

**BUY.
FAIR**

BUY FAIR - A Guide to the public purchasing of Fair Trade products

Endorsed by:



Funded by (VROM)



the Dutch Ministry of Housing,
Spatial Planning and the
Environment





Photo: "The Fairtrade Foundation"

*"We do not want charity;
we do not want aid.
We want self-esteem
to lead respectable
and decent life,
to work for our dreams,
to be acknowledged and
appreciated for our efforts.
Like you,
we want a fairer world."*

A group of women artisans
from Bangladesh
in a message to IFAT

*"Fair Trade makes the
consumers think and
therefore it is even more
valuable. We need to
develop a coherent policy
framework and this
resolution will help us."*

Peter Mandelson,

EU Commissioner for External
Trade, responded that the
European Parliament
resolution will be
well-received in the
European Commission.

What is the aim of the Buy Fair guide?

This leaflet is meant to provide clear and simple advice for public authorities wishing to purchase Fair Trade products. The guide includes the following:

- An introduction to Fair Trade
- Advice on minimising legal uncertainties in procurement
- Actual text that can be used directly in public tenders
- Suggestions for other complementary activities

Attached to this guide (opposite) is a CD-ROM containing further information relating to the public procurement of Fair Trade products. Everything contained in this CD-ROM is also available for download from www.iclei-europe.org/buyfair.

Why buy fair?

International trade does not benefit everyone in the world. Many people live in poverty, are not treated with dignity and do not receive a fair income for their labour. This has led to the emergence of the concept of Fair Trade, which aims to guarantee that producers in less developed countries receive a fair price that not only reflects the true costs of their production and work, but also makes socially just and environmentally sound production possible.

An increasing number of Fair Trade products such as coffee, tea, fruit and fruit juices, snacks and handicrafts are available on European markets. The EU is by far the largest market for Fair Trade products, accounting for 60 to 70% of worldwide sales. Since 2000 the market for Fair Trade products has been growing at 20% per year, with a total retail value of €660 million (Source: Fair Trade in Europe 2005, FINE).

On 6th July, 2006 the European Parliament adopted a resolution on Fair Trade and Development (A6-0207/2006) indicating the Parliament's full support for the concept of Fair Trade and providing a useable definition.

European public authorities are major consumers of such products for use in canteens, vending machines and catering at events and meetings. This purchasing power represents a huge opportunity for boosting the market share of Fair Trade products.

———— **Public authorities have a key role to play in supporting Fair Trade** ————

Benefits for public authorities

- **Contribution to sustainable development** - Fair Trade represents an effective alternative to development aid in helping to reduce poverty and improve working conditions in the developing world
- **Good image** - Fair Trade has very high recognition and approval among the general public
- **Value for money** - Price differences are often small and surveys have shown that Fair Trade products simply taste better!
- **Attractive, stable and transparent market** - The market for Fair Trade products is rapidly expanding, as products move from the niche to the mass market, with a highly transparent supply chain



What does Fair Trade mean?

Deliberately working with marginalised producers and workers in order to help them move from a position of vulnerability to security and economic self-sufficiency

Empowering producers and workers as stakeholders in their own organisations to actively play a wider role in the global arena to achieve greater equity in international trade

- Equal partnership and respect between producers and consumers
- A fair price for socially just and environmentally sound work
- Healthy working conditions
- Fair market access for poverty alleviation and sustainable development
- Stable, transparent and long-term partnership
- Guaranteed minimum wages and prompt payment
- Financial assistance, when needed (pre-harvest or pre-production financing)
- Premiums on Fair Trade products used to develop community projects
- Encouraging better environmental practices

Fair Trade Movement

Fair Trade products must comply with the principles and philosophy of Fair Trade. Such products carry a Fair Trade label or/and are imported and distributed by Fair Trade Organisations.

Labelled Organisations (IFAT)



IFAT (The International Fair Trade Association) does not mark products but Fair Trade organisations that identify and source products directly from small producers and co-operatives, and import and market them. www.ifat.org

Labelled Products (FLO)



FLO (Fairtrade Labelling Organizations) International is the worldwide Fairtrade standard setting and certification organisation. FLO comprises 21 national labelling bodies (such as Max Havelaar (several countries), Fairtrade Foundation (UK), Transfair Italia, etc) www.fairtrade.net



Photo: "The Fairtrade Foundation"

Buying Fair - First steps

Before actually inserting Fair Trade products and criteria in a public tender we advise committed public authorities to undertake a series of preparatory activities.

This will help to enhance transparency, give clarity to the objectives and will thus help in minimising legal uncertainties.

Set up a dialogue with all relevant authority staff

Effective implementation of Fair Trade in procurement requires the commitment of all those involved in the process from politicians providing the policy objectives, to procurement staff carrying out tendering, through to chefs responsible for canteens, and last but not least the "users" - those who consume the products.

Organising seminars addressing issues such as "what is Fair Trade?", and "why should we purchase Fair Trade products?", can help achieve this goal.

The attached CD-ROM provides a standard Powerpoint presentation which can be used for this purpose.

Adopt a political commitment to purchase Fair Trade products

To provide both transparency in your objectives to the outside world, and to give staff within the administration a mandate to act, it is advisable to adopt a political commitment at the municipal level to favour the purchase of Fair Trade products.

Such a commitment could be included within a general policy on introducing sustainable procurement, or could be a stand-alone policy relating to Fair Trade. It should indicate clear targets and responsibilities for implementing, and make a clear reference to the objectives of Fair Trade.

Is joint procurement possible?

Joint procurement (i.e. several public authorities purchasing together) can save considerable amounts of money - both through achieving better prices, and by reducing administrative costs. It also gives a strong signal to the market. Many good case studies suggest that joint procurement is smart procurement.



Photo: "The Fairtrade Foundation"

Buying Fair - legal considerations

Note: A full examination of the legal framework for including Fair Trade aspects in public procurement can be found in the attached CD-ROM

Some potential legal problems to buying fair have been raised within EU procurement regulations. Although no definitive advice can be given, legal concerns can be minimised to make Fair Trade procurement work successfully.



"Fair Trade does not make a difference to the product itself"

Some national governments and the European Commission are generally reluctant to include Fair Trade in public procurement, arguing that no difference can be seen between, for instance "coffee" or "Fair Trade coffee" since the difference lies only in the processing. Social criteria would thus not be related to the product and the subject matter.



"The European Commission accepts green electricity despite no difference to conventional electricity"

The European Commission allows the procurement of green electricity, stating that in certain circumstances the different processes by which something is produced means that there is a different product that can thus be specified as such. More specifically, it states that the requirements are justified when "the nature and value of the end product has been modified by the process and production method used" (EC - Buying green! A handbook on environmental public procurement).



"Discrimination against producers might take place"

It could be argued that the ability of producers to comply with Fair Trade requirements are indirectly discriminatory against producers in certain countries both within and outside Europe where international Fair Trade activities (certification) are limited. This amounts to discrimination against producers from certain countries which is not acceptable under EU law or the WTO Government Procurement Agreement (GPA).



"Justification through clear social criteria is possible"

Provided that the Fair Trade considerations in tendering are transparent, clear and in compliance with EU (procurement) law and national regulations, even if there appears to be discrimination it can be justified. It should be clearly stated in the tendering documents that there are social objectives (the promotion of Fair Trade) in the procurement action, and that clear criteria related to this are included in tendering.



Photo: "The Fairtrade Foundation"

Buying Fair - key principles in tendering

Ensuring transparency from the beginning

Regardless of the approach taken to procuring Fair Trade products, it is critical to ensure that this objective is made clear at the very beginning of the tendering process. As mentioned above, this should ideally start with a policy commitment to purchase Fair Trade products, though this is not essential.

- **Ensure "Fair Trade" is included in the subject matter (i.e. the title) of the tender** - if this is not included it would be legally difficult to include Fair Trade requirements at later tendering stages. Some specific wording for the subject matter can be found in the following pages.
- **Publish the call for tender widely** - The more widely you publicise your actions, the more transparent they are. It is advisable to publish your tender to as wide an audience as possible, with a clear reference to your Fair Trade commitments.

Definition and verification of Fair Trade products

To further enhance transparency it is vital to provide a clear definition of Fair Trade and how compliance can be verified in your tender documents. Although no universally recognised definition yet exists, currently the best approach is to use the definition laid down in the **European Parliament Resolution on Fair Trade and Development (A6-0207/2006)** full text included in the attached CD-ROM).

When choosing a definition it is equally important to be able to clearly verify compliance with this. Products carrying the FLO label or supplied by Fair Trade organisations (under the IFAT scheme), can be considered to comply with the European Parliament resolution, but procurers must also give the option for alternative proof to be offered by independent third parties.

In the future the Fair Trade quality management system initiative should enable an even clearer definition to be used. This initiative is aimed at harmonising existing certification systems (IFAT and FLO) towards a joint generic Fair Trade standard that will likely be available in 2007. This intends to recognise the basic standards for Fair Trade and to be an open system accepting other certification organisation that meets its basic standards.

Recommended definition and verification of Fair Trade criteria

Definition
 "Fair Trade products must be produced in compliance with the parameters of the European Parliament Resolution on Fair Trade and Development (A6-0207/2006 adopted)."

Verification
 "Economic operators (suppliers) must provide proof from an independent third party that these criteria are met. Products carrying a Fair Trade label, or imported and distributed by Fair Trade Organisations, will be deemed to comply. Economic operators can prove compliance with the requirements by any other appropriate means".

Buying fair - models for tendering

There are different models for including Fair Trade considerations in public purchasing - each with its own strengths. Four different models are presented below, followed by a section providing actual specifications and award criteria options, which may be used directly in tendering documents.

Fair Trade considerations in TECHNICAL SPECIFICATIONS

Demanding in the technical specifications that all, or some products must be Fair Trade, is the most direct and reliable way to buy fair. This approach is preferred by the European Commission as it is very transparent and limits any discretion or manipulation by the contracting body. (Example technical specifications can be found in the next section).

Fair Trade considerations in AWARD PHASE

Fair Trade criteria can also be used in the award phase of tendering, i.e. as one of the criteria for deciding which offer to accept, together with criteria such as price.

Using award criteria rather than technical specifications essentially means that Fair Trade products are "preferred" but not "obligatory", and is therefore weaker but enables a price cap to be set. When using non-economic award criteria, these criteria must be clearly mentioned when the tender is published. (Example technical specifications can be found in the next section).

Fair Trade considerations in SPECIFICATION & AWARD PHASE

It is possible to include Fair Trade criteria in both the technical specifications and award phase. In this way you can both ensure that a certain percentage of the products you buy are Fair Trade, and encourage suppliers to offer even higher percentages.

(Example technical specifications and award criteria, which can be combined, can be found in the next section).

Fair Trade considerations in VARIANTS

If you are concerned that buying Fair Trade products will be much more expensive another option is to ask potential bidders to submit "variants". This means that you establish a minimum set of technical specifications for the product/service, which will apply to both the neutral offer and its variant. For the latter, you will add extra Fair Trade criteria to the specification. When the bids are sent in, you can then compare them all (the neutral ones and the variant ones) on the basis of the same set of award criteria. This allows a clear comparison of Fair Trade and non-Fair Trade products.

This is arguably the least legally and financially "risky" approach, however can be administratively demanding, and there is less certainty of actually buying Fair Trade products.

In the Netherlands, a joint procurement action by the Provinces of Utrecht and Zuid-Holland led to a new innovative collaboration between vending machines supplier Maas and coffee roaster Peeze, to supply Fair Trade drinks in energy efficient machines.



Buying fair - Example technical specifications and award criteria

This section presents some examples of actual technical specifications and award criteria, which could be used directly in tendering documents.

These examples are based on two possible tenders where Fair Trade considerations could be included - firstly for the direct purchase of coffee (e.g. for use in kitchens, canteens, vending machines), and secondly when tendering for catering services for public buildings or events.

These can be adapted for use in any tender for products or services where you would like to include Fair Trade considerations.

Fair trade consideration in technical specifications

Technical specification in tendering give the minimum requirements for the product - i.e. conditions the product must meet. Below are some examples for including Fair Trade requirements for your products.

Example 1 - Direct purchase of coffee

Option A - 100% Fair Trade products

Subject matter: "Purchase of Fair Trade coffee"

Specifications: "All Coffee products must be produced in compliance with the parameters of the European Parliament Resolution on Fair Trade and Development (A6-0207/2006)"

Verification: Economic operators (suppliers) must provide proof from an independent third party that these criteria are met. Products carrying a Fair Trade label, or imported and distributed by Fair Trade Organisations, will be deemed to comply. Economic operators can prove compliance with the requirements by any other appropriate means

Option B - Specified percentage of Fair Trade products

Subject matter: "Purchase of coffee with a certain percentage from Fair Trade sources"

Specifications: "X% of Coffee products must be produced in compliance with the parameters of the European Parliament Resolution on Fair Trade and Development (A6-0207/2006)"

Verification: (as above)



Example 2 - Catering service (office cafeteria or school canteen)

Option A - 100% Fair Trade products

Subject matter: "Contract for catering services including the provision of Fair Trade products"

Specifications: "All coffee, tea, chocolate, tropical fruit, and tropical fruit juices products offered in carrying out the catering services must be produced in compliance with the parameters of the European Parliament Resolution on Fair Trade and Development (A6-0207/2006)"

Verification: (as before)

Option B - specified percentage of Fair Trade products

Subject matter: "Contract for catering services including the provision of Fair Trade products"

Specifications: "X% of coffee, tea, chocolate, tropical fruit, and tropical fruit juices products offered in carrying out the catering services must be produced in compliance with the parameters of the European Parliament Resolution on Fair Trade and Development (A6-0207/2006)"

Verification: (as above)

Option C - inclusion of specific Fair Trade product in daily menus

Subject matter: "Contract for catering services including the provision of Fair Trade products"

Specifications: "One Fair Trade banana must be included in the lunch menu once per week. These must be produced in compliance with the parameters of the European Parliament Resolution on Fair Trade and Development (A6-0207/2006)"

Verification: (as above)

Option D - offer of Fair Trade products as alternatives

Subject matter: "Contract for catering services including the provision of Fair Trade products"

Specifications: "In carrying out the contract, caterers must offer canteen visitors the choice of either Fair Trade or non-Fair Trade coffee, tea, chocolate, tropical fruit and fruit juice. The Fair Trade option must be produced in compliance with the parameters of the European Parliament Resolution on Fair Trade and Development (A6-0207/2006)"

Verification: (as above)



At the Autonomous University of Barcelona, approximately 6500 kilos of Fair Trade coffee are sold annually through 50 vending machines which are run by three dealer companies. Around 15 to 20 producer families in Chiapas and Tanzania can make their living from the amount of coffee sold.

In Italian schools canteens public authorities serve at least 3 million kg of Fair Trade bananas per year. Organic Fair Trade bananas account for 15% of total consumption in Italy. In its technical specifications, Rome asked suppliers to supply one Fair Trade banana every week to each pupil.



Photo: "The Fairtrade Foundation"

For all events held relating to Austria's EU Presidency in 2006, the official caterer has to provide the organising ministry with the choice of offering Fair Trade Coffee, chocolate (cocoa), tea, and orange juice

Award criteria

The methods used to evaluate tender offers vary. EU procurement rules allow you to evaluate tenders either on the basis of "lowest price" alone, or according to the "most economically advantageous" offer. This second approach allows you to use Fair Trade as one of the evaluation/award criteria.

Often evaluation is done by giving each offer a number of points for different criteria. A certain number of points (say 60 out of 100) may be given for how good the price is for a catering service, for example. Another 30 points may be given for the quality of the service, and a final 10 points could be given for the amount of Fair Trade products to be offered.

The examples below are simply meant as guidance. You will have to decide how many points are offered for the different award criteria.

Example 1 - Direct purchase of coffee

Option A - Preference for Fair Trade products

Subject matter: "Purchase of coffee, with a preference for Fair Trade products"

Award/Evaluation criteria: "The tender will be awarded to the most economically advantageous offer, and the offers will be evaluated according to the following scheme:

Fair Trade products: 10 points (out of 100) - 1 point is awarded for every 10% of the coffee offered coming from Fair Trade sources (in volume terms)*

* E.g. if 30% of the coffee offered is Fair Trade, the offer will be given 3 points. If 100% of the coffee offered is Fair Trade, the offer will be given 10 points.

Other (including price): 90 points (out of 100)

All Fair Trade products offered must be produced in compliance with the parameters of the European Parliament Resolution on Fair Trade and Development (A6-0207/2006)"

Verification: (as above)

Example 2 - Catering service (office cafeteria or school canteen)

Option A - Preference for Fair Trade products

Subject matter: "Contract for catering services with a preference for the provision of Fair Trade products"

Award/Evaluation criteria: "The tender will be awarded to the most economically advantageous offer, and the offers will be evaluated according to the following scheme:

Fair Trade products: 10 points (out of 100) - Points awarded for the percentage (in volume terms) of Fair Trade products offered. 3 points for coffee, 3 points for tropical fruit, 2 points for fruit juices, 1 point for chocolate, 1 point for tea

Other (including price): 90 points (out of 100)

All Fair Trade products offered must be produced in compliance with the parameters of the European Parliament resolution on Fair Trade and Development (A6-0207/2006) "

Verification: (as above)

Including awareness raising in public tenders

When tendering for Fair Trade products it is a good idea to also demand (or prefer) that the supplier to be awarded the contract also provides awareness raising activities on Fair Trade to the consumers of the products - authority staff/schoolchildren etc.

Such activities can greatly increase the impact of buying Fair Trade products, by focusing on changing the consumer behaviour of individuals. Italy offers many good examples of initiating successful cooperation between suppliers, public authorities and local organisations in raising awareness on Fair Trade through tendering (see, for example the case study on Settimo Torinese in the attached CD-ROM).

Public authorities must make sure that efficient monitoring arrangements are in place to verify if that the winning supplier effectively carries out the awareness raising activities. Local Fair Trade organisations, such as One World shops, could be given the role of monitoring, and could also assist with carrying out awareness raising activities themselves.

The awareness raising campaign has to be specified as part of the objective at the beginning of the contract. As with Fair Trade products themselves, awareness raising activities can be inserted in either the technical specifications or the award phase. Two examples are presented below.

Awareness raising in technical specifications

| | |
|-----------------|--|
| Subject matter: | "Purchase of Fair Trade coffee with awareness raising activities on Fair Trade" |
| Specifications: | "Economic operators are required to hold an awareness raising seminar on Fair Trade for the staff of the contracting authority." |
| Verification: | (as above) |

Awareness raising as an Award criterion

| | |
|--------------------------------|--|
| Subject matter: | "Contract for catering services with a preference for the provision of Fair Trade products, including awareness raising events" |
| Award/Evaluation criteria: | "The tender will be awarded to the most economically, and the offers will be evaluated according to the following scheme: |
| Faire Trade Awareness raising: | 5 points (out of 100) - points will be awarded on the basis of the scale and perceived effectiveness of Fair Trade awareness activities offered |
| Fair Trade products: | 10 points (out of 100) - Points awarded for the percentage (in volume terms) of Fair Trade products offered. 3 points for coffee, 3 points for tropical fruit, 2 points for fruit juices, 1 point for chocolate, 1 point for tea |
| Other (including price): | 85 points (out of 100) - All Fair Trade products offered must be produced in compliance with the parameters of the European Parliament resolution on Fair Trade and Development (A6-0207/2006)" |
| Verification: | (as above) |

Further Fair Trade promotion

There are a great many further activities which European public authorities can consider initiating to promote Fair Trade, beyond the procurement examples given in the previous section. Many authorities are already engaged in such activities (*some examples of these are included in the Best Practice Case Studies on the attached CD-ROM*).

SOME IDEAS

Include Fair Trade products, such as pencils, in delegate packs at events.

Serve Fair Trade products, such as coffee, tea, chocolate and snacks at meetings, and inform those present why you serve only Fair Trade products.

Send Fair Trade Christmas cards to your partners and employees, include Fair Trade products in Christmas hampers for employees. Other good gifts include: Fair Trade footballs or artwork.

Launch a "Fair Trade School or Kindergarten" award for best Fair Trade promotion.

Encourage your authority to join a Fair Trade network (such as the Fairtrade Town initiatives in the UK, Belgium, Ireland and Italy - more information in the attached CD-ROM).

Buy Fair Trade flowers for events and gifts.

Host a Fair Trade fair or market in your community with Fair Trade products from around the world, maybe on World Fair Trade Day (<http://www.wftday.org>), or during the Fairtrade weeks or fortnights which exist in several countries. Rome hosts a permanent Fair Trade market.

Raise awareness locally by organising a seminar on Fair Trade in your community.

Fair Trade begins with fair labour conditions. Make sure the products you purchase are produced under fair labour conditions (ILO conventions). STEP and Rugmark are labelling organisations specialising in carpets, Fairwear (<http://en.fairwear.nl/>) specialises in fair clothes.

Launch a Fair Trade coffee network for local cafés and bars to join.

Spread the word! - Tell your friends and colleagues about Fair Trade.

Further information

If you are interested in learning more about Fair Trade procurement, are interested in starting activities and would like to find partners and/or assistance please visit our website at

www.iclei-europe.org/buyfair or email procurement@iclei-europe.org

We would also very much like to hear about your experiences with fair trade procurement.

If you have carried out such activities, please inform us so that we can share your knowledge with others. Please email **procurement@iclei-europe.org**

- You can also learn more by visiting the following websites:
- Fairtrade Labelling Organizations International (FLO) - www.fairtrade.net
- International Fair Trade Association (IFAT) - www.ifat.org
- Network of European Worldshops (NEWS!) - www.worldshops.org/
- European Fair Trade Association (EFTA) - www.eftafairtrade.org/
- CTM altromercato (Italy) - www.altromercato.it/
- Fair Trade Organisatie (The Netherlands) - <http://www.fairtrade.nl/>
- IDEAS (Spain) - www.ideas.coop/
- Oxfam Wereldwinkels (Belgium) - www.oww.be/

ICLEI - Local Governments for Sustainability

Leopoldring 3

D-79098 Freiburg

Germany

Phone: +49-761 / 3 68 92-20

Fax: +49-761 / 3 68 92-29

www.iclei-europe.org/buyfair

www.iclei.org