Fairtrade Living Income Reference Price - On Demand Service

PART OF FAIRTRADE'S
LIVING INCOME SOLUTION

Living incomes are essential to building resilient, sustainable supply chains. At Fairtrade we partner with businesses and producers to design practical solutions that drive impact.

Since launching our first Living Income Reference Price (LIRP) for cocoa in 2018, our tested methodologies have been used to develop approximately 30 prices, from cocoa to coffee, and from mangoes to cashews, among other products. Our precise process for developing national reference prices for major commodities—involving extensive research, farm data collection, and validation workshops with experts—has resulted in highly reliable reference prices.

What we offer

Since 2022, Fairtrade has offered a streamlined "on-demand" service to help businesses develop **Living Income Reference Prices** for their supply chains. We have refined our proven process into a five-step approach based on **27 case studies in 19 countries**.

Applicable to any product that is Fairtrade certified and grown by smallholder farmers; the service delivers results in three to six months depending on the options selected.

Our 5- Step Approach

CURRENT METHODOLOGY TO CALCULATE ON-DEMAND LIVING INCOME REFERENCE PRICES

Ca. 3-6 months per Living Income Reference Price, depending on selected approach

1

Pre-Assessment

In collaboration with key stakeholders, we identify the products, production model and origins for which reference prices should be generated. Based on available data and your goals, we select a methodology—either qualitative assessments via focus group discussions or farm-level data collection.

2

Definition of the Sustainable Production Model

Fairtrade works closely with local producer network crop experts to design a sustainable production model. This model outlines the entire production process, including necessary inputs, labour requirements, and productivity benchmarks to define a viable and sustainable livelihood for producers.

3

Data Collection and Analysis

We gather insights from farmers, producer networks, and local experts through focus groups and interviews. This data feeds into our model estimating target yields and generating an initial price proposal.

4

Stakeholder Validation

The initial parameter values and the provisional reference price are presented to key stakeholders, mostly led by farmers, independent crop experts and Fairtrade experts in a validation workshop. Their input ensures the price reflect on-the-ground realities.

5

Reporting

Fairtrade creates a written report explaining the process, model and parameter values, as well as the resulting reference price. If the partner chooses, Fairtrade can feature the report on our reference price map to enhance public visibility and highlight the commercial partner's contribution to sustainable pricing.

TO ENSURE THE VALIDITY OF THE PRICES, THE SERVICE OFFER INCLUDES ANNUAL UPDATES FOR INFLATION FOR THE NEXT FOUR YEARS.

Success story: Tanzanian cashews for Johnny Cashew

In 2022, Fairtrade International calculated a Living Income Reference Price for conventional cashews from Tanzania for the brand Johnny Cashew, a recent leader in sustainability. The data collected from 120 farmers from one producer organisation was analysed and has now been adopted by Johnny Cashew in their supply chain with a farmgate price of **TSH 2,133/kg**, approximately **$0,87/kg** of unshelled cashew nut.

A sustainable future

To find out more about Fairtrade and Living Incomes explore the **Fairtrade reference prices map** to find Living Income Reference Prices per commodity and country. For detailed information on our Living Income solutions please contact your local National Fairtrade Organisation.