

## Calculating floor wages in the Fairtrade Standard for Flowers and Plants for 2026

During the 2016-17 review of the [Fairtrade Standard for Flowers and Plants](#), a new clause (requirement 3.2.1) was introduced, requiring companies to ensure that basic wages paid to workers do not fall below the global extreme poverty line as defined by the World Bank. This minimum threshold is referred to as the **floor wage**.

### Updates of the global poverty line<sup>1</sup>

Global poverty lines are periodically updated by the World Bank (WB) to reflect changes in economic conditions, such as inflation and shifts in the cost of living. At the time of the floor wage's introduction, the global poverty line was US\$1.90 per day. In September 2022, the WB revised it to US\$2.15 per day. Fairtrade adjusted its floor wage requirement accordingly, with the new rate taking effect in January 2023.

Most recently, in June 2025, the World Bank raised the global poverty line to US\$3.00 per day. Because the difference between the two poverty lines represents an increase of nearly 40%, Fairtrade will adopt a phased approach to ensure a smooth transition, with the first increase in the floor wage taking effect in August 2026 as it begins aligning with the updated poverty line.

### Purchasing power parity

Along with the dollar value of the poverty line, Purchasing Power Parity (PPP) is a key factor in determining Fairtrade's floor wage. PPP rates adjust for differences in cost of living and price levels across countries, allowing a more accurate comparison of wages and economic conditions.

The World Bank regularly updates PPP rates for private consumption, which can be accessed through this [link](#). In instances where the PPP rate decreases compared to the previous year, Fairtrade freezes the PPP rate to ensure that floor wages do not decrease.

To keep the PPP aligned with current economic conditions, Fairtrade adjusts the latest available rate using the IMF's estimated rate of inflation for the current year<sup>2</sup>, as shown below:

$$\text{adjusted PPP} = \frac{[\text{latest available PPP for private consumption} \times (1 + \text{inflation rate in the country})]}{(1 + \text{US inflation rate})}$$

### Fairtrade's floor wage calculation

The general formula is as follows:

$$\text{floor wage} = \frac{(\text{adjusted PPP} \times \text{global poverty line} \times 30.4 \times \text{number of family members})}{\text{number of breadwinners per family}}$$

<sup>1</sup> More information about the global poverty line adjustments can be found [here](#) for 2022 and [here](#) for 2025.

<sup>2</sup> The rate of inflation represents the percent change in the average consumer price index (CPI), as published in IMF's [October 2025](#) World Economic Outlook.

The calculations for selected countries are shown in **Table 1**. The floor wage applies only to the basic wage, in-kind benefits cannot be included.

**Table 1:** Fairtrade floor wages in local currency for 2026 and preliminary 2027 estimates<sup>3</sup> for selected countries.

Country	Adjusted PPP		Global Poverty Line (US\$/day)		Days per month <sup>†</sup>		No. of Family members <sup>*</sup>		No. of Bread-winners <sup>*</sup>		Floor Wage 2026	Floor Wage 2027 <sup>3</sup>	Local Currency
Ethiopia	26.96	x	3.00	x	30.4	x	5.0	/	1.65	=	6,395	7,450	birr
Kenya	50.25	x	3.00	x	30.4	x	5.0	/	1.69	=	11,638	13,559	Ksh
Sri Lanka <sup>*</sup>	94.30	x	3.00	x	30.4	x	4.5	/	1.76	=	18,874	21,989	rupee
Uganda	1,339.64	x	3.00	x	30.4	x	5.0	/	1.78	=	294,571	343,189	kwacha

**Notes:**

<sup>†</sup> Number of days per month (365/12)

<sup>\*</sup> Values are sourced from living wage country reports and reference values published by [Global Living Wage Coalition](#).

<sup>\*</sup> For Sri Lanka, the annual [average consumer price](#) inflation rate published by the Sri Lankan Department of Census and Statistics was used, as no IMF inflation data was available.

To support companies in adapting to this substantial change, a **phased implementation approach** has been established:

- **By 01 August 2026:** Companies are expected to implement **half of the required increase** in floor wages as presented in Table 1 above.
- **By 01 March 2027:** Companies are expected to implement the **full increase** in floor wages<sup>3</sup>.
- **Cash allowances:** The exclusion of cash allowances from the floor wage calculation, originally scheduled for **28 February 2026**, applies as of **28 February 2027**.

This phased approach is designed to mitigate the financial impact on companies, particularly in regions such as Kenya, where mandatory cash allowances under collective bargaining agreements already make up a significant portion of workers' wages.

## Ensuring wages below the living wage rise faster than inflation

In addition to the floor wage calculation, certified Hired Labour Organisations are expected to align wage settings with **requirement 3.5.4** of the [Fairtrade Standard for Hired Labour](#). Meeting this requirement ensures that workers receive annual wage increases that exceed local inflation. This supports purchasing power of workers and their families and helps to ensure that gaps between actual wages and the living wage are decreasing instead of widening.

<sup>3</sup> The actual floor wage figure for 2027 will be published by November 2026, once the 2027 calculations are finalised.

## Change history

Date of publication	Changes
07.06.2017	<b>First version</b> Explanatory document on how to calculate floor wages for selected countries introduced.
26.02.2018	<b>Second version</b> Updated the PPP private consumption data.
20.12.2018	<b>Third version</b> Updated the PPP private consumption data. Included the Fresh Fruit Standard. Additional countries included (Cameroon, Egypt, Ghana, India, Ivory Coast and Zimbabwe).
08.01.2020	<b>Fourth version</b> Updated the PPP private consumption data and deletion of references to 2018 and 2019.
15.01.2021	<b>Fifth version</b> Updated the PPP private consumption data. Included Zambia in the list of countries.
31.12.2021	<b>Sixth version</b> Updated the PPP private consumption data.
02.12.2022	<b>Seventh version</b> Adjusted the global poverty line to \$2.15/day in line with the WB update. Additional information on how to calculate wages in case there is a delay in updating the PPP.
14.02.2024	<b>Eighth version</b> Updated the PPP private consumption rates. Updated the number of family members and breadwinners for several countries. Included Sri Lanka in the list of countries. Wording improved for clarity.
21.11.2024	<b>Ninth version</b> Updated the PPP private consumption rates, when applicable. Included Fairtrade certified Hired Labour Organisations from lower middle income countries (Egypt, Ghana and Morocco) that produce fresh fruits.
20.12.2024	<b>Tenth version</b> Updated the date of applicability.
11.12.2025	<b>Eleventh version</b> Wording and structure improved for clarity. Global poverty line updated to \$3/day in line with the World Bank. PPP private consumption rates updated where applicable. Updated the list of countries that have certified flower and plant HLOs, excluding those certified only under the fresh fruit standard.