Explanatory Document

Calculating Base Wages in the Fairtrade Standard for Fruits & Vegetables, applicable to banana companies only

The following table shows the Net Living Wage Benchmark (LWB), updated to 2026, and its corresponding basic wage that, if earned, allows workers achieving the Net LWB for each banana-producing country.

Table 1
Living wage benchmarks for Fairtrade banana-producing companies applicable as of 1 February 2027

Country	Unit/month/worker	Net LWB	Basic wage that allows achieving the Net LWB
Cameroon[1]	CFA francs	132,440	141,274
Colombia	Pesos	2,311,902	1,872,971
Dominican Rep	Pesos	29,025	25,505
Ecuador	US dollars	470	428
Ghana	Cedis	3,377	4,006
Cote d'Ivoire	CFA francs	163,659	185,214
Mexico	Pesos	13,722	12,820
Nicaragua	Cordobas	12,609	11,255
Peru	Soles	1,658	973

Source: Fairtrade compilation based on values published in 2026 by the Anker Research Institute and own calculations https://www.globallivingwage.org/resource-library

Calculation of Fairtrade Base Wage

The Fairtrade Standard for Fruits & Vegetables, as a policy target, defines the Fairtrade Base Wage (FBW) as a wage level corresponding to 70 percent of the basic living wage benchmark. For implementation purposes, Fairtrade applies a methodology based on the Living Wage concepts of the Anker methodology, where the starting point is the Cash Living Wage derived from the Net Living Wage Benchmark by excluding the value attributed to in-kind benefits (IKB).

However, because the Cash Living Wage is a theoretical benchmark value and cannot be directly identified in payroll records or payslips, the Fairtrade calculation begins from the worker's net wage. The methodology then deducts the value of in-kind benefits and applies the relevant statutory adjustments to determine the basic wage level that would enable workers to achieve the FBW.

The earned basic wage is the wage amount shown in the payroll book, in some cases, also in the worker's payslip, before applicable deductions, such as income tax or social security contributions, and before applicable cash allowances such as earned overtime payments, occasional bonuses, 13th and 14th salaries, national independence's day bonus, etc.

The monthly amounts of cash wages and basic wages that allows achieving the FBW cannot be directly compared, since both refer to different number of remunerations components, and time

[1]The Anker Research Institute (ARI) published the Anker Reference Value Annual Update (2026) for Rural Cameroon, Living Wage (West, Southwest and Litoral, Sans Douala Regions) where the upper confidence bound of the Anker Net *Living Wage Reference Value—CFA 132,440—is recommended to be used for rural areas in the West, Southwest, and Littoral sans Douala regions where banana production is concentrated.*

periods. The cash remunerations, allowed by the Anker methodology, are earned during a whole working year; while the basic wage that allows achieving the FBW refers just to the basic wage of an ordinary month.

Notation[2]

- *Cash LW: Cash Living Wage*
- *Net LWB: Net Living Wage Benchmark*
- *IKB: In-kind benefits*
- *FBW: Fairtrade Base Wage*

Formulas and definitions

$$Cash\ LW = Net\ LWB - IKB$$

$$FBW = 70\% * (Net\ LWB - IKB)$$

For the Fairtrade Base Wage calculation, the IKB is standardised at 10% of the Net LWB, based on the approach established for the FBW methodology. Therefore:

$$FBW = 70\% * (Net\ LWB - 10\% * Net\ LWB)$$

$$FBW = 70\% * 90\%\ Net\ LWB$$

$$\boxed{\textbf{FBW = 63\% * Net LWB} \qquad (1)}$$

Calculation of the Basic wage that allows achieving the FBW

To calculate the basic wage that allows achieving the FBW, statutory deductions are added to the FBW and statutory cash allowances are deducted from it, as shown in Formula (2).

$$\boxed{\textbf{Basic wage that allows achieving FBW = [FBW – ca + cd] / [1 + ra – rd]} \qquad (2)}$$

where:

- ca = cash allowances;
- cd = cash deductions;
- ra = ratio for allowances;
- rd = ratio for deductions.

[2] Acronyms and formula names are retained in English for consistency with the Fairtrade methodology and the terminology used in Living Wage benchmark studies and audit processes.

The basic wage that allows achieving the FBW may be higher or lower than the FBW, depending on the deductions and allowances applicable in each country. Where the effect of deductions is greater than that of allowances, a higher basic wage is required to achieve the FBW after deductions. Conversely, where the effect of allowances is greater, the basic wage required may be lower. Fixed cash allowances reduce the basic wage required, while fixed cash deductions increase it.

Table 2 shows the 70% of the cash living wage and the corresponding basic wage that allows achieving the FBW. To comply with requirement 3.1.2, Fairtrade certified operators should compare the "earned basic wage" by workers in the payroll with the "basic wage that, if earned, would allow workers achieving the FBW". **Auditors must check the blue column in Table 2 and compare it to payrolls provided by companies.**

Table 2. Basic wage that allows achieving the FBW
Applicable as of 1 February of 2027

Country	Units/month/worker	70% of the Cash Living Wage	Basic wage that allows achieving the FBW
Cameroon	CFA francs	83,437	98,892
Colombia	Pesos	1,456,498	1,251,327
Dominican Republic	Pesos	18,286	17,854
Ecuador	US dollars	296	299
Ghana	Cedis	2,128	2,805
Cote d'Ivoire	CFA francs	103,105	129,838
Mexico	Pesos	8,645	8,974
Nicaragua	Cordobas	7,944	7,878
Peru	Soles	1,045	681

The FBW is defined in the Standard as a level corresponding to 70 percent of the Basic Living Wage Benchmark as a policy target. However, to operationalise this requirement across countries with different statutory deductions, statutory allowances and remuneration structures, any fixed cash allowances or deductions are incorporated into the calculation through Formula (2).

Besides complying with the FBW minimum, the company must continuously increase wages for all workers earning less than a Living Wage; section 3.5.4 of the Hired Labour Standard requires companies to ensure that workers receive a regular wage increase above the annual average inflation. This is particularly relevant to prevent existing Living Wage gaps from widening further. Also, section 3.5.1 stipulates that workers should not be paid below statutory minimum wages for their occupation or similar occupations, wage rates set out in applicable collective bargaining agreements, or regionally prevailing wages, whichever is highest. Also, section 3.5.2 prohibits deductions from salaries unless made in accordance with national laws or collective bargaining agreement or with written consent of the employee. Compliance with requirements 3.5.1, 3.5.2 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.

Change in history

Date of publication	Changes
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	Updated values for FBW70% at Net Take Home Cash Money, by using net LWBs updated in September 2023 by the Living Wage Coalition. Clarification on what the net wage received by workers might and might not include. Basic wage references are provided. The ratio for deductions and values for cash allowances has been adjusted according to information of national labour legislations of each banana producing country, where available. 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. 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. 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. Living Wage Benchmark values updated and published September 2024 by the Living Wage Coalition.
15.11.2024	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." The ratio for deductions and values for cash allowances has been adjusted according to information of national labour legislations of each banana producing country, where available. 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.
25.11.2025	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.

24.11.2026	The Anker Research Institute (ARI) published the Anker Reference Value Annual Update (2025) for Rural Cameroon, Living Wage (West, Southwest and Litoral, Sans Douala Regions) where the upper confidence bound of the Anker Living Wage Reference Value—CFA 148,448 (USD 261)—is recommended to be used for rural areas in the West, Southwest, and Littoral sans Douala regions where banana production is concentrated. Improved Definition of Basic wage: The Basic wage serves as a reference point for both workers and employers. It represents the amount that workers earn and is reflected in their payrolls. This wage also forms the basis for calculating statutory withholdings and contributions required by law from employers. The explanatory text and terminology have been clarified to distinguish between the FBW and the Basic wage that allows achieving the FBW, the latter used for comparisons with the earned Basic wage found in the company payroll books. The revised explanation also clarifies how applicable deductions and allowances are reflected when converting the FBW into the corresponding Basic wage that allows achieving the FBW. These changes are explanatory and do not modify the methodology used to calculate the Fairtrade Base Wage.