

TERMS OF REFERENCE (ToR)

Legal Framework Assessment of Fairtrade Premium Committees (FPCs) Registration in Ethiopia

A comprehensive analysis of what

1. Introduction

Established in 2005, Fairtrade Africa is an independent non-profit umbrella organization representing all Fairtrade certified producers in Africa. Currently, the organization represents over 1,083,139 producers across 28 countries in Africa. Fairtrade Africa is owned by its members, who are African producer organizations certified against international Fairtrade Standards producing traditional export commodities such as coffee, cocoa, tea, cut flowers, cane sugar, wine, cotton, bananas, mango, pineapples and non-traditional commodities including shea butter, rooibos tea, vegetables and fresh and dry fruits.

Fairtrade Africa is made up of both Small Producer Organizations (SPOs) and Hired Labour Organizations (HLO). In HLOs, the focus is on supporting companies that employ hired labour to supply better working conditions for their workers while in SPOs the focus is on members who are smallholders who run their farms mainly using their own and their family labour.

2. Assignment Background

Fairtrade promotes worker empowerment and sustainable socio-economic development. This is achieved through implementation of stringent Fairtrade Standards that producers must subscribe to, and most importantly through Fairtrade Premium, an **additional sum of money** paid on top of the Fairtrade selling price for Fairtrade-certified products. The Fairtrade premium is paid by the flower buyers into a **Fairtrade Premium Committee (FPC)** bank account, and workers democratically decide how to use the funds to improve their livelihoods and communities.

According to the Fairtrade Standards, the **Fairtrade Premium Committee** is mandated to manage the **Fairtrade Premiums** on behalf of workers, and it should be a legally registered entity, where workers are the sole owners and beneficiaries of Fairtrade Premiums. Legal registration of the FPCs makes it possible for the committee to hold a bank account, own property, and enter into contracts. FPCs operate according to the **Fairtrade Standard for Hired Labour**¹ under requirement 2.0 (Social Development).

In Ethiopia, FPCs are currently registered as **Civil Society Organizations (CSOs)** under the **Civil Society Organizations Proclamation No. 1113/2019**. However, CSOs must demonstrate by law that their interventions benefit the public, and not their own members. This contradicts the Fairtrade model, where Fairtrade Premium funds benefits workers directly, who are members of the FPCs, thereby creating legal compliance challenges.

This legal reality derails the Fairtrade objectives of improving workers' wages towards living wage, and thus the need to have a legal opinion on the best FPCs registration outfit in Ethiopia, that allows workers in the flower farms to enjoy the Fairtrade Premium benefits just like in other countries with Fairtrade certified flowers.

¹ Fairtrade Standard for Hired Labour

3. Objective of the Assignment

Overall Objective:

To provide a comprehensive legal assessment on Fairtrade Premium Committees legal registration and operation in Ethiopia.

Specific Objectives:

1. Identify and assess the Ethiopian legal provisions relevant for formal registration of worker-based committees, associations, cooperatives, CSOs, and fund-managing entities.
2. Identify viable FPCs legal registration options and their compliance requirements.
3. Highlight key legal risks and gaps affecting operations of the identified registration options and mitigation measures.
4. Provide clear recommendations on the most suitable and compliant FPCs registration and operational framework, that also allows workers to directly receive cash bonuses.

4. Scope of Work

The consultant/firm will:

1. Conduct desk review of Ethiopian laws and regulatory frameworks.
2. Conduct stakeholder interviews with government agencies, legal and tax experts, flower farm management, FPC representatives, and Fairtrade Africa staff.
3. Analyze registration options including association/CSO, cooperative, worker association, trust, and other viable models.
4. Evaluate each option for legality, autonomy, financial management capability, and ability to distribute cash bonuses.
5. Identify risks and propose mitigation strategies.
6. Present preliminary findings during a validation session.
7. Produce a final legal analysis report with clear, actionable recommendations.

5. Deliverables

1. **Inception Report** (with methodology, workplan, consultation schedule).
2. **Draft Legal advisory report** of FPCs registration including, but not limited to;
 - Legal framework mapping summarizing relevant laws and regulatory bodies.
 - Comparative analysis of FPCs Registration Models, including strengths, limitations, and compliance risks.
 - Recommended registration model with the governance and operational guidelines
 - Step-by-step registration process.
 - Risk mitigation measures.
3. **Summarized Presentation to Fairtrade Africa** summarizing key findings and recommendations.
4. **Stakeholder validation** report with findings and recommendations.
5. **Final Consolidated Report** incorporating all feedback. This will include: an executive summary, an abridged PowerPoint version, and the full comprehensive report covering study findings and recommendations.
6. Revised Final Report incorporating feedback.

6. Duration of Assignment

The assignment shall be completed within **6–8 weeks** from contract signing.

7. Required Qualifications

The consultant/firm must demonstrate:

1. Advanced degree in Law (LL.M preferred).
2. Expertise in Ethiopian laws related to taxation and CSOs, cooperatives, labour, or institutional registration.
3. Minimum 5 years of experience in legal or regulatory analysis.
4. Experience with labour organizations or development sector assignments (an advantage).
5. Strong analytical and report-writing skills.

8. Reporting Requirements

1. The consultant will report directly to the Fairtrade Africa Flower Programme Manager.
2. Regular progress meetings (virtual or in-person) will be organized.
3. FTA will facilitate introductions to Fairtrade flower farms and relevant stakeholders as applicable.

9. Payment Terms

Payments will be made upon satisfactory submission and approval of deliverables:

1. 20% upon acceptance of the Inception Report
2. 40% upon submission of the Draft Legal Study
3. 40% upon approval of the Final Report

10. Proposal Submission Requirements

Interested consultants/firms should submit:

1. Technical proposal outlining understanding of the assignment, methodology, and workplan.
2. Financial proposal (quoted in USD or ETB).
3. Company/consultant profile and relevant experience.
4. CV(s) of key personnel.
5. At least two references or previous similar assignments.

11. Evaluation Criteria

1. Understanding of ToR and methodology
2. Relevant experience and qualifications
3. Experience with similar assignments in Ethiopia
4. Quality and feasibility of workplan
5. Cost-effectiveness of financial proposal

12. Ethical Standards

The consultant/firm must adhere to Fairtrade principles, maintain confidentiality, and follow ethical research practices.

Submission Details

Interested consultant(s) to submit required documents no later than **5th January 2026** through the email procurementeast africa@fairtradeafrica.net and copy l.mukami@fairtradeafrica.net.

Include the following **subject line** to the email: **Ethiopia FPCs Legal Registration Consultancy.**

N/B Only shortlisted consultant(s) will be contacted.

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