

N2025-0029

Memorandum

To : Publicly available/MPS-SQ certificate holders
From : MPS-SQ standard owner
Ref : MPS Floor Wage 2025

MPS-Socially Qualified March 2025 MPS Floor Wage from 1 April 2025

Linked to MPS-SQ requirement on wages 2.6.4 of MPS-SQ v10.1

In 2023, in version 10 of MPS-SQ the World Bank Extreme Poverty Line was introduced to growers to pay wage above the absolute minimum. The WB updated the [International Poverty Line](#) to \$2.15/day in September 2022. Since then, the interpretation in MPS-SQ was not clear on what this would mean in different countries in the local currency.

MPS decided to align the calculation of this absolute minimum, or so-called Floor Wage, with Fairtrade. This is to create level playing field in the sector and to create clarity for clients on what can be expected. This document seeks to give clarity on how the floor wage is calculated and how it translates to values for the countries affected.

Besides the US dollar value, purchasing power parity (PPP) is another essential component for the poverty line. PPPs are the rates of currency conversion that equalise the purchasing power of different currencies by eliminating the differences in price levels between countries.

The PPP rate for private consumption is updated by the WB on a regular basis and can be found [here](#). For the floor wage calculation each year, MPS uses the most recent PPP rate published by the World Bank.

On occasion the PPP rate has fallen compared to the previous year, MPS then freezes the PPP rate, so that floor wages do not decrease, until the PPP rate goes up again. There are also cases, where the WB experiences a delay in updating the PPP rate in the relevant year which is especially important in situations with high inflation.

The formula to update a PPP rate is as follows:

[Latest available PPP for private consumption x (1 + average inflation rate¹ in the country of interest in the given year)] / (1 + US inflation rate in the given year¹)

The \$2.15 PPP/day Floor Wage relates to the base wage. Therefore, in-kind benefits cannot be counted. There may be cash allowances issued monthly to all workers as an entitlement and allowing workers full

¹ IMF inflation rate for average consumer prices (annual percent change) published in [October 2024](#).

discretion on how to spend the money (a monthly housing or transport allowance for instance) without a link to the attendance or performance of workers. Those cash allowances count towards the base wage.

To calculate the floor wage, the following formula is used:

[PPP for private consumption from the previous year x 2.15 x 30.4 x typical number of family members] / number of breadwinners per family

The table below presents the provisional calculation for a selected number of countries applicable from 1 April to 31 December 2025.

Country	PPP for private consumption*		WB poverty line (\$ per day)		Days/month**		No. of family members ¥		No. of breadwinners ¥	Wage required (local currency)	
Ethiopia	25.07	x	2.15	x	30.4	x	5.0	/	1.65	4,966	birr
Kenya	50.25	x	2.15	x	30.4	x	5.0‡	/	1.69‡	10,564	Ksh
Sri Lanka	94.30	x	2.15	x	30.4	x	4.5	/	1.76	15,759	rupee
Tanzania	843.16	x	2.15	x	30.4	x	5.0	/	1.69‡	163,044	Tsh
Uganda	1,327.27	x	2.15	x	30.4	x	5.0	/	1.78‡	243,681	Ush
Zambia	7.54	x	2.15	x	30.4	x	6.0‡	/	1.76‡	1,679	kwacha

* 2023 PPP rates were updated using IMF inflation rates (as described above).

** Number of days per month (365 /12).

¥ Values available in living wage country reports and reference values published by the [Global Living Wage Coalition](#).

‡ Number of family members and/or breadwinners was updated. Due to the changes, the floor wage in Kenya would have dropped. Fairtrade froze the floor wage to ensure that workers do not receive a lower wage.