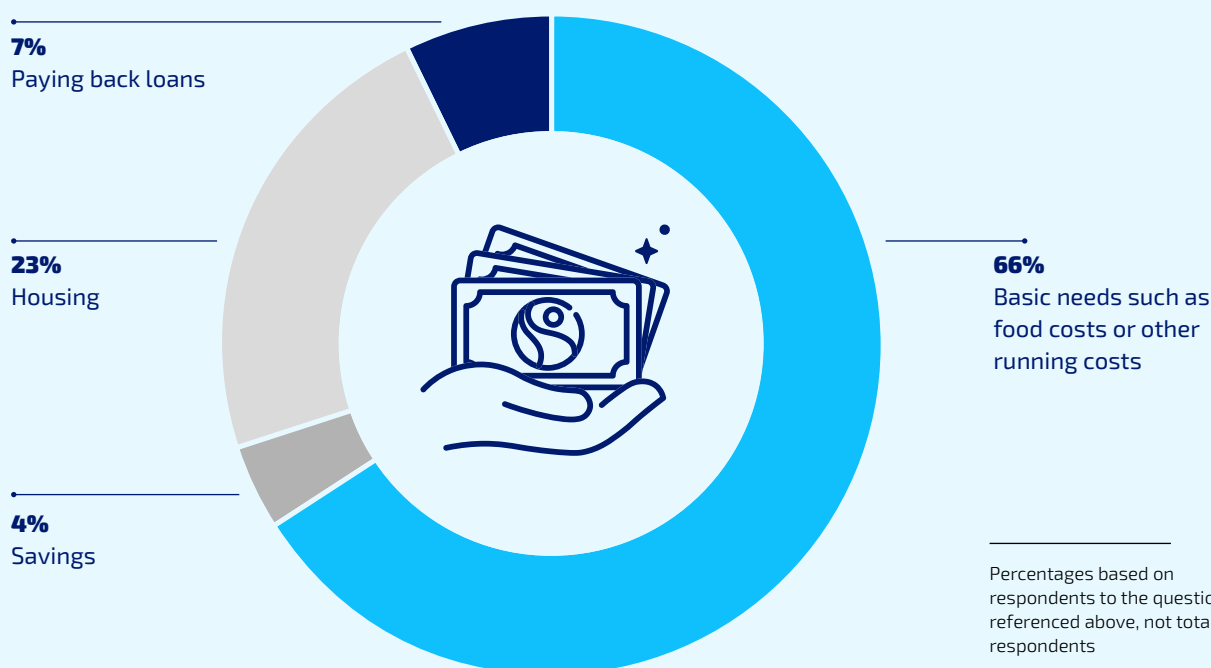


In Ghana, additional cash payments are made through Fairtrade Premium; for one HLO this was 20 percent and for the other it was 50 percent of all Fairtrade Premium in 2021 – 50 percent is the maximum that can be used as cash payment in accordance with the Fairtrade Standards. These cash payments to workers are used to compensate for high inflation and associated increases in the costs of

living in Ghana. In 2021, this translated into 2,284 GHC per worker per year (\$370.20/€326.81). In the mobile survey, 66 percent reported that they put the cash payments from the Premium towards basic needs such as food or running costs, showing how the Premium plays a crucial role in addressing rising costs of living.

Chart 1: FairVoice mobile survey responses on cash payments

The Fairtrade Premium is also used for additional cash payments. Can you tell us how you use this money?





Education

School supplies (books, bags, materials), school buildings and infrastructure, and education subsidies were among the principle uses of the Fairtrade Premium for both HLOs in Ghana. Government policy provides for free primary and secondary education for all Ghanaian children; however, the cost of school supplies, transportation to school and meals at school are prohibitory for many plantation workers. Both HLOs allocate a substantial share of their Fairtrade Premium to the purchase or subsidy of school supplies. They also contribute to the construction of housing for teachers to attract qualified professionals to their area.

Workers reported through the mobile survey that the average cost per month for all associated school costs (fees, meals, transportation and materials) is \$144. Those who responded that they had education support through Premium had on average \$24.17 less school costs than those without Premium support. Smith et al. estimates for non-food and non-housing expenses are approximately \$130, taking into account the inflation rates in 2020. School costs would be a part of this, but these estimates from workers show that perhaps the cost of living is pushing these costs even higher than benchmarks suggest.

According to data sources, the Fairtrade Premium education subsidies reduce workers' direct education expenses by \$3-7 per month. Investments in education infrastructure also frees many of them from transportation costs as the distance their children must travel to schools has decreased. Investments in school buildings, infrastructure and education subsidies in 2018-2020 alone tally to an indirect benefit of \$24.20 per worker per month, on average.

Education benefits were ranked the second highest by respondents of the mobile survey as the Premium activities that gave the best personal benefits.

'It is very important to me just because they are my future and I'm finding it difficult sometimes to send them to school'

FairVoice mobile survey respondent

Transportation

Transportation was among the most common use of the Fairtrade Premium in Ghana. Both HLOs have used their Fairtrade Premium to buy buses for the transportation of workers so they don't pay for transportation to and from work. Particularly true in 2022 when petrol prices

increased dramatically, the provision of transportation is highly appreciated by workers and is an important in-kind income source, representing an estimated \$10-20 per worker per month, depending on where the workers live.



Health

Smith et al. (2017) estimated the annual medical expenses paid outside of health insurance is 360 GHC per year per family. Using inflation rates for the updated benchmark in 2022 (Smith et al., 2022), this adds up to 626 GHC per year, or 52.2 GHC/\$6.50 per month per family.

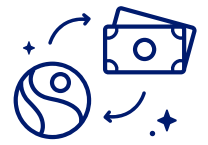
One Fairtrade Premium Committee has invested a great proportion of Premium funds in health, offering benefits to both employees and members of the surrounding communities (>3,000 direct beneficiaries). They have paid for employees' HIV testing, breast cancer screening, hepatitis and diabetes screening, and other health services.

The health infrastructure surrounding both plantations has been substantially developed through Fairtrade Premium and handed over to local governments. According to interview data, the infrastructure is now much better equipped than in comparable regions where Fairtrade HLOs do not exist. One Fairtrade Premium Committee invested €1.4 million over 11 years and another invested roughly €950,000 between 2018 and 2022, amounting to an average cash equivalent of \$14.40 per worker per month. Fairtrade Premium at both HLOs has been invested in mosquito nets for all workers as well as items for COVID-19 prevention, such as hand sanitisers and face masks, with a cash equivalent of \$4.10 per worker per month, on average.



'We received screening for hepatitis, diabetes, breast cancer, HIV, and many other things. Few of us would be able to pay that from our own money. Also, all COVID transmission prevention material was paid by the Fairtrade Premium.'

Focus group participant



Savings and loans

HLOs allocate a great amount of their Fairtrade Premium to loans for their workers, with interest rates from 0-0.2 percent. Workers can take one loan of 2,000 GHC (approximately \$249 in 2022) per year and can apply for new loans in subsequent years if the previous loan conditions have been satisfied. Virtually all workers take loans at both HLOs. The opportunities for credit and savings represent unique conditions in an environment where interest rates at rural banks are usually between 30-40 percent (based on interview data). Therefore, if a worker takes a loan of 2,000 GHC through the Fairtrade Premium, they avoid paying the \$74.80-\$99.80 interest per year that banks would have charged.

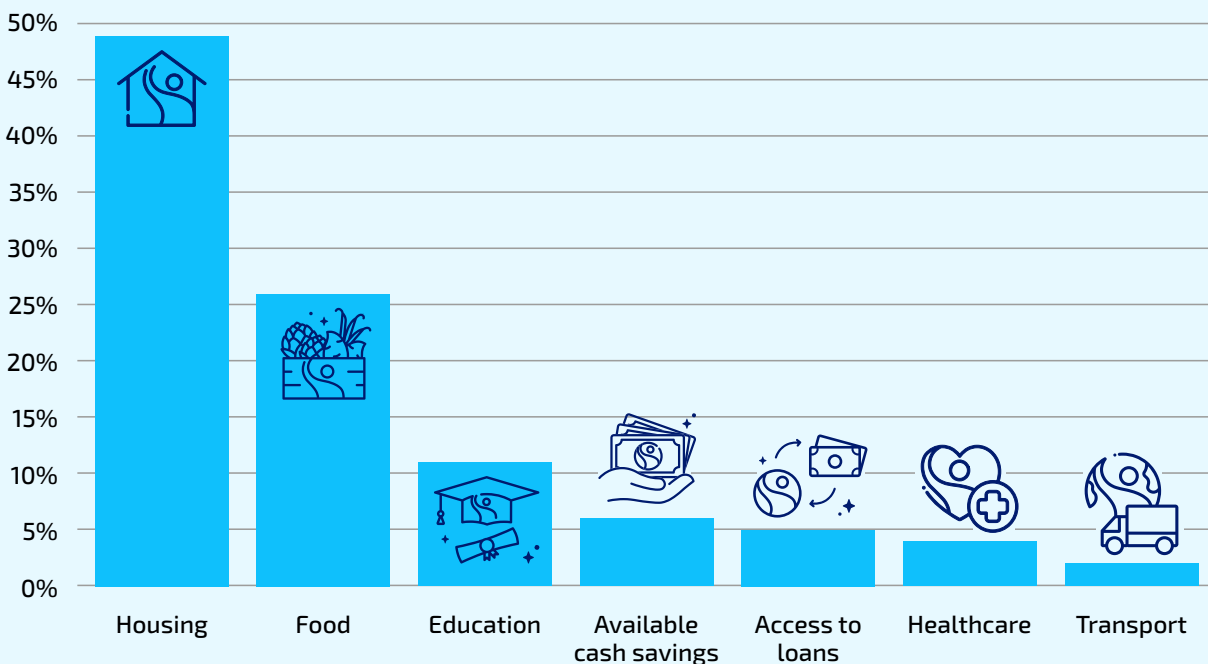
One HLO also pays a provident fund (a pension plan) for its workers, amounting to around 189 GHC (\$31.00) per worker per year in 2021.

The HLO that took part in the mobile survey allocated 36.7 percent of Fairtrade Premium for loan schemes between 2014 and 2021. A total of 85 percent of workers in the survey reported having benefited from a loan, and the loan scheme was rated the best benefit of Fairtrade Premium. Of the 79 people who responded to the open question about why the loan was beneficial for them, 35 people (44 percent) referenced housing, either for paying rent, buying land, constructing buildings or for utility costs.

Furthermore, 48 percent of respondents in the mobile survey when asked about their biggest cost challenge reported housing costs. Of the 93 participants that replied to the open-ended question about how they felt the Premium should be spent, over 50 percent mentioned housing (rent support or building).

Chart 2: FairVoice mobile survey responses on cost challenges

What do you feel are the costs that you have that are the biggest challenges for you?



Percentages based on respondents to the question referenced above, not total respondents



Both HLOs have invested Fairtrade Premium to support clean water storage projects in villages as well as multiple opportunities for employee training, including vocational and livelihood diversification training. Examples of this include soap production, batik and tie-dying, the

production and local marketing of pasties and taxi driving licenses. In one HLO, workers also receive goods (mattresses, fridges, cement) to support their families. In 2021, they received goods with an average cash value of 936 GHC per worker (\$162.40).

Ghana summary

Table 1: In-kind income summary of workers on Fairtrade certified banana plantations in Ghana

Category	Characteristics	Company/HLO/Source of money	Cash equivalent in US\$/month
Food	79 percent of the price of meals at the plantation are subsidised	1 HLO management (29 percent) and FTPC (50 percent)	23.9
Education	School supplies, bags, books	Both HLOs' FTPC	3-7.0
	Vocational training: 1,000 GHC (\$124.70) per person	1 HLO's FTPC	Varies according to need
	Tertiary education: 3,000 GHC per person (\$374) spread over 4 years	1 HLO's FTPC	7.8
Health	Health insurance (2.5 percent of salary), healthcare and medication costs paid	1 HLO management	4.5 * 6.5
	Mosquito nets, COVID-19 control supplies	Both HLOs' FTPC	4.6
	COVID-19 control supplies	Both HLOs' FTPC	
Transportation	Buses	Both HLOs' FTPC	10-20.0**
	Fuel and running costs	1 HLO management	
Savings	Loan credit (-\$240.00)/worker/year	Both HLOs' FTPC	6.2-8.3
	Provident fund (\$31.00 per year)	1 HLO's FTPC	2.7
Goods	Mattresses, fridges, TVs (\$161.40 per worker in 2021)	1 HLO's FTPC	13.6
Cash payments	\$370 per worker in 2021; 50 percent of Fairtrade Premium	1 HLO's FTPC	31.0
	Around \$89 per worker in 2021; 20 percent of Premium	1 HLO's FTPC	7.4

*2.5 percent of Living Wage Base Wage (US\$179.90) **Depending where workers live; at time of 2022 field visit, fuel costs were exceptionally high, Font in grey and italic refers to in-kind benefits that are not financed through Fairtrade Premium

In summary, workers in Ghana receive \$60–90 per month of in-kind benefits through the Fairtrade Premium depending on if they have children, how long they have been working for the company, and the activities and

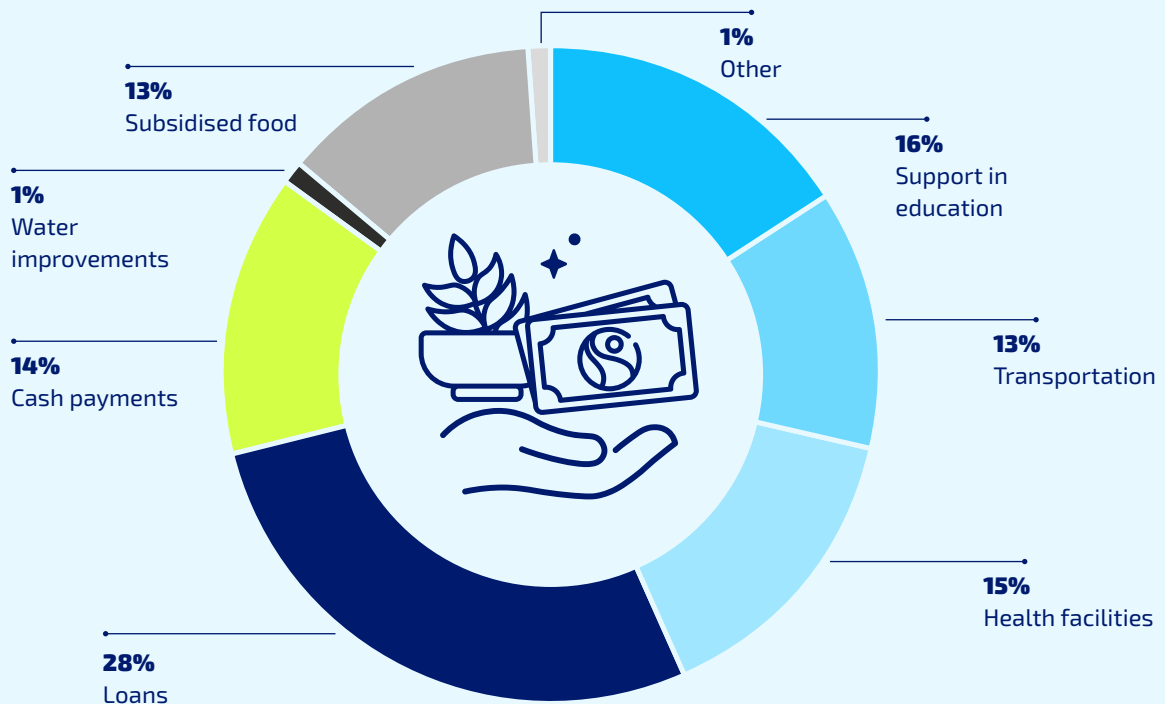
projects they participate in. On average, this is \$75 per worker per month, which is in line with estimations by Smith et al. (2017).

In the mobile survey, workers expressed their biggest personal benefit through the Premium, with loan schemes ranked highest (28 percent) from those who responded to the question, followed by support in education (16

percent) and health facilities (15 percent). Cash payments was ranked fourth, showing the value that workers put on Premium investments outside of cash payments.

Chart 3: FairVoice mobile survey responses on biggest benefit from Fairtrade Premium

Considering all the different activities and benefits generated through the Fairtrade Premium, what would you say is your personal biggest benefit?



Percentages based on respondents to the question referenced above, not total respondents



Colombia



Anibal Segundo Alegre Anayaa - Worker at Agrícola Las Antillas S.A. HLO, Colombia

Colombia is among the world's five largest banana exporters. It supplies about one tenth of the world's export market and is a key source of Fairtrade certified bananas in British supermarkets (Banana Link, 2021). From 2018 to 2020 a total of €14.5 million Fairtrade Premium was generated by the 32 HLOs in Colombia which supply UK retailers with Fairtrade bananas (Fairtrade CODImpact data, 2022).

In 2022, the living wage benchmark in Colombia was updated to 1,823,372 Colombian pesos (COL\$, \$433; Andersen, 2022) per month. This is calculated for a reference family size of four (two adults and two children) including 1.61 full-time equivalents (Andersen et al., 2020). Studies of waged workers on Fairtrade certified banana plantations in Colombia have shown that there are no significant differences in the actual wages received by workers on Fairtrade certified and non-Fairtrade certified plantations (van Rijn et al., 2016; 2020. In Colombia, union representatives are responsible for negotiating wages with individual plantations on behalf of all workers at both Fairtrade and non-Fairtrade plantations (van Rijn et al., 2016).

However, multiple positive non-wage effects were identified on Fairtrade plantations, particularly through in-kind benefits (sanitation, food, healthcare, enabled private savings) and job security (ibid). Better health, protective, and safety measures have been reported in studies of Fairtrade certified banana plantations, as well as permanent employment contracts, training opportunities, and paid leave (Addoah and Sulemana, 2016; van Rijn et al. 2016).

Findings from this study support this evidence. On average, workers in the Colombian plantations in this study receive additional benefits that are equal to \$88.60 per month through Fairtrade Premium. However, the amount varies with their family size and the activities and projects they participate in. The significance of these benefits is clear when compared to the living wage benchmark of \$433 for this region.

The additional benefits generated through Fairtrade Premium are equal to \$88.60 (USD) per person per month for workers in Colombian plantations in this study

'I reiterate that, as a banana worker, we do not have the economic capacity to pay for certain expenses, and so the Premium makes it easier for us to pay for these expenses.'

*Osnaider Mercado Sandoval Suarez,
banana worker, Colombia*



Education

Education support is the largest expenditure item in the Colombian producer organisations in this study (34.3 percent of all expenditures), and includes scholarships for basic and higher education, computers, uniforms, school materials and other equipment. This was for both children and adults. On average, the cash equivalent of the education support received by the workers of the HLOs in this study is \$47.50 per worker per month.

'They give you a school subsidy of about 700,000 pesos, which is very good because it is a lot of money to take it out of your pocket.'

*Semis Urruita Mosquera,
banana worker, Colombia*



Health

Healthcare represents 7.6 percent of all Fairtrade Premium expenses. The costs are mainly attributed to treatments and medicines that are not covered by the mandatory government health insurance and include, for example, oral healthcare and optometry services. The Fairtrade Premium also covers the costs of medical travel outside the area and 'health services for special treatments,' i.e.

surgeries. It is notable that there are no health service facilities near the plantations. People with disabilities living in workers' communities are financially supported by the Fairtrade Premium for medical treatments. The in-kind contribution that the Fairtrade Premium makes for healthcare is approximately \$4.50 per worker per month.



Housing

Housing is one of the main uses of the Fairtrade Premium for the three HLOs (24.5 percent). Programming supports home purchases, construction and improvements. The HLOs provide allowances of up to \$5,267.80 per housing loan. In-kind benefits for housing are \$28.90 per worker per month, on average. Workers have the option of

deciding on the type of housing they are interested in – for example, a pre-existing house or construction on their own site – and they receive an allowance as a loan of approximately \$224 from the Fairtrade Premium Committee.



'Housing means a quality of life; I received my housing in 2010 through the corporation ... when you stop paying rent, more goes into your family basket, that is to say, what Fairtrade gave me in my house is what I was going to spend on rent, which I now spend on my family's basic needs.'

*Anibal Segundo Alegre Anayaa,
banana worker, Colombia*



Maria Claudia Velasquez Cuesta – Worker at Agrícola Las Antillas S.A. HLO, Colombia

Other



Other important Fairtrade Premium-funded activities in the communities affiliated with oneHLO include sports clubs, cultural events, buildings (e.g., schools), and environmental projects. For example, 570 hectares of

forest have been preserved, 2,500 seedlings have been planted, and 20 hectares of forest have been restored through the three HLOs.

Colombia summary

Table 2: Colombian workers' in-kind benefits averaged over three selected HLOs

Category	Characteristics	Company/HLO/ Source of money	Value in US\$/ month/ worker
Education	Scholarships/bursaries, supplies and equipment	HLO FTPC	47.5
Health	Medical treatment	HLO FTPC	5.2
	Other workplace health services	HLO FTPC	4.5
Housing	Building new houses	HLO FTPC	16.0
	Other employee housing benefits (insurance, construction materials, etc.)	HLO FTPC	12.9
Savings	Mattresses, fridges, TVs (\$161.40 per worker in 2021)	HLO FTPC	2.5

Source: Fairtrade CODImpact Database 2022 and FTPC of Bananfrut

Summary and next steps

The data outlined in this report provides a unique insight into the role the Fairtrade Premium has in reducing the pressure on cash wages and the enabling environment needed to make living wages effective in improving livelihoods. Using the components that constitute living wage benchmarks, this report has been able to start unpicking how Fairtrade Premium spend can be mapped to these areas and begin to add a monetary value per worker to these.

In Ghana, Fairtrade Premium has been used to address key challenges workers face with rising costs of living, providing flexible cash payments to address the rising food costs in the country, as well as longer-term solutions through loan schemes that can address housing challenges and offer cost savings through highly competitive interest rates. The revolving nature of loan schemes enables sustainability of Premium investments to benefit more workers in the long-term.

In Colombia, while the unionised nature of the industry enables strong cash wages, it's clear the Fairtrade Premium still plays an important role in improving quality of life for banana workers, something mentioned repeatedly within qualitative data. The benefits of the Fairtrade Premium are significant in improvements in key areas, such as education and housing.

In recommendations for the future, the researchers advised against changes, such as an increase of the Fairtrade Premium paid directly to workers, that may divert funds away from important living wage services and other in-kind benefits which hinge on Fairtrade Premium funding support.. However, these Fairtrade Premium benefits should not be in lieu of increases in actual cash wages.

This study provides valuable first insights into the topic of in-kind benefits and the role the Fairtrade Premium can play. However, it is an indicative study in a selection of HLOs and as the conversation of in-kind benefits evolves in living wage discussions, it is critical to explore this topic further. This study requires expansion and alignment to evolving Anker methodologies on in-kind benefits to build the evidence base further. We will continue to strive to bring worker insights into these discussions through the FairVoice methodology and expand this to other countries.



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End notes

- All figures presented in this paper are based on current data available to the researcher at the time of analysis and are subject to change.
- As exchange rates fluctuate dramatically, all cash values are presented in Ghanaian Cedi (GHC), US dollars (\$) or Euros, depending on the data availability. Companies and Fairtrade Premium Committees often presented data in Euros rather than US dollars, despite US dollars being the transactional currency. As companies and Premium Committees partly present the exchange rates used in their individual bank transfers, not all exchange rates can be traced back through market exchange rates. Also, the Fairtrade CODImpact Database presents all Fairtrade Premium data in Euros while many HLOs in Ghana and Colombia used US dollars.
- The Fairtrade Premium data presented in this study was sourced from an internal Fairtrade database (CODImpact, accessed between June and July 2022) and exclusively covers banana supply chains from Ghana and Colombia to the UK between 2018 and 2020. Data quality reported rests upon individual reporting from the HLOs and is supplemented by up-to-date data received from the Fairtrade Premium Committees in Colombia and Ghana (though, not from banana-exporting companies). The latter are not exclusive to UK supply chains nor verified by Fairtrade or other bodies but are detailed and available over a long-time span.
- Fairtrade Premium spend data represents the overall figures related to the Producer Organisations in the supply chains, and not just the figures specific to UK retailer sourcing.
- Exchange rate used in July 2022 US\$1 = 8.02 GHC; some data (e.g., Fairtrade Premium) is presented retrospectively using the exchange rate of 1 July 2021, US\$1 = 5.85 GHC (oanda.com).
- During data cleaning of mobile survey data, outliers have been removed.

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