



The WFTO product label and its connection with the conventional market

How to recognize the WFTO label? What does it consist of? Where can WFTO labelled products be found and why? These are just some of the questions that this analysis will try to address.

1. The WFTO Guarantee System and the WFTO product label

The WFTO Guarantee System (GS) was officially approved by the WFTO General Assembly in May 2013 in Rio de Janeiro and is currently in its 2nd year of implementation phase. As already stressed in the analysis carried out by WFTO-Europe and Oxfam Magasins-du-Monde in 2012¹, the approval of this new system was highly endorsed by members from the Global South. They saw in the GS the opportunity to reinforce the previous Sustainable Fair Trade Management System (SFTMS), by getting rid of the 2 disadvantages of the latter: the internal monitoring process and the absence of a label that could testify the compliance of the organization with the Fair Trade (FT) principles.

a) The monitoring process under the GS

As mentioned above, one of the main changes made in the GS is the introduction of a new monitoring process, focused on an internal assessment (SAR), as it was in the previous system, but also on external audits, whose frequency is strictly connected to a risk category assessment. Trading WFTO members are divided into 3 risk categories: LOW, MEDIUM and HIGH, based on the complexity, scale and control of their operation and whether they use the WFTO Product Label on their products or not. (Table below)

WFTO GUARANTEE SYSTEM CYCLE FOR TRADING MEMBERS			
	Low Risk	Medium Risk	High Risk
Self-Assessment	Every 2 years <i>After 2 good audits/visits, reduced to every 3 years</i>	Every 2 years	Every 2 years
Monitoring Audit	Every 4 years <i>After 2 good audits/visits, reduced to every 6 years</i>	Every 4 years (alternating with Peer Visit)	Every 2 years (alternating with Peer Visit)
Peer Visit	Every 4 years <i>After 2 good audits/visits, reduced to every 6 years</i>	Every 4 years (alternating with Audit)	Every 2 years (alternating with Audit)

This new system is indeed based on 5 pillars aimed at ensuring the credibility and sustainability of the system.

- A new membership admission procedure
- Self Assessment Report (SAR)
- Peer visits
- External Monitoring audit
- Fair Trade Accountability Watch: a monitoring mechanism that allows the public to report complaints regarding WFTO members.

Once a WFTO member successfully passes the GS, it attains the status of “Guaranteed Fair Trade Organisation” and has the option to use the WFTO Product Label to differentiate their products as Fair Trade in the market.

¹ [WFTO-E and Oxfam Magasins-du-Monde. February 2013. La certification « organisation » WFTO](#)



b) The WFTO product label

While the WFTO logo refers to the brand owned by WFTO and is used by full members for communication purposes (such as letterheads, PR materials and on websites), the WFTO product label (the logo with the written statement “(member’s name) Guaranteed Fair Trade”, figure below) can be used by the guaranteed members on products.

Compared to other labels already present in the market, **this label is not a product certification but an organizational label**. This is indeed the recognition that the product has been produced and traded by guaranteed organisations whose practices across the supply chain are checked against the WFTO FT Standards and whose aim is to promote a sustainable FT economy. The use of the label is not compulsory for the guaranteed Fair Trade organizations (FTO), but highly recommended to strengthen the movement. During the monitoring process, each FTO mentions the percentage of products on which it would like to put the label, and prove that the supply chain for these products complies with the WFTO FT standard. In practice, the auditor consults all the documentation of the organisation and selects which producers/suppliers he wishes to visit. For Northern organisations which have suppliers located in different countries, WFTO makes the selection and send the relevant information to the local auditors who will perform the supplier visits. If the suppliers or export organizations, from which the FTO purchases, are WFTO members or certified by one of the WFTO recognized certification schemes², these suppliers will be exempt from the audit visit. For the other suppliers, either the FTO decides not to put the label on their products (proving to WFTO good reasons to exclude them) or it has be included in the Internal Monitoring System (IMS) to be then checked by the auditor and implemented over the years.



2. The 2 types of WFTO product labels in the conventional market

As mentioned above, only the guaranteed members of WFTO who have successfully passed the GS audit, have been approved by WFTO Board and have signed an agreement with WFTO, can use the WFTO Product Label (*version FTO – image above*).

However, a second Product Label version (*version buyer of FTO - image on the right*) will be available for use by direct buyers of the FTO and only if the FTO makes an agreement with the buyer allowing them to use the Product Label with information about the FTO³

a) Who are the direct buyers?

The direct buyers from FTOs can be:

- WFTO Member - in this case, if they are guaranteed members and they wish to have their name on the product label, they can either use the version for FTOs of the product label (indicating the name of their own organisation) or if they want to indicate their producers and use the version buyer of FTO of the label, sign a contract with WFTO and the producers group.
- Non WFTO member - we can distinguish two cases as well:
 - If the buyer does not want to re-brand the products but just sell them with the product label of the FTO, they do not need any special agreement with the FTO. However, if these so-called “resellers” want to use the WFTO Logo for certain promotional materials, an agreement with WFTO is mandatory.



² Such as: FLO Cert, Ecocert, Fundeppo, IMO-Fair For Life, Naturland.

³ This case only applies for first buyer (WFTO members or not) that want to rebrand the product.



- If the Buyer wants to rebrand the product under its own brand and show, at the same time, the guaranteed status of their supplier, it can use the WFTO buyer label version. However, this use is only available under strict conditions outlined in the First Buyer Labelling Contract, which needs to be signed by the buyer, FTO and WFTO (see point c) below for additional information on the contract).

b) Why does the GS allow conventional buyers to access the buyer label?

Taking what mentioned above into account, the GS foresees the opportunity for WFTO guaranteed members to sell their products not only to the other WFTO buyers but also to non WFTO members, the so-called conventional buyers.

This decision was the outcome of several fruitful discussions amongst the members across the years. In spite of diverse criticisms, it was approved by the majority of the members, especially from the Global South. Accessing market plays a crucial role for the producing members. Taking this into account, this system allows WFTO members to have a wider range of actors with whom they can start trading relationships and to reach new markets beyond the ones offered by WFTO members. Using the Product Label or Buyer label is indeed a way to build a brand that will allow small producers to reach global markets. In terms of communication, this also enhances the overall knowledge of the WFTO label in the market and hence the awareness on the FT principles amongst the consumers group.

On the other hand, several organizations, especially from the North, pointed out the risk behind this choice. They highlighted the need for a robust system that could avoid reputational risks. For the WFTO members' buyers, this system has some disadvantages since, at a glance, it extends the benefit they get from the GS to the non WFTO members, while keeping the same rigorous control that being a guaranteed member implies. Hence, though they agreed with the importance of opening the system for Southern producers, they urged WFTO to put in place a stronger mechanism to ensure that the non WFTO member direct buyers are bound to a rigorous control and compliance with the FT criteria.

c) How to guarantee the credibility of the system?

In order to ensure the credibility of the system, all non WFTO direct buyers of FTOs that want to rebrand the FTOs products must sign a contract with WFTO and the FTO (supplier). According to this standard contract, the buyer needs to:

- Be registered in WFTO's Buyers Database.
- Respect at least a selection of the 10 FT principles. More specifically: Principle 2 (transparency and accountability), principle 3 (Fair Trading practices), principle 4 (payment of a Fair Price), Principle 6 (non discrimination), principle 7 (safe working conditions), principle 10 (environment).
- Agree on WFTO's right to conduct an independent audit, which should be paid by the buyer, or investigate complaints as well as to withdraw permission for use of the Buyer label if the buyer is not complying with the contract, with the FT principles, or in case of misuse of the Label. For this reason, it also has to agree to be listed in the Fair Trade Accountability Watch.
- Pay a licence fee per purchase order.

The contract is strictly linked with the purchases order amount and the fees to be paid by the buyer correspond to 1% of the purchase order value from WFTO supplier with a minimum of 100€. If the latter loses its right to use the WFTO product label, its direct buyer will also lose the right consequently.

WFTO has recently started implementing this procedure and thus some contracts have already been signed with direct buyers. Since the GS is still in its 2nd year of the implementation phase, WFTO keeps on improving this system every day in order to maximise the great effort of its members to be guaranteed FTOs and to get closer to its mission to promote a fair and sustainable economy worldwide.