



Guidelines

Application for provisional membership of IFAT

IFAT Global Office, August 2008

Welcome

Dear Applicant

Thank you for your interest in Fair Trade, as well as your interest in becoming one of our Members. These guidelines were written to explain and clarify some of the most common issues and questions related to completing the application form.

If you have particular questions, do not hesitate to contact us at membership@ifat.org. If you are an organization from Africa, please contact membership@cofta.org

Membership & Monitoring Office
IFAT

Table of Contents

I. Basic Information	5
What is IFAT	5
IFAT Services	5
Market Development	5
Building Trust in Fair Trade	6
Speaking Out for Fair Trade.....	6
Members and their commitment to Fair Trade	6
IFAT Regional networks.....	7
Types of Member	7
Membership: rights and procedures	8
Provisional Membership.....	9
Registered Membership	10
Members duties & termination	12
The FTO Mark	12
Who can use the FTO Mark?	13
Where and how to use the Mark?.....	13
Where and when the Mark may not be used?.....	13
Does IFAT have a product label?.....	13
The procedure	14
The IFAT fees.....	14
Membership Fee 2008	14
Monitoring fee 2008	15
II. The application form	16
Getting acquainted	16
The logic of the application	16
The continuous improvement approach.....	17
The need to be accountable in the first transaction.....	17
Different types of members, different application form.....	18
Important tips when you fill in the form.....	18
Additional Documents.....	19
III. Useful information	20
Definitions	20
Organization	20
Producer / Producer Group	20
Intermediary	20
Supplier.....	20
Workers /Employees.....	20
Fair Trade Supply Chain	21
Fair Price	21
Fair Trade	21
Capacity building	21
Living Wage	21
FOB - Calculation	22

Relevant ILO Conventions	22
ILO Convention 29 on Forced Labor	22
ILO Convention 95 on the protection of wages	22
ILO Convention 131 on Minimum Wage	22
ILO Convention 138 on Minimum working age	23
ILO Convention 182 on Minimum Age for Hazardous Work	23
ILO Convention 155 on Safe and Healthy work environment	23
IFAT - 10 Standards of Fair Trade	24
Standard One: Creating Opportunities for Economically Disadvantaged Producers	24
Standard Two: Transparency and Accountability	24
Standard Three: Trading Practices	24
Standard Four: Payment of a Fair Price	25
Standard Five: Child Labour and Forced Labour	25
Standard Six: Non Discrimination, Gender Equity and Freedom of Association ...	25
Standard Seven: Working Conditions	26
Standard Eight: Capacity Building	26
Standard Nine: Promotion of Fair Trade	27
Standard Ten: Environment	27



I. Basic Information

What is IFAT

IFAT is the global network of Fair Trade Organizations. IFAT's mission is to improve the livelihoods and well being of disadvantaged producers by linking and promoting Fair Trade Organizations and speaking out for greater justice in world trade.

IFAT has members in over 60 countries, encompassing approximately 1 million people, who all believe that trade should improve the lives of marginalized people without harming the planet - in other words, they believe in Fair Trade. Approximately 65% of our members are based in the South (Asia, Africa and Latin America) with the rest coming from North America & the Pacific Rim and Europe. We are truly international!

Our Members have the concept of Fair Trade at the heart of their mission and at the core of what they do. They come in many shapes and sizes and represent the Fair Trade chain from production to sale. Our Members are producer co-operatives and associations, export marketing companies, importers, retailers, national and regional Fair Trade networks and financial institutions, dedicated to Fair Trade principles.

IFAT Services

IFAT brings its Members together to achieve the synergy of a network to:

- Develop the market for Fair Trade
- Build trust in Fair Trade
- Speak out for Fair Trade

Market Development

IFAT encourages the development of the Fair Trade market, to help increase the opportunities for marginalised small-scale producers. This is done by:

- **Extending Experience and Expertise:** IFAT actively encourages links between Fair Trade Organizations to the business support services offered by Members or other specialist providers. We bring Members together for inspiration and learning. Using linkages provided by IFAT, Members can build on each others' marketing experience and expertise.
- **Encourage Learning:** Our international and regional conferences are the venue in which Members share experiences, attend seminars, deliver feedback to trading partners, and develop their knowledge.
- **Encouraging Regional Initiatives:** IFAT Members have demonstrated the effectiveness of regional cooperation as a strategy for accessing markets. For

instance, via the Asia Fair Trade Forum, Asian Members now regularly exhibit at regional Trade Fairs such as the Bangkok International Gift Fair. Regional conferences provide the venue for building these partnerships.

Building Trust in Fair Trade

Thanks to the pioneering work of Fair Trade organizations, more people than ever before ask questions about the way companies do business. In response to this, IFAT Members are committed to being open, transparent and accountable to their stakeholders.

In order to help increase public trust in Fair Trade Organizations, a three-step Fair Trade Monitoring process has been in operation since 2002. It ensures that IFAT Members are trustworthy in their commitment to Fair Trade.

We are currently building the Sustainable Fair Trade Management System (SFTMS) which will integrate Membership and monitoring. Once in place, a product label for independently third-party certified Fair Trade Organizations will be available to those who qualify.

Speaking Out for Fair Trade

IFAT is an advocate - condemning the injustices of the international trade system and championing a radical, yet practical vision for change. IFAT has first-hand knowledge of the conditions under which trade can be a powerful force for sustainable economic and social development. For advocacy, IFAT has joint efforts with FLO, EFTA and NEWS in order to have a Fair Trade advocacy office in Brussels to influence European and global politics and increase the awareness of Fair Trade among decision makers.

IFAT also promotes Fair Trade through WORLD FAIR TRADE DAY. World Fair Trade Day is an international celebration with events organised worldwide. On and around the second Saturday of May every year, IFAT member organisations based in 70 countries, along with Fair Trade shops and networks, host events including Fair Trade breakfasts, talks, music concerts, fashion shows and much more, to promote Fair Trade and campaign for justice in trade. Fair Trade products from marginalised communities in the majority world, including coffee and tea, clothes, jewellery and beautiful handicrafts are showcased on this day. Many other events continue throughout May each year.

Members and their commitment to Fair Trade

IFAT consists of Members and associates who are regularly active in at least one of the following areas:

- Co-operate with marginalized producers and farmers, especially in the South, on the basis of justice and solidarity, aimed at improving living conditions in the South, mainly by means of promoting trade in products and services from,

- within and between countries in the South.
- Provide information when selling products, thus making people more aware of unfair trading structures.
- Campaign for more just trading conditions.
- Reflect in their own structures a commitment to justice, fair employment, public accountability, progressive working practices, equal gender balance and abolition of child labour.

Commitment with Fair Trade is expressed in practicing the **10 Standards of Fair Trade**. The full document is available in the part three of this document.

IFAT Regional networks

IFAT has four regional chapters at the moment, each one represented by one regional network. They are

- COFTA -The Cooperation for Fair Trade in Africa - COFTA is a network of Fair Trade producer organisations in Africa involved and working with disadvantaged grass root producers to eliminate poverty through Fair Trade (www.cofta.org)
- AFTF - The Asia Fair Trade Forum (AFTF) comprises 88 Fair Trade organizations, working to uplift the condition of thousands of grassroots producers and workers in 12 of the poorest Asian countries (www.asiafairtradeforum.com)
- IFAT LA - It is a Latin American branch composed of IFAT members from the region. Its main objective is the development of the principles of Fair Trade in the region the enhancement of new markets and the creation of a base for the achievement of a more effective performance in the building and interaction of networks among the members. (www.ifat-la.org)
- IFAT - Europe - It is the European branch of IFAT members, mainly wholesalers and retailers (ifat-europe@ifat-europe.org)

African or Latin American IFAT members can become automatically members of COFTA or IFAT-LA and enjoy of their advantages. To become IFAT -Europe members, the organization needs to be an IFAT member and to pay a fee. To become AFTF member, you should apply for membership.

Types of Member

There are four types of Members

1. **Fair Trade Organizations (FTOs):** Companies, partnerships, co-partnerships and other legal bodies - as determined by the legal provisions of the country of the member concerned - that are directly engaged in Fair Trade. They may be producers or northern or southern based FTOs for whom Fair Trade is the main

activity. FTO organizations should receive at least 50% of their annual income from sales.

2. **Fair Trade Support Organisations (FTSOs):** Legal entities whose primary mission is to promote Fair Trade through provision of technical, financial, business advisory or other services to Fair Trade producers and/or Fair Trade Organizations. They may be involved in trade, but sales account for less than 50% of their annual income.
3. **Fair Trade Networks (FTNs):** Legal entities whose primary function is to serve as national or international associations of Fair Trade producers and/or Fair Trade Organizations. Example: IFAT is a Fair Trade Network.
4. **Associate Organizations:** These are donor organizations; national or international agencies that support or campaign for more just trading conditions; or scholars, writers, reporter or service clubs who are interested in learning about and promoting Fair Trade. They do not have full membership rights.
5. **Individual Associates:** Individuals who have special skills in trade, social science, culture or human rights, or who have contributed to the growth of Fair Trade and have gained international recognition. They do not have full membership rights.

It is possible for an organization to have special circumstances that do not clearly fall into one of these types. Here are a few examples of the most common cases:

- Twin organizations related but legally independent, one dedicated to development issues and the other dedicated to trading. IFAT considers these as two separate organizations. They need to apply separately.
- An organization with one department or division dedicated to Fair Trade, although trade is not the sole aim of the organization. The organization may apply as an FTO or as FTSO depending on the percentage of annual income derived from Fair Trading.
- An organization in Europe or North America that has a production unit in Africa, Asia, Latin America or Oceania that wants the whole group to gain IFAT membership. The application will depend on:
 - the legal relationship between the two organizations
 - the percentage of annual income derived from Fair Trading.

If you are not sure about what type of membership applies to you, do not hesitate to contact the membership officer at IFAT Global Office (membership@ifat.org).

Membership: rights and procedures

Becoming a full IFAT Member happens in two steps - each step has unique procedures and carries different rights and responsibilities:

- Provisional membership
- Registered membership.

This two-step process is valid for all type of members, except associated members. Associated members are a special category of members that have limited rights (the same as provisional members) and are not entitled to registration. As a consequence, they are not obliged to submit a self-assessment report (see under registered membership). They follow the same procedure as provisional members and they must enclose the documents required.

Provisional Membership

Rights

Provisional Members have the right to:

1. Participate in IFAT activities
2. Receive all mailings from the Secretariat
3. Serve on sub-committees
4. Attend regional meetings and scheduled international conferences
5. Attend Annual General Meetings.

Provisional Members are restricted from:

1. Using the IFAT Fair Trade Organization Mark
2. Using the IFAT logo in any form without the permission of the Secretariat
3. Serving on the Board
4. Speaking or voting at the Annual General Meeting.

Procedure

1. Submit the application

- Complete the application form. Please ensure you include the complete contact details for THREE referees (name of contact, company, address, country, e-mail, telephone). They should be easy to contact by e-mail in order to speed up the process. One of your referees MUST be an IFAT member in your country. You can check our member list at http://www.ifat.org/index.php?option=com_content&task=view&id=6&Itemid=37
- Attach ALL documents required - these are described on the first page of the form.
- Email the completed form and documents to:
 - Europe, Asia, Latin America, Oceania, North America: IFAT Secretariat (membership@ifat.org with copy to membership-assistant@ifat.org).
 - Africa: COFTA Secretariat (membership@cofta.org).

2. Contact your referees

Obtaining references is a major bottleneck and can significantly slow down the application process. To speed up the process, we kindly ask you to get in contact with

your referees when – or before - you submit your application. That way, they know what is expected from them.

Once your application is received, we will:

1.	Verify that the application has been completed properly and submitted with the appropriate documents	One week
2.	Contact your referees to gather references	Approx. one month, depending on response of referees
3.	Contact the Members from your country	One month

As soon as the application file is complete with the references and comments, the IFAT Board considers the application for approval. Only applications by Individual Associates are considered by the IFAT Executive Director, and not the Board.

1.	We submit a brief to the IFAT Board for consideration. You will be informed when this has happened.	This is done by batches of 10 application - can take from one week to one month depending on volume.
2.	The Board decides on the approval. We will inform you of the Board's decision.	Up to six weeks.

If your application is approved, you receive provisional membership once payment of membership fees is ratified:

1. We send you an invoice for your membership fee (See further info on the fees below)
2. You send us the remittance slip (preferably via e-mail)
3. We verify the payment. This usually takes a few weeks
4. You receive your welcome pack, which includes the receipt and the username & password for the Members Only IFAT website.

Provisional Members are required to submit a Self-Assessment Report (SAR) within two years of initial membership. Only Associate and Individual Associate Members do not submit an SAR.

If your application is not accepted, you will be informed of the reasons for the decision. You have the right to reply, but only the Board has a right to review its decision. Your organization will have the opportunity to re-apply in two years.

Registered Membership

In order to become a registered member your organization must carry out a **self-assessment** against the 10 standards for Fair Trade Organizations. Every member is

obliged to submit a Self-Assessment Report every two years. This document is auditable and it should prove that your organization complies with the standards.

Rights

Registered Members have the right to:

1. Use the IFAT Fair Trade Organization Mark once they have signed a contract on how the Mark may be used
2. Use the IFAT logo and publicize their membership of IFAT
3. Actively participate in all activities of IFAT
4. Receive all mailings from the Secretariat
5. Stand for nomination for the Board of Directors or by invitation be co-opted to serve on the Board
6. Serve on (sub)-committees
7. Attend scheduled international conferences and regional meetings
8. Attend the Annual General Meeting, and the business sessions preceding it, with authority to speak and to put forward resolutions
9. Vote in person or by proxy at the Annual General Meeting.

Procedure

Provisional Members may submit their first Self-Assessment Report (SAR) as soon as they have paid your first membership fees. However, you have up to two years to submit the first SAR.

When we have received your SAR:

1. We check basic quality: does the SAR follow the guidelines and are all the sections meaningfully completed.
2. It will be reviewed by the registration Sub-Committee.
3. A recommendation, either positive or negative is made by the registration Sub-Committee.
4. If the recommendation is positive, the decision will be ratified by the IFAT secretariat and the organization will be informed. The IFAT Secretariat will also send you a contract for the use of the FTO Mark. When this contract is signed and returned you will receive a certificate and the manual for the use of the FTO Mark. At that moment you are a registered member.
5. If the recommendation is negative, a letter will be sent. It will explain the ground for this decision. If the problem is related with quality of the information provided, your organization has the chance to send an improved SAR.

Around 10% of the SARs that are submitted each year are externally audited. The selection is done randomly and the organization has the obligation to accept it. All the associated costs are covered, except the local transport and accommodation of the auditor. External audits can also take place in response to complaints.

Additional benefits of becoming an Registered Member

In addition to the full membership rights, registered members have the following benefits:

- Their contact data and organizational profile will appear on the public website. Provisional members' profiles only appear in the Members Only website.
- Their organization will appear in the FTO Register.

Members duties & termination

If you become an IFAT member, you will be obliged to:

1. Send the Secretariat a copy of your official annual accounts within ten (10) months of the close of your fiscal/financial year. If your accounts are audited, you must submit the auditors' report.
2. Submit a Self-Assessment Report every two (2) years.
3. Pay an annual fee, as determined by the Annual General Meeting. The payment is due within thirty (30) days of receipt of the invoice.
4. Inform immediately in writing of any change in contact details of the member, provisional member or associate.

The rights can be temporarily suspended with no further privileges or mailings if the annual membership fee has not been paid three (3) months after invoicing.

The membership terminates if a Member or Associate:

1. Does not comply with their payment duties at the end of the calendar year.
2. Decides to resign. IFAT requires a written resignation.
3. Is dissolved, being a legal form of organisation, due to bankruptcy or other causes.
4. Fails to submit its official annual accounts after twelve months of the end of its fiscal year.
5. Does not fulfil the monitoring obligations as specified in the monitoring policy and/or fails the registration audit.
6. Refuses or unnecessarily delays the external verification process or fails to cooperate during an investigation of a complaint.
7. Acts in conflict with the constitution, regulations or resolutions of the association, or damages the association in an unreasonable way, or if it is determined that a member is in breach of the principles of Fair Trade.

The FTO Mark

Launched in 2004 at the World Social Forum in Mumbai, India, the FTO Mark identifies registered Fair Trade Organizations worldwide. Over 120 member organizations have already qualified to use the mark.

The FTO Mark gives Fair Trade Organizations definable recognition amongst consumers, existing and new business partners, governments and donors who would like to support Fair Trade activities - providing wider market opportunities for producers

The FTO mark is a means of identification. It sets organizations apart from other commercial businesses, and helps mission-driven organisations, whose core activity is Fair Trade, stand out.

The FTO Mark shows that an organization belongs to the global network of Fair Trade Organizations. It serves as a common voice for solidarity amongst all Fair Trade Organizations in the North and South.

Who can use the FTO Mark?

The FTO Mark belongs to IFAT and can only be used by Registered Members who have fulfilled the requirements of the IFAT Standards and Monitoring system and are registered in the international FTO register. The registered organization has to sign an agreement for the use of the Mark and must follow its regulations.

Where and how to use the Mark?

The FTO Mark cannot be used as a product mark. The Mark can be used on an organization's printed materials, including:

- Stationery (letterheads, envelopes, visiting cards, etc.)
- Promotional material (brochures, folders, leaflets, books, CDs)
- Catalogues
- Wholesale packaging material
- Vans and cars
- Web pages
- Press releases
- Shop windows
- Electronic communications.

The FTO Mark must always be used together with the organization's own logo and it must never take front stage.

Where and when the Mark may not be used?

- The FTO Mark may not appear directly on products or boxes or any other item attached to a product that goes to the final consumer.
- The FTO Mark may not be used to brand any product, causing the final buyer to associate the Mark with the product.
- The FTO Mark is given exclusively to each organizations registered as a Fair Trade Organization with IFAT.
- The organization may not authorize another entity to use the FTO Mark without written approval from IFAT.
- Fair Trade organizations should report any misuse of the Mark to IFAT.

Does IFAT have a product label?

IFAT does not have a label for products at the moment. However the Annual General Assembly in May 2007 approved the development of a product label. IFAT is currently developing a credible international label and label certification system that will be operational in 2010.

The procedure

IFAT Members must go through the Monitoring process to use the FTO Mark. This means they have had at least one Self-Assessment Report approved. For further information, please go to REGISTERED MEMBERSHIP: RIGHTS AND PROCEDURES.

The IFAT fees

The IFAT fees are decided every two years at the Annual General Meeting. The fee has two components: the membership fee and the monitoring fee. The membership fee covers all the membership administrative costs. The monitoring fee partially covers the costs related to external auditing in case your organization is selected (See under procedure to become registered member).

Both fees are calculated considering a member's annual turnover. For this reason, it is your duty to send your annual accounts at the beginning of each calendar year. This way we can calculate your fee by using updated figures. If you do not send your financial statement on time, IFAT assumes that your turnover has increased 10% during the year.

Membership Fee 2008

The IFAT membership fee is in Euros (€). It is calculated based on your turnover with the following formulas:

Trading Members

Turnover in €	Membership fee in €
< 100.000	€250
From € 100.000 to 1.000.000	€0,0022 x turnover
> 1.000.000	€2.500 + €200 for every extra million turnover

Maximum Fee for Members in Africa, Latin America and Asia:	€1500
Maximum Fee for member in Europe, North America and Pacific Rim:	€7500

Fair Trade Networks

Fair Trade Networks:	€250
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Fair Trade Support Organizations:

with incomes < € 250.000:	€750
with incomes > € 250.000:	€1250

Associates

Associate organisations with incomes < € 250.000:	€750
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Associate organisations with incomes > € 250.000:	€1250
Individual associates:	€100
Students and the unwaged:	€35

Monitoring fee 2008

The IFAT monitoring fee is in Euros (€). It is calculated based on your turnover with the following formula:

Turnover (EUR)	Monitoring fee (EUR)
< 100.000	€25
100.001 - 500.000	€50
500.001 - 1.000.000	€100
1.000.001 - 4.000.000	€350
4.000.001 - 8.000.000	€600
8.000.001 - 16.000.000	€800
> 16.000.000	€1.000



II. The application form

Getting acquainted

The application form consists of four parts:

Provisional member profile

In the profile, your organization describes itself. It includes the contact data, the main features, the financial aspects of the business and the type of products that are produced/exported/imported/retailed. We expect Members to update information every two years.

Provisional membership questionnaire

In the questionnaire, your organization should describe the main policies and practices of your company regarding Fair Trade. This is included in Section 2 of the application. Here you explain how your company includes embeds Fair Trade principles into the policies, the working practices and the relationship with its suppliers. It also includes your improvement plans in key aspects related with Fair Trade.

Motivation for joining IFAT

This section consists of questions about why you would like to be a member and how you are willing to contribute to the IFAT network.

Final Steps

The last section asks for the contact data of the organization's referee as well as the agreement to show the information included in the application to other IFAT Members.

The logic of the application

The application was designed to follow three main ideas:

- **It is informative for the whole IFAT network:** The information provided will allow us to understand what you do, how you operate and what your business priorities are, regarding Fair Trade. If you become a member, part of this information can be accessed by business partners and others interested in certain products or in your company. It will also be used to understand our impact as a network and the impact of Fair Trade as a whole.
- **It allows us to verify a certain key aspects of Fair Trade:** IFAT understands that the actions of organisations vary strongly and not all have the same degree of compliance regarding the 10 Standards of Fair Trade. That is why we are developing a tolerance policy for each of the standards. There is a “zero tolerance” policy for certain key minimum actions. In the other areas there is a variable degree of tolerance.

- **It is the starting point of a continuous improvement process:** This application will allow us (IFAT and you) to identify aspects that are in non-compliance regarding Fair Trade but that can be tolerated for a limited time. Therefore, if your organization wants to remain an IFAT member, you should take measures in order to improve continuously your practices regarding Fair Trade.

The continuous improvement approach

Section two is designed following the ideas of continuous improvement. Continuous improvement is a learning approach that aims to find better ways to achieve a goal and correct the actions that do not comply with the minimum expected from an organisation. It is non-judgmental. Its focus is on problem-solving. It enables organisational development.

The continuous improvement approach uses a systematic method that allows learning from successes and failures. This method can be summarized in four steps:

- 1) **PLAN - Part A:** analyze your current situation, and look for areas that hold opportunities for change. Choose areas that offer the most return for the effort you input, or those perceived as most urgent. In the application form you are required to evaluate if your mission and policies are aligned with IFAT's mission and standards.
- 2) **DO - Part B:** implement actions according to your objectives. In the application form, you are required to recognize your current practices regarding the 10 Standards of Fair Trade.
- 3) **CHECK - Part C:** monitor and evaluate the processes and results against objectives and specifications, and report the outcome. In the application form, you are required to determine your current capacity to monitor and prove your practices.
- 4) **ACT- Part C:** apply actions to the outcome for necessary improvement, defining priorities, budgets and person responsible. In the application form you are required to determine your current improvement plans.

The continuous improvement approach is embedded in our entire monitoring system. It means that you will need to show improvement in your actions each time you submit a Self-Assessment Report (see more under REGISTERED MEMBERSHIP).

The need to be accountable in the first transaction

As explained in *Business Unusual*, a publication produced by IFAT, FLO, NEWS and EFTA in 2006, one distinctive feature of Fair Trade is the direct and personal relationship between the producer organization and the importer company. Fair Trade importers, wholesalers and retailers not only buy the products from producer organizations, paying them a "fair" price and a premium. They also assist their producer partners in many different ways, giving them advice on product development, helping with skills and management training, or offering additional

support in difficult economic and social situations. New organizational ownership models are developing as FTOs involve their producers' partners more directly in their governance structure.

The producer is at the heart of the Fair Trade system and Fair Trade Organizations make a transparent and accountable effort to ensure that benefits really reach the marginalized and the poor. As a consequence, FTOs need to find ways to verify that the transaction done between the producers and the first buyer has been conducted under Fair conditions. This is what we call "the first transaction".

When you are asked to tell us more about your producers, it is because we would like to know more about the mechanisms you have put in place to assure that this first transaction is done properly and that disadvantaged people are benefiting. In this sense, your business operation needs to be accountable beyond your own premises.

Different types of members, different application form

Due to the diversity of members we have, we had to design three diverse application forms. They are

- Type 1. Southern producers and intermediaries
- Type 2. Northern intermediaries and retailers
- Type 3. Support Organizations, Networks and Associated Organizations

Type 1 and 2 are for Fair Trade organizations. Type 3 is for the other type of members.

Please use the one that is closest to your organization. If you have any doubt, please do not hesitate to ask to membership@ifat.org

Important tips when you fill in the form

Please take into account that:

- IFAT HAS THREE OFFICIAL LANGUAGES: English, French and Spanish. You should submit your application AND the additional documents in one of those three languages. If you submit forms or documents in another language, IFAT will be not able to process your application. This implies further delays.
- ONLY COMPLETE APPLICATIONS ARE PROCESSED. You must fill in your form carefully. If information is missing, we will not proceed to process the application. If in any case you cannot answer a question, please make this clear in your application rather than leaving an empty space.
- YOU SHOULD ONLY INCLUDE INFORMATION THAT YOU CAN PROVE AS TRUTHFUL. IFAT might use the information given in the application form in an external audit in case of strong doubts or complaints. In addition, it is

important that you are aware that IFAT will conduct external audits of all of our Members in the near future.

Additional Documents

The additional documents that IFAT needs in order to consider your application are:

- A signed copy of the IFAT code of Practice (you can find it at www.ifat.org)
- A copy of your financial statement for the past two financial years (Audited, if your annual turnover is above US\$200 000 per year)
- A copy of your most recent annual report, if you have one
- Excerpts from your organisation's bylaws or constitution which state i) the organisation's purpose and mission; ii) its date of establishment and iii) who its Members are (max 2 pages)
- A completed Questionnaire.

Please include ALL the documents. This a necessary condition when you are applying. If your organization does not have an annual report, please send us your business plan or the last internal report you prepared for your stakeholders in order to define the business strategy.

If you apply as an individual associate, you have to submit an updated CV, highlighting your experience in Fair Trade.



III. Useful information

Definitions

Organization

The term “organization” is used to refer to all varieties of organizational forms. It is a generic word that includes trading companies, NGOs, Foundations, Associations, Cooperatives and even partnerships.

Producer / Producer Group

Fair Trade Producers are independent economic units, and take a variety of organizational forms - from micro enterprises to larger co-operative structures, comprising many individual, small holders or artisans. Producers own the products they make, or the commodities they grow; they have the capacity to find markets for their products and are not limited to Fair Trade.

They usually sell their products in piece rate. It includes home workers who are subcontracted or dependent workers - those who work for an employer, intermediary or subcontractor for a piece rate, who are not responsible for designing or marketing the product, but simply contribute their labour.

Intermediary

An intermediary organization is a Fair Trade organization that buys goods directly from producer organizations and sells the products to Fair Trade organizations. Intermediary organizations have a variety of organizational forms and might also have some amount of their own Fair Trade production. They usually buy products from producers in piece rate.

Supplier

An organization that provides a product. It can be a producer/ producer group or an intermediary.

Workers /Employees

Workers make products, process goods or undertake administrative & supervisory for an employer and have contracts of employment. It is the employer that defines all the parameters of production, including design of product; the production process, and working hours/production targets and rates of payment for workers. The

employer owns the raw materials & goods to be processed, and owns the finished or semi finished products and obtains and negotiates orders.

Fair Trade Supply Chain

The Fair Trade Supply Chain encompasses all individuals and organizations directly involved in the production, distribution, retail and / or wholesale of Fair Trade products, goods and services. To the extent possible, raw material inputs to Fair Trade products should be sourced on Fair Trade principles.

Fair Price

A fair price in the regional or local context is a price that has been agreed through dialogue and participation. It covers not only the costs of production but enables production which is socially just and environmentally sound. It provides fair pay to the producers and takes into account the principle of equal pay for work of equal value by women and men.

Fair Trade

Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers - especially in the South. Fair Trade organizations (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.

Capacity building

According to the OECD Thesaurus, it is the "Means by which skills, experience, technical and management capacity are developed within an organizational structure (contractors, consultants or contracting agencies) - often through the provision of technical assistance, short/long-term training, and specialist inputs (e.g., computer systems). The process may involve the development of human, material and financial resources."

It is a means to develop producers' independence. Fair Trade relationships seek to provide continuity, during which disadvantaged producers improve their management and production skills and their access to new markets.

Living Wage

According to the ILO Thesaurus, a Living wage "is the level of wages sufficient to meet the basic living needs of an average-sized family in a particular economy". FTOs and

FTSOs should take measures to assure that producer groups are able to make a living wage out of selling their products by piece rate, now or in the near future.

FOB - Calculation

According to the OECD Thesaurus, the FOB price (free on board price) of exports and imports of goods is “the market value of the goods at the customs frontier of the economy from which they are exported”.

For calculating FOB, your organization should take into account Overheads costs + Labour Costs + Raw Materials Cost + profit + costs of inland transportation.

Relevant ILO Conventions

The International Labor Organization (ILO) is the internationally recognized authority on Rights at Work. The IFAT Standards that relate to basic labour rights (Payment of a Fair Price; Child Labor and Forced Labor; Non Discrimination, Gender Equity and Free Association; and Working Conditions) all follow key ILO Conventions and Recommendations. In addition IFAT draws on UN Human Rights Declarations - for example in relation to the Rights of the Child, and the UN Convention to Eliminate All Forms of Discrimination against Women.

ILO Convention 29 on Forced Labor

ILO Convention 29 defines forced labour as “All work or service that is extracted from any person under the menace of any penalty” and for which the person has not “offered him/herself voluntarily”. The “penalty” referred to can be physical punishment, holding of deposits, or identity papers, or financial punishments (such as retention of a portion of a person’s wage, or credit schemes that tie a worker to a particular employer. Bonded labour is a specific type of forced labour in which a person is forced by the employer (or creditor) to work to repay a financial debt. The most common form of bonded labour is debt bondage (which may be multi generational and can involve children).

ILO Convention 95 on the protection of wages

IFAT follows ILO Conventions on the Protection of Wages (Convention 95) which states that wages shall be paid regularly and prohibits methods of payment which take away from the worker the genuine possibility of terminating his or her employment.

ILO Convention 131 on Minimum Wage

The ILO Minimum Wage Fixing Convention 131 specifies national minimum wage levels. However, IFAT recognizes that many countries have minimum wage levels that do not

meet the basic needs of workers and families. In countries where minimum wage levels do not meet basic needs, organizations need to consider the national or regionally mandated minimums as bare minimums to be exceeded.

No deductions from wages for disciplinary purposes are allowed. Deductions which are voluntarily chosen by the worker (medical assistance, transport, meals etc.) are allowed so long as these items are not required to complete an employee's work.

ILO Convention 138 on Minimum working age

The ILO Convention 138 (Minimum Age Convention) establishes minimum ages at which people can work. It allows some developing countries to set a minimum age for general employment at 14 and minimum age for light work at 12. The goal is to progressively increase the minimum age for general employment to 16. A child is defined as any person less than 15 years of age, unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age would apply. If, however, local minimum age law is set at 14 years of age (in accordance with developing country exceptions under ILO Convention 138) the lower age will apply.

Any worker over the age of a child (as defined above) and under the age of 18 is classified as a young worker. Child labour refers to any work by a child younger than the age(s) specified above except for light work as provided for by ILO Convention 138, article 7. Light work is "not likely to be harmful to a child's health or development, and not prejudice their attendance at school" this could include household chores and light work for training and educational purposes.

Article 3C defines the amount of light work child workers can do, stating it should not exceed two hours per day on either school days or holidays and the total number of hours spent at school and on light work should be no more than seven per day.

ILO Convention 182 on Minimum Age for Hazardous Work

The ILO states (Convention 182) that the minimum age that a person can undertake any type of hazardous work is 18. Hazardous work is defined as work "which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children". Therefore children and young workers should be protected against heavy lifting, working at night, exposure to toxic chemicals, for example.

ILO Convention 155 on Safe and Healthy work environment

ILO convention 155 (and accompanying recommendation 164) sets out an employer's responsibility to provide a safe and healthy work environment. IFAT has in membership a wide variety of organizations. Those that have production facilities will, for example, have far more wide ranging responsibilities for workplace health and safety than, for example, an importing organization with only an office facility.

All IFAT organisations take adequate and appropriate preventative measures to minimize or eliminate short and long term health and safety risks for workers, through, for example, the correct use of protective equipment, the provision of accessible and unlocked emergency exits; the provision of correctly working fire extinguishers; the testing of temperature and air quality in manufacturing environments; and relevant and regular training is given to workers. Organizations give particular attention to hazards in the workplace and seek to minimize their potential to do harm. Hazard is defined by the ILO as “the inherent potential to cause injury or damage to people’s health” - for example related to toxic chemicals or machinery.

All workers should have access to clean washrooms, and clean drinking water, and if workers are provided with dormitory accommodation, it should be clean and safe.

IFAT - 10 Standards of Fair Trade

Standard One: Creating Opportunities for Economically Disadvantaged Producers

Poverty reduction through trade forms a key part of the organization’s aims. The organization supports marginalized small producers, whether these are independent family businesses, or grouped in associations or co-operatives. It seeks to enable them to move from income insecurity and poverty to economic self-sufficiency and ownership. The organization has a plan of action to carry this out.

Standard Two: Transparency and Accountability

The organization is transparent in its management and commercial relations. It is accountable to all its stakeholders and respects the sensitivity and confidentiality of commercial information supplied. The organization finds appropriate, participatory ways to involve employees, members and producers in its decision-making processes. It ensures that relevant information is provided to all its trading partners. The communication channels are good and open at all levels of the supply chain.

Standard Three: Trading Practices

The organization trades with concern for the social, economic and environmental well-being of marginalized small producers and does not maximize profit at their expense. It is responsible and professional in meeting its commitments in a timely manner. Suppliers respect contracts and deliver products on time and to the desired quality and specifications.

Fair Trade buyers, recognising the financial disadvantages producers and suppliers face, ensure orders are paid on receipt of documents and according to the attached guidelines. A pre payment of at least 50% is made if requested.

Where southern Fair Trade suppliers receive a pre payment from buyers, they ensure that this payment is passed on to the producers or farmers who make or grow their Fair Trade products.

Buyers consult with suppliers before cancelling or rejecting orders. Where orders are cancelled through no fault of producers or suppliers, adequate compensation is guaranteed for work already done. Suppliers and producers consult with buyers if there is a problem with delivery, and ensure compensation is provided when delivered quantities and qualities do not match those invoiced.

The organization maintains long term relationships based on solidarity, trust and mutual respect that contribute to the promotion and growth of Fair Trade. It maintains effective communication with its trading partners. Parties involved in a trading relationship seek to increase the volume of the trade between them and the value and diversity of their product offer as a means of growing Fair Trade for the producers in order to increase their incomes. The organization works cooperatively with the other Fair Trade Organizations in country and avoids unfair competition. It avoids duplicating the designs of patterns of other organizations without permission.

Standard Four: Payment of a Fair Price

A fair price is one that has been mutually agreed by all through dialogue and participation, which provides fair pay to the producers and can also be sustained by the market. Where Fair Trade pricing structures exist, these are used as a minimum. Fair pay means provision of socially acceptable remuneration (in the local context) considered by producers themselves to be fair and which takes into account the principle of equal pay for equal work by women and men. Fair Trade marketing and importing organizations support capacity building as required to producers, to enable them to set a fair price.

Standard Five: Child Labour and Forced Labour

The organization adheres to the UN Convention on the Rights of the Child, and national / local law on the employment of children. The organization ensures that there is no forced labour in its workforce and / or members or homeworkers.

Organizations who buy Fair Trade products from producer groups either directly or through intermediaries ensure that no forced labour is used in production and the producer complies with the UN Convention on the Rights of the Child, and national / local law on the employment of children. Any involvement of children in the production of Fair Trade products (including learning a traditional art or craft) is always disclosed and monitored and does not adversely affect the children's well-being, security, educational requirements and need for play.

Standard Six: Non Discrimination, Gender Equity and Freedom of Association

The organization does not discriminate in hiring, remuneration, access to training, promotion, termination or retirement based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, HIV/Aids status or age. The organization provides opportunities for women and men to develop their skills and actively promotes applications from women for job vacancies and for leadership positions in the organization. The organization takes into account the special health and safety needs of pregnant women and breast-feeding mothers. Women fully participate in decisions concerning the use of benefits accruing from the production process.

The organization respects the right of all employees to form and join trade unions of their choice and to bargain collectively. Where the rights to join trade unions and bargain collectively are restricted by law and/or political environment, the organization will enable means of independent and free association and bargaining for employees. The organization ensures that representatives of employees are not subject to discrimination in the workplace.

Organizations working directly with producers ensure that women are always paid for their contribution to the production process, and when women do the same work as men they are paid at the same rates as men. Organizations also seek to ensure that in production situations where women's work is valued less highly than men's work, women's work is re-valued to equalize pay rates and women are allowed to undertake work according to their capacities.

Standard Seven: Working Conditions

The organization provides a safe and healthy working environment for employees and / or members. It complies, at a minimum, with national and local laws and ILO conventions on health and safety.

Working hours and conditions for employees and / or members (and any homeworkers) comply with conditions established by national and local laws and ILO conventions.

Fair Trade organizations are aware of the health and safety conditions in the producer groups they buy from. They seek, on an ongoing basis, to raise awareness of health and safety issues and improve health and safety practices in producer groups.

Standard Eight: Capacity Building

The organization seeks to increase positive developmental impacts for small, marginalised producers through Fair Trade.

The organization develops the skills and capabilities of its own employees or members. Organisations working directly with small producers develop specific activities to help these producers improve their management skills, production capabilities and access to markets - local / regional / international / Fair Trade and mainstream as appropriate. Organisations which buy Fair Trade products through Fair Trade

intermediaries in the South assist these organizations to develop their capacity to support the marginalized producer groups that they work with.

Standard Nine: Promotion of Fair Trade

The organization raises awareness of the aim of Fair Trade and of the need for greater justice in world trade through Fair Trade. It advocates for the objectives and activities of Fair Trade according to the scope of the organization. The organization provides its customers with information about itself, the products it markets, and the producer organizations or members that make or harvest the products. Honest advertising and marketing techniques are always used.

Standard Ten: Environment

Organizations which produce Fair Trade products maximize the use of raw materials from sustainably managed sources in their ranges, buying locally when possible. They use production technologies that seek to reduce energy consumption and where possible use renewable energy technologies that minimize greenhouse gas emissions. They seek to minimize the impact of their waste stream on the environment. Fair Trade agricultural commodity producers minimize their environmental impacts, by using organic or low pesticide use production methods wherever possible.

Buyers and importers of Fair Trade products give priority to buying products made from raw materials that originate from sustainably managed sources, and have the least overall impact on the environment.

All organizations use recycled or easily biodegradable materials for packing to the extent possible, and goods are dispatched by sea wherever possible.