



Community Development Funds in Fair Trade Certified™ Factories

Delivering impact to factory workers and communities

What is the Community Development Fund?

Brand partners pay a "Premium", a percentage of every product traded or sold on fair trade terms, directly to the factory's Community Development Fund. A democratically-elected, worker-led Fair Trade Committee manages the fund, ensuring that every dollar spent meets the needs of factory workers, their families, and communities.

Eligible workers vote annually on how the Community Development Fund is allocated. Projects can be long-term and ongoing or short-term to address a specific urgent need.

All Fair Trade Certified brand partners in a factory contribute Premium into the same Community Development Fund. The Community Development Fund is a way for brands to invest further in their factory partners beyond compliance and deliver measurable impact to workers.

Every Fair Trade Certified worker has the right to participate, lead, and have her voice heard.

Workers play an active role in determining and planning the use of the Community Development Funds. Fair Trade USA™ Field Staff support Fair Trade Committees in their project implementation.

Projects are diverse in nature and range from building health clinics, providing groceries, to installing solar panels.



How is a Premium rate determined?

Each factory has a unique Premium rate reflective of both total number of Premium Participants and the annual value of orders purchased on Fair Trade Certified terms. This approach ensures consistent impact across factories while maintaining program accessibility for brands of all sizes.

Premium rates often range from 0.50 – 2.00% of annual Freight on Board (FOB), however, premium rates vary and are reviewed at the time of onboarding.



- Premium rates are reviewed annually by Fair Trade USA to ensure meaningful impact over time.
- Premium rates are adjusted to reflect a +/- 25% change occurs in order volume and/or workforce size.

Did you know?

As Fair Trade Certified order volume increases, the Premium rate decreases. Scaling with Fair Trade Certified is a win-win for workers and buyers.