FAIRTRADE INTERNATIONAL

FAIRTRADE STANDARD
FOR ADVANCING FARMER LIVELIHOODS

Voluntary add-on Standard

to the Fairtrade Standard for Small-scale Producer Organizations and

to the Fairtrade Trader Standard

Draft for consultation

Current version	Draft consultation version - 16 July 2026
Contact for comments	standards-pricing@fairtrade.net
For further information	www.fairtrade.net/standards
Status	Working draft

Content

Introduction

Purpose

Fairtrade promotes sustainable development and poverty reduction through fairer trade.

The purpose of this add-on Standard is to set voluntary requirements for participating Fairtrade-certified traders, licensees and companies, and for participating small-scale producer organizations that seek to advance farmer livelihoods beyond their Fairtrade certification or commitment to Fairtrade.

This Standard defines requirements for Living Income Reference Price commitments, programme investment, distribution of additional payments and modular implementation.

Certification against this add-on Standard does not certify that each farmer earns a living income. It certifies compliance with the requirements in this add-on Standard.

Theory of Change

This add-on Standard contributes to Fairtrade's goals of making trade fair, empowering small-scale producers and fostering sustainable livelihoods.

It focuses on additional responsible purchasing practices which include predictable multi-year commitments, income-related payments and programme investment. These investments are targeted towards organizational capacity building, climate resilience and reduction of salient human rights risks.

The add-on Standard supports progress towards improved farmer income, wellbeing and resilience. Outcomes and impacts depend on context, programme delivery, adoption by farmers and other factors outside the control of a single actor.

References

- Fairtrade Standard for Small-Scale Producer Organizations (SPO Standard)
- Fairtrade Trader Standard and applicable Fairtrade Product Standards (Trader Standard)
- Fairtrade Minimum Price and Fairtrade Premium table (to date in preparation)
- Fairtrade mark-use and claims rules applicable to the claim or label used to reflect compliance with this Standard (to date in preparation)

How to use this Standard

Scope

This add-on Standard is voluntary. For producers, traders and brands it applies only where regular Fairtrade certification is in place and the actor chooses to participate in the add-on Standard. For licensees and companies it applies only if a binding agreement with the applicable NFO is in place.

This add-on Standard applies to Fairtrade-certified small-scale producer organizations that receive or implement funds under this add-on Standard.

This add-on Standard applies to traders, licensees, and companies that make LIRP payments or investment in modules of this add-on Standard, and wish to use consumer-facing claims on and linked to Fairtrade-certified products.

The part of this add-on Standard that defines the rules for LIRP payments applies only to products and origins for which Fairtrade International has published an applicable LIRP.

The Fairtrade geographical scope for producer certification applies.

This add-on Standard covers advancing farmer livelihood in small-scale producer organization supply chains. It does not contain requirements for workers within hired labour settings.

Relationship with other Fairtrade Standards

This add-on Standard is additional to existing Fairtrade Standards. It does not replace the SPO Standard, the Trader Standard or applicable product standards.

A SPO shall comply with the SPO Standard and applicable product standard and with this add-on Standard.

Where a trader, licensee or company participates in the add-on Standard the applicable requirements from the Trader Standard and the applicable licensing and claims requirements shall be complied with.

Where this add-on Standard requires claim approval, the approval is given under the applicable Fairtrade licensing and mark-use rules and procedures. Claim approval is not a certification decision.

Structure

Each chapter includes a set of requirements and -where needed to help interpretation- guidance.

Requirements specify the rules that the responsible actor shall meet. Requirements are audited. Guidance is not audited.

Requirements

This add-on Standard uses a modular approach. The modules are Thriving Farmers, Environmental Resilience and Reducing Risk.

Generic requirements apply to all participants as named.

The specific requirements for SPO apply only if the SPO receives LIRP payments (chapter 3.2.) and/or programme investments targeted for the specific module. The specific requirements for Traders, Licensees and Companies apply according to the agreed commitment, ie scope of LIRP payments (chapter 2.2.) and/or scope of programme investments (chapter 2.3).

Core requirements reflect the minimum rules that shall be complied with for add-on certification. Core requirements apply as of “year 0” which means as of the year in which payments or programme investments are received by the SPO or paid by the trader, licensee or company.

Voluntary requirements reflect additional actions a SPO may undertake subject to receiving funds from Traders, Licensees and/or Companies for implementation. Otherwise, voluntary requirements do not apply.

In this add-on Standard, “you” means the actor named in the requirement. If the actor is not named, “you” means the organization seeking certification against that requirement.

Implementation

The certification body develops compliance criteria for this add-on Standard. These compliance criteria shall follow the wording and objectives of the requirements in this add-on Standard.

The Fairtrade International Standards and Pricing unit issues Interpretation Notes which contain provisions pertaining to this standard and the interpretation of its requirements. The interpretation notes are official clarifications of what a standard requirement means in a particular context which are referenced to in the standard requirements. The interpretation notes are binding and are necessary to be adhered to in order to reach compliance against the relevant requirement.

The detailed certification methodology, surveillance rules and non-conformity handling are defined in the applicable Fairtrade assurance documents. The claims approval and withdrawal workflow is defined in the applicable licensing documents.

The information about modules’ costs, intervention menus, reporting indicators, local deadlines and any other additional product/origin requirement are defined in the scheme documentation.

Application

This draft version is issued for stakeholder consultation until 15 August 2026. It is not yet final.

Final application dates and transition rules shall be defined at publication date of the final Standard.

Upon publication a participating trader or producer organization may apply to the approved assurance provider for certification scope extension against this add-on Standard as required by the Fairtrade assurance rules. Participating licensees or companies may contact their NFO to request a binding agreement.

A participating trader, licensee or company shall obtain claim approval from the competent Fairtrade licensing body before using any claim, mark, label or public communication related to this add-on.

Definitions

Term	Definition
Add-on Standard	This voluntary Fairtrade Standard for Advancing Farmer Livelihoods
Fairtrade LIRP	A Living Income Reference Price established or endorsed by Fairtrade International for a defined product and origin.
LIRP differential	The difference between the applicable LIRP and the applicable Fairtrade price basis as defined by the annexes.
LIRP payer	The actor that commits to and pays the LIRP differential or LIRP equivalent.
Module	A set of additional requirements under this Standard linked to a component in the applicable Fairtrade programme. The modules are Thriving Producers, Environmental Resilience and Reducing Risk. They are defined in the annexes to this add-on Standard.
Payment conveyor	A Fairtrade organization, Producer Network or third party approved by Fairtrade International to convey payments under this add-on Standard.
Programme investment	A volume-based amount paid by a participating actor to fund approved module activities under this add-on Standard.
SPO	A small-scale producer organization certified against the Fairtrade Standard for Small-Scale Producer Organizations.
Decoupled	Applicable to cocoa, decoupled, refers to a supply chain where it is not possible for the actor to agree the Fairtrade volume to be purchased from SPOs certified to this add on standard, implementing the relevant modules and receiving the LIRP differentials.

Monitoring of changes

Fairtrade International may revise this add-on Standard according to the Standard Operating Procedure for the Development of Fairtrade Standards.

If you are certified against this add-on Standard or have signed a binding agreement with the applicable NFO, you are required to check the Fairtrade International website and applicable certification-body communications for any relevant changes including changes to this Standard, annexes, interpretation notes and compliance criteria.

Change history

Version	Date	Changes
Draft consultation version	16 July 2026	Draft. Changes to be considered from public consultation from 16 July to 15 August 2026.

1. General Requirements

Intent: This chapter defines eligibility, claim management and changes to the certification scope.

1.1 Eligibility

No.	Type	Year	Actor	Requirement	Guidance
1.1.1	Core	Year 0	All actors	You hold valid Fairtrade certification for the activities, products and supply-chain functions that are in scope of your participation in this add-on Standard. Participating companies hold a valid binding agreement for products, volumes and sourcing origins.	This add-on Standard cannot be certified as a stand-alone alternative to regular Fairtrade certification.
1.1.2	Core	Year 0	Trader, Licensee, Company	You identify the product, origin, supply-chain pathway as possible, participating SPOs as possible, volumes, applicable parts of this Standard, and requested claims to be covered by your add-on participation.	Where physical linkage to an SPO is not possible, the approved documentary-traceable or decoupled pathway shall be recorded.
1.1.3	Core	Year 0	Trader, Licensee, Company	You have a written agreement with the applicable Fairtrade organization before you participate.	The written agreement should identify the covered volumes, modules, payment obligations, payment route, supply-chain pathway and intended claim.
1.1.4	Core	Year 0	SPO	You have a documented decision by your competent decision-making body in place to participate.	The General Assembly or Board approval fulfils this requirement and should specify participation scope, assumed budget and implementation plans.
1.1.5	Core	Year 0	SPO	You have a binding agreement with the applicable Producer Network or Fairtrade organization before you pay, receive or implement funds.	The agreement shall define programme commitments, selected modules, roles, responsibilities, funding, reporting obligations and timelines.

1.2 Claims management

No.	Type	Year	Actor	Requirement	Guidance
1.2.1	Core	Year 0	Trader, Licensee and Company	You make no claim related to this add-on unless the claim is approved by the applicable Fairtrade licensing body.	This includes on-pack, off-pack, digital, in-store, B2B and corporate communication. The licensing body may request evidence for LIRP and programme payments, and for volume purchase.
1.2.2	Core	Year 0	Trader, Licensee and Company	You use only claims that match the agreed modules, volumes, supply-chain pathway and the established certification evidence.	A claim about payment or investment does not imply verified living income outcomes.
1.2.3	Core	Year 0	Trader, Licensee and Company	You do not claim that farmers have achieved a living income unless Fairtrade International has approved an outcome or impact claim based on separate evidence.	This Standard certifies actions and requirements. Outcome and impact claims need additional substantiation. A module name does not authorize outcome or impact claims.
1.2.4	Core	Year 0	Trader, Licensee and Company	You correct or withdraw the claim when certification eligibility, the written commitment or claim approval is suspended, withdrawn, expired or no longer valid.	Detailed rules for packaging, stock and market correction are defined in Fairtrade claims and scheme procedures.
1.2.5	Core	Year 0	Trader, Licensee and Company	You keep evidence that each approved claim is linked to the certified scope, approved module package, eligible volumes and payment records.	Evidence shall be available for certification, licensing and oversight purposes.

1.3 Changes affecting add-on certification

No.	Type	Year	Actor	Requirement	Guidance
1.3.1	Core	Year 0	All actors	You inform the certification body or the applicable Fairtrade organization before making a material change to the product, volume, payment route, SPO participation, module package, supply-chain pathway or claim.	Material changes may require reassessment before the claim can continue.
1.3.2	Core	Year 0	All actors	You keep records of material changes and the approval or reassessment decision related to those changes.	Examples include a new payment conveyor, a new trader, an amended claim, a revised volume commitment or a decoupled pathway.

2. Trader, Licensee and Company Requirements

Intent: This chapter defines minimum commitments and payment obligations for Trader, Licensees and Companies participating in this add-on Standard.

2.1 Multi-year commitment and plan

No.	Type	Year	Actor	Requirement	Guidance
2.1.1	Core	Year 0	Trader, Licensee, Companies	You commit upfront for a minimum period of three years.	
2.1.2	Core	Year 0	Trader, Licensee, Companies	You agree on a multi-year LIRP volume sourcing plan with your purchase partner and applicable Fairtrade organization. You agree on a multi-year programme investment plan with your applicable Fairtrade organization.	For LIRP sourcing plans the plan shall include projected annual volumes and risk-mitigation measures for production shortage or reduced demand.
2.1.3	Core	Year 0	Trader, Licensee, Companies	You confirm the annual volume to be procured or covered under LIRP conditions and/or the annual programme investment before the date required by the annex and the written commitment.	The date shall enable sourcing partners to source the volumes reliably. For cocoa bean equivalent conversion factors from the annex apply.

2.2 LIRP payment

No.	Type	Year	Actor	Requirement	Guidance
2.2.1	Core	Year 0	All actors	You participate only for a product and origin for which Fairtrade International has published an applicable LIRP or Fairtrade-endorsed supply-chain-specific LIRP.	The applicable annex defines the LIRP basis and any additional local parameters.
2.2.2	Core	Year 0	Trader, License, Company committing to LIRP	For a regulated market, you pay the applicable LIRP differential for the confirmed volume according to the agreed payment schedule.	The applicable annex defines the applicable price basis, deductions and default payment schedule.
2.2.3	Core	Year 0	Trader, License, Company committing to LIRP	For a non-regulated market, you pay the applicable LIRP equivalent at EXW or FOB level for the confirmed volume according to the agreed payment schedule.	The LIRP may be embedded in the export contract as an alternative minimum price floor or paid as a retroactive differential, where Fairtrade has approved that route.
2.2.4	Core	Year 0	Trader, License, Company committing to LIRP	You use the most direct feasible and reliable payment route. You use only a payment route approved by Fairtrade International for LIRP payments.	Approved payment routes may include direct payment to a SPO, payment via a National Fairtrade Organization, Fairtrade International, a Producer Network or an approved third party.
2.2.5	Core	Year 0	Trader, License, Company committing to LIRP	You keep records that allow reconciliation of committed volumes, confirmed volumes, payments due, payments made, payment dates and payment recipients.	Records shall be sufficient for audit and claim substantiation.

2.3 Programme investment

No.	Type	Year	Actor	Requirement	Guidance
2.3.1	Core	Year 0	Trader, Licensee, Company	You pay the applicable programme investment amount for each selected module and for the covered volume according to the agreed payment schedule.	The applicable amount will be defined in the annexes to this add-on standard or in a written commitment with the applicable licensing body.

3. Small-scale Producer Organization Requirements

Intent: This chapter defines requirements for SPOs managing, receiving, distributing or using funds under this add-on Standard.

3.1 Planning and governance

No.	Type	Year	Actor	Requirement	Guidance
3.1.1	Core	Year 0	SPO	You prepare an annual budget and distribution plan for LIRP differential payments and programme funds received under this add-on Standard.	The plan shall distinguish direct cash distribution, in-kind distribution and project funding where applicable.
3.1.2	Core	Year 0	SPO	Your Board or General Assembly approves the annual budget and distribution plan before funds are distributed or used.	The approval shall be recorded in meeting minutes or equivalent records.
3.1.3	Core	Year 0	SPO	You keep separate accounts or equivalent accounting records for funds received under this add-on.	The records shall enable reconciliation with payments received and funds distributed or used.

3.2 LIRP differential distribution

No.	Type	Year	Actor	Requirement	Guidance
3.2.1	Core	Year 0	SPO	You distribute LIRP differential payments to members according to the Board or General Assembly-approved distribution mechanism.	The distribution mechanism shall define beneficiaries, calculation method, timing and form of distribution. Guidelines will be made available by Fairtrade.
3.2.2	Core	Year 0	SPO - West African cocoa	For West African cocoa, you distribute 100% of the LIRP differential in cash to farmers.	
3.2.3	Core	Year 0	SPO - West African cocoa	For West African cocoa, you distribute LIRP differential payments through mobile payments as soon as a viable mobile payment mechanism is available, and no later than October 2027.	Mobile payment records shall be available for auditing purposes.

3.3 Records, reporting and financial review

No.	Type	Year	Actor	Requirement	Guidance
3.3.1	Core	Year 0	SPO	You keep records for all LIRP differential payments to members and any other usage of LIRP payment funds. You keep records for programme funds expenditures.	Distribution records shall include at least beneficiaries, calculation method, amounts distributed, retained balances and usage linked to the intent of the received funds. Supporting documents shall enable full reconciliation of received funds and expenditures for the intended usage.
3.3.2	Core	Year 0	SPO	Where payments are distributed to members you keep member-level records suitable to verify distribution. You issue receipts to your members.	Records shall include member volumes, initial prices paid and secondary cash payments of Fairtrade Premium and LIRP differential, where applicable. Receipts for members shall include at least beneficiary, amounts and dates.
3.3.3	Core	Year 0	SPO	You present a financial report to the Board or General Assembly. The report is approved by the General Assembly.	The report shall as applicable include procurement of inputs, real service-delivery costs or project expenditure.
3.3.4	Core	Year 0	SPO	If you receive more than USD 50,000 annually of LIRP differentials and/or programme funds, you prepare a financial report for review by an external financial audit firm. For West Africa the financial audit firm is approved by Fairtrade International.	The review may be combined with Fairtrade Premium audit work where the audit scope covers the add-on funds.
3.3.5	Core	Year 0	SPO	You keep records for the retention period required by Fairtrade assurance rules and make them available to the approved assurance provider.	Personal data shall be handled according to applicable data protection rules and Fairtrade data requirements.

3.4 Income monitoring

No.	Type	Year	Actor	Requirement	Guidance
3.4.1	Core	Year 0	SPO	You implement farm record keeping among a representative sample of beneficiaries of the LIRP distribution.	The sample size and indicators are defined by the annex or Fairtrade monitoring framework. The SPO may keep farm records on behalf of farm households.
3.4.2	Core	Year 0	SPO	You collect data and hold records on farm income improvement indicators from the sampled beneficiaries.	The sample size and indicators are defined by the annex or Fairtrade monitoring framework.

					Aggregated reporting may be required to avoid disclosure of personal data.

3.5. Generic module requirements

No.	Type	Year	Actor	Requirement	Guidance
3.5.1	Core	Year 0	SPO	For each selected module, you conduct the assessment required by that module before finalizing the implementation plan.	The assessment may be a needs assessment, viability assessment or Human Rights Due Diligence assessment.
3.5.2	Core	Year 0	SPO	For each selected module, you develop an implementation plan and obtain Board or General Assembly approval.	The plan shall identify activities, responsibilities, budget, funding source, target group, implementation period, indicators and reporting frequency.
3.5.3	Core	Year 0	SPO	For each selected module, you implement the activities required by the approved plan and by the applicable annex.	The applicable annex defines any minimum activities required for certification.
3.5.4	Core	Year 0	SPO	For each selected module, you measure and report implementation progress at least annually using the indicators established by Fairtrade.	The annex or Fairtrade monitoring framework defines indicators and reporting formats.

Annex 1: All countries for Coffee, Cocoa (excl. West Africa) and Banana

Introduction

This Annex sets out the global modular requirements derived from the global Theory of Change for the coffee, cocoa and banana supply chains. Each module corresponds to one pillar of the Theory of Change. Each requirement corresponds to an output that a small-scale producer organization delivers with the support of the associated inputs and interventions. The guidance column describes the interventions and funds through which each requirement is delivered and the outcomes it contributes to. Where "product" is used, it refers to coffee, cocoa or banana as applicable.

Together, the three modules contribute to the intended impact of the Theory of Change: improved livelihoods for producers and strong and resilient supply chains.

In all cases where the requirements apply to small-scale producer organizations they should be implemented across SPO members, unless determined as not necessary by the initial assessment.

In all cases national regulations are followed. LIRP obligations under this annex apply only to product/origin combinations for which Fairtrade International has published a Living Income Reference Price. To date these prices are available:

Coffee: Colombia, Peru, Honduras, Nicaragua, Uganda, Ethiopia, Rwanda, Indonesia, Mexico

Cocoa: Ecuador

Requirements for Small-Scale Producer Organizations

Please note that the development of guidance documentation for some of the core requirements is pending and will be available only post publication of the standard.

A1.1 Thriving Farmers

This module contributes to SPOs having sustained access to Fairtrade markets for their product, and therefore increased income resilience.

No.	Type	Year	Actor	Requirement	Guidance
A1.1.1	Core	Year 0	SPO	**Enhanced management, planning and data systems** You have an enhanced data management system in place over and above the Fairtrade standards requirements. The system at least covers data collection, validation and aggregated reporting.	Delivered through the organization strengthening on business & financial management and compliance. Supports improved financial management, operational planning and data use, so that your organisation is well-managed with effective systems beyond compliance with Fairtrade Standards and regulatory requirements.
A1.1.2	Core	Year 0	SPO	**Commercial management and market readiness** You have an updated commercial profile and other relevant commercial material.	Delivered through the organisation strengthening on market readiness and commercial tools. Supports strong buyer engagement, negotiation and access to market opportunities, so that your organisation is financially sustainable, resilient and commercially viable with a diversified business model.
A1.1.3	Core	Year 0	SPO	**Enhanced democratic and inclusive governance** You have democratic and inclusive governance structures and policies in place over and above the Fairtrade standards.	Delivered through organisation strengthening on governance, inclusion & compliance Supports governance and decision-making that are more democratic and representative of women, youth, and vulnerable groups.
A1.1.4	Core	Year 0	SPO	**Enhanced service delivery systems** You have an updated and efficient agronomic, agro-ecological and HREDD service delivery system in place to respond to member needs.	Delivered through building the needed skills and capacity to deliver the member services intervention. Supports producers to apply improved farm and HREDD management practices

A1.2 Building Resilience

This module contributes to farming systems that are productive, biodiverse and climate-resilient.

No.	Type	Year	Actor	Requirement	Guidance
A1.2.1	Core	Year 0	SPO	**Productivity improvement practices** You ensure members have the skills and resources to adopt good agricultural practices to improve productivity.	Delivered through the farm productivity intervention. Supports producers to adopt productivity, quality and post-harvest improvement practices, leading to improved farm productivity and quality.
A1.2.2	Core	Year 0	SPO	**Agroecological and climate-resilient practices** You ensure members have the skills and financing to adopt agroecological and climate-resilient practices.	Supported by the Climate Fund and delivered through agroecology, climate resilient practices, soil conservation and crop diversification interventions. Supports producers to adopt agroforestry systems, diversified cropping and soil and water conservation practices on their farms, leading to enhanced biodiversity and soil health across farms.
A1.2.3	Core	Year 0	SPO	**Agroecology and climate adaptation action plans** You develop and implement agroecology and climate adaptation action plans.	Supports producers implement climate-resilient practices in response to identified risks, leading to increased resilience of farms to climate-related and economic shocks
A1.2.4	Core	Year 0	SPO for coffee and cocoa	**Deforestation risk management and traceability** You have capacity and traceability systems in place to manage deforestation risks and market access. You take action to address identified deforestation risks.	Delivered through the deforestation monitoring intervention. Supports enhanced forest protection through deforestation-free supply chains.

A1.3 Reducing Risks

This module contributes to reducing child labour, forced labour, and other human rights risks and violations in supply chains.

No.	Type	Year	Actor	Requirement	Guidance
A1.3.1	Core	Year 0	SPO	**Enhanced training, awareness raising and grievance mechanisms** You provide producers, workers, and their communities with access to training and awareness-raising on human rights risks, protection measures, and grievance mechanisms. This goes over and above the Fairtrade standards.	Delivered through Human Rights and Environmental Due Diligence (HREDD) capacity building. Supports producers, workers, and their communities to have enhanced knowledge of human rights risks, e.g. child labour and forced labour.
A1.3.2	Core	Year 0	SPO	**Enhanced resources and plans to respond to risks and violations** You have resources and plans in place to respond to identified human rights risks and violations over and above the Fairtrade standards.	Supported by the PN Remediation Fund and by prevention and remediation support on risks and violations (e.g. child labour, forced labour etc.) Supports the implementation and follow up of remediation measures for identified child labour, forced labour and other human rights violations.
A1.3.3	Core	Year 0	SPO	**Enhanced due-diligence systems** You have enhanced due-diligence systems in place to manage human rights risks and violations, over and above the Fairtrade standards.	Delivered through HREDD capacity building. Supports improved capacity to identify, assess, monitor and respond to human rights risks and violations, and the implementation of prevention measures to address identified child labour, forced labour and other human rights risks.
A1.3.4	Core	Year 0	SPO	**Participation in HREDD dialogues** Producers and workers participate in local, national or international HREDD advocacy dialogues and decision-making platforms.	Delivered through stakeholder dialogues among supply chain actors. Supports stronger voice and representation of producers and workers in HREDD processes and implementation in their supply chains, and increased investment and commitments by public and private actors to strengthen human rights protection and remedy.

A1.4 Living Income Reference Price

This module contributes directly to improving farmer incomes. LIRP differential payment are received by the SPO. When combined with at least two of the above three modules, this module supports claims on Advancing Incomes.

No.	Type	Year	Actor	Requirement	Guidance
A1.4.1	Core	Year 0	SPO	**Living Income Reference Price (LIRP) payment**	The payment can be included upfront in export contracts, as if it were a higher minimum price floor (in the same way as FMP), or a LIRP

No.	Type	Year	Actor	Requirement	Guidance
				The SPO receives the Living Income Reference Price payment from product sales. The SPO communicates to all members the total revenue from LIRP contracts and the distribution mechanism following Fairtrade guidelines for LIRP distribution, and as decided by the Board or equivalent body.	differential can be calculated retroactively and paid separately to the SPO. SPOs decide democratically on the use of the LIRP differential, following the guidelines established by Fairtrade. The allowed distribution mechanisms include cash distribution, in-kind distribution or project investment, aimed at improving incomes of producer households.
A1.4.2	Core	Year 0	SPO	**Accounting** You have an accounting system that tracks the LIRP revenues and all expenditures made with the LIRP differentials received transparently. In case of cash distribution, you provide receipts to members specifying the amount of the living income reference price differential paid out. In case of in-kind distribution, you keep records of inputs and/or services provided to members, including quantity and value of these in-kind benefits. In case of project funding, you keep records of all project expenditures, results and number of beneficiaries. This information is available to the assurance provider. Reports to members collectively at the General Assembly on the use of the living income reference price differential.	In case the LIRP differential is calculated retroactively and paid separately, this is the amount for which a distribution plan must be made. In case LIRP equivalents are included upfront in export contracts, the LIRP differential for distribution must be calculated retroactively, as follows: - When reference market price was below the FMP, the LIRP differential is equal to the LIRP (equivalent at FOB) minus FMP (FOB) - When the reference market price was in between the LIRP and the FMP, the LIRP differential is equal to the LIRP (equivalent at FOB) and the prevailing market price during the purchasing period. When the reference market price was above the LIRP equivalent, no LIRP differential is applicable

Annex 2: West Africa Cocoa

Introduction

In all cases where the requirements apply to small-scale producer organization they should be implemented with SPO members identified as participating in the modular content. The number of members of the SPO participating will be defined by the resources available to the SPO and their partners.

In all cases national regulations are followed. LIRP obligations under this annex apply only to product/origin combinations for which Fairtrade International has published a Living Income Reference Price. To date these prices are available:

Cocoa: Cote d'Ivoire, Ghana

For regulated cocoa markets covered by this annex, the LIRP differential is calculated as: LIRP differential = applicable LIRP (farmgate) – regulated farmgate price – 40% of the Fairtrade Premium – applicable Fairtrade Minimum Price differential.

In all cases the requirement for Traders, Licensees and Companies apply (section A2.5).

Requirements for Small-Scale Producer Organizations

A2.1 Thriving Farmers

This module contributes to SPOs having sustained access to Fairtrade markets for their product, and therefore increased income resilience.

Farm assessments, record keeping, member support and coaching

No.	Type	Year	Actor	Requirement	Guidance
A2.1.1	Core	Year 0	SPO	**Coaches** You employ, train and equip coaches to conduct farm assessments and train farmers on farm record keeping	Please see guidance document for coach to members ratio, coach skill profiles and necessary equipment.
A2.1.2	Core	Year 0	SPO	**Farm Record Keeping** You implement farm record keeping among a representative number of members using the farm book.	Fairtrade provides farm record keeping tools and systems. Please see guidance documents. Farm record keeping supports your members to document their farm income and production costs, enabling members to improve their farm yields and calculate their net income, whilst also building their financial history.
A2.1.3	Core	Year 0	SPO	**Recording farm book data and assessing progress** You collect and record member farm book data. You asses the progress of your members against living income targets at farm level. Data is reported once a year at the time defined by Fairtrade.	Fairtrade provides tools and systems for data entry and calculation.
A2.1.4	Core	Year 0	SPO	**Labour Service Centre** You set up and equip a Labour Service Centre with trained staff to conduct pruning and other services on your members' cocoa farms Pruning practices implemented by the Labour service Centre are tailored to your members' farms conditions and repeated at least every 4 years, with the members' agreement.	Please see guidance document for necessary Labour Service equipment.
A2.1.5	Core	Year 0	SPO	**Monitoring and reporting Labour Service Centre practices** You report the pruning activities of your Labour Service Centre using the tools provided annually.	Please see guidance doc and templates for report submission.

Farmer household income

No.	Type	Year	Actor	Requirement	Guidance
A2.1.6	Core	Year 0	SPO	**Village Savings and Loans (VSLA)** You set up VSLA on a rolling basis with relevant communities and support the continuation of the VSLA until it is independent. You maintain records annually of number of VSLAs supported and running	Fairtrade will provide initial material for VSLA set up. Fairtrade will provide a formula which refers to the resources available to the SPO to define target number of VSLAs. Fairtrade will provide record keeping formats, systems for data management and records.

Income resilience and gender sensitive household economics

No.	Type	Year	Actor	Requirement	Guidance
A2.1.7	Voluntary	Year 0	SPO	**Income Diversification** You support your members with income resilience strategies including income diversification. You give special attention to the participation of women and youth.	Guidance Document “Income Diversification” will be made available.
A2.1.8	Voluntary	Year 0	SPO	**Gender Sensitive Household Economics** You train member households on gender sensitive household economics including: Raising gender awareness around household economic decision-making Building entrepreneurial capacity for women and men to increase farm and overall household income	A Fairtrade’ Training Manual - Gender Sensitive Household Economics will be made available.

A2.2 Reducing Risk

This module contributes to reducing child labour, forced labour, and other human rights risks and violations in West African cocoa supply chains.

No.	Type	Year	Actor	Requirement	Guidance
A2.2.1	Voluntary	Year 0	SPO	**Risk analysis** To inform prioritisation of resources you carry out a community predictive Protective Community Index to rapidly assess access to services that help protect children in cocoa-growing communities. The index captures factors related to children’s fundamental rights, such as quality education and safe water, as well as other community characteristics that are associated with higher levels of child protection.	The Protective Community Index is a tool created by the International Cocoa Initiative. The Protective Community Index is available here https://www.cocoainitiative.org/knowledge-hub/resources/protective-community-index Fairtrade will provide record keeping formats. The Protective Community Index is a proxy measure – it is not a perfect estimate of the protectiveness of a given community, nor can it be used to estimate the likelihood or prevalence of child labour.
A2.2.2	Voluntary	Year 0	SPO	**Prevention and Remediation activities** You undertake prevention and remediation activities in priority communities defined through your CLMRS.	Fairtrade will provide advice and technical support on capital investment projects such as school building, installation of Water, Sanitation and Hygiene facilities etc. Training material will be provided for awareness raising.
A2.2.3	Voluntary	Year 0	SPO	**Reporting** You report on the implementation of your CLMRS following the Fairtrade reporting template.	See guidance document and templates for report submission. Case numbers only are recorded in any information reported to Fairtrade in these systems, not individuals’ details.

A2.3 Environmental Resilience

The Environmental Resilience Module is based on requirements building on the prior. Each set of interventions can be tailored to the needs of the members by their SPO.

No.	Type	Year	Actor	Requirement	Guidance
A2.3.1	Core	Year 0	SPO	**Farm Assessment** You conduct a farm assessment to assess the needs of members regarding sustainable farm improvements.	Please see guidance document for the Farm Assessment procedure. The baseline farm observations include: -tree age -tree density -tree health/presence of debilitating disease & pests -levels of pruning and weeding practiced, -access to/use of planting material, -shade management, -integrated pest management adopted (including safety measures), -access to/effective use of fertilizer, -soil condition/fertility sustainable use of organic waste, adoption of agroforestry, etc.

					Pruning cannot be conducted on farms with cocoa swollen shoot virus due to risk of further spreading the disease
A2.3.2	Core	Year 0	SPO	**Farm Improvement Plan** You create farm improvement plans, to increase the economic viability of members' farms in a sustainable way. You discuss the findings from the farm assessment and any other risk assessment with the member, and include the resulting agreed actions in the Farm Improvement Plan. You regularly review and update farm improvement plans with individual members.	Please see guidance document for Farm Improvement Plan procedure.
A2.3.3	Voluntary	Year 0	SPO	**Increase efficiency of farm inputs** You support and train members on techniques to improve efficiency of farm inputs such as: reducing the use of nitrogenous fertilisers -minimizing the use of herbicides through other weed prevention control strategies -deploying measures to avoid pest and disease resistance to pesticides - implementing practices that reduce and/or prevent soil erosion or soil degradation	See guidance document "Increase efficiency of farm inputs".
A2.3.4	Voluntary	Year 0	SPO	**Substitute alternative practices and inputs** You support and train members to implement alternative techniques and farm inputs such as: using ground covers and cover cropping incorporating composting, green manures and biochar implementing alternative measures to control and prevent pests and diseases, other than pesticide application -including intercropping and crop diversification -replanting with climate resilient varieties	See guidance document "Substitute alternative practices and inputs".
A2.3.5	Voluntary	Year 0	SPO	**Redesign farm agroecosystem based on ecological practices** You support and train members to implement agroforestry systems including shade trees, fruit trees and wind breaks.	See guidance document "Redesign farm agroecosystem"

Farm rehabilitation and renovation

No.	Type	Year	Actor	Requirement	Guidance
A2.3.6	Core	Year 0	SPO	**Pruning Sensitisation** You sensitize members on the importance of pruning	Sensitisation includes awareness raising on the benefits of pruning, the activities of the Labour Service Centre and the need for members to carry out annual maintenance pruning.
A2.3.7	Core	Year 0	SPO	**Cocoa tree nurseries** You set up cocoa tree nurseries. You set a planting target for number cocoa trees.	Fairtrade will provide minimum requirements for the set up. Fairtrade will provide a formula which refers to the resources available to the SPO to define target number.
A2.3.8	Core	Year 0	SPO	**Shade tree nurseries** You set up shade tree nurseries. You set a planting target for number of shade trees.	Fairtrade will provide minimum requirements for the set up. Fairtrade will provide a formula which refers to the resources available to the SPO to define target number.
A2.3.9	Core	Year 0	SPO	**Records** You record annually the number of hectares planted and sample survival rate of cocoa trees and shade trees.	Fairtrade will provide record keeping formats, systems for data entry etc.

Harvest and Post-Harvest Practices

No.	Type	Year	Actor	Requirement	Guidance
A2.3.10	Core	Year 0	SPO	**Harvest and post-harvest practices**	Please see guidance document.

				Effective harvest and post-harvest practices are implemented to maintain product quality and quantity such as: harvesting product at the optimum time deploying good pod breaking, drying, fermentation and drying techniques preventing contamination from foreign matter using suitable and approved packaging	

A2.4 Management

No.	Type	Year	Actor	Requirement	Guidance
A2.4.1	Core	Year 0	SPO	**Accounting** You have an accounting system that tracks and identifies living income reference price, minimum price differential and Fairtrade premium payments transparently. The organization: Prior to payment, communicates to all members the values to be paid per member in Living income reference price differential, minimum price differential and any Fairtrade premium. Your value of living income reference price differential, minimum price differential and Fairtrade premium payments will be expressed either per kilo of cocoa if your organisation uses a quota system or as a common value per member if your organisation uses an allocation system. On payment, provides receipts to members using the templates provided detailing separately the values of the living income reference price differential, minimum price differential and any Fairtrade premium paid with payment dates. You can access the receipt templates here. After payment, publishes information about the total value of living income reference price, minimum price differential and Fairtrade premium distributed to members with distribution dates, the total living income reference price differential, Fairtrade premium the SPO received, and the proportion distributed in cash. This information is available to FLOCERT on request. Demonstrates in documentation separately the amounts received by the organization of living income reference price differential, Fairtrade premium and minimum price differential. Demonstrates each cocoa season that the amount of living income price differential and minimum price differential distributed to the members reconciles with that received by the organisation. Reports to members collectively (at General Assembly) on total amounts of living income reference price differential, price differential, and Fairtrade premium distributed as cash, if applicable	The requirement adds Living Income Reference Price differentials to the existing requirements in the Fairtrade Cocoa Standard 4.3.4, Accounting systems for the price differential and premium.

Requirements for Traders, Licensees and Companies

A2.5 Volume calculation

No.	Type	Year	Actor	Requirement	Guidance
A2.5.1	Core	Year 0	Traders, Licensees, Companies	**Calculating Bean Equivalent (BEQ) for claim eligibility on consumer products** The following conversion ratios are used to convert the volumes of processed cocoa products into cocoa beans equivalents, covered by the purchase commitment. 1 MT beans 0.82 MT liquor 1 MT liquor 0.5 MT butter and 0.5 MT powder 1 MT beans 0.41 MT butter and 0.41 MT powder.	Methodology steps may be followed: Ask your suppliers for information on the cocoa ingredients (liquor, butter, powder) in the products covered by the LI Commitment (e.g. recipe) Add up liquor, butter and powder ingredients across all products per supplier Use the conversion factors to calculate BEQ per supplier For butter and powder ingredients: To calculate the

				Expressed in volumes of input this equals: For 1MT liquor you need 1.22 MT of beans For 1MT of butter /1MT of powder, or both, you need 2 MT of liquor For 1MT of butter /1MT of powder, or both, you need 2.44 MT of beans.	BEQ, you only take the highest value of the two and multiply by the conversion ratio of 2.44 Multiple supplier: balancing butter and powder over products of multiple suppliers with different supply chains is not allowed as that would not reflect the real volume of beans sourced.