




**ASIA  
FAIR  
TRADE  
2016**



**A Proposed  
Living Wages  
Policy for WFTO**

*Rain Morgan*



# A PROPOSED Living Wages Policy for

# WFTO

Presenter: Rain Morgan

Assistant Coordinator of the WFTO Fair Prices, Fair Wages Working Group

WFTO Representative in the International Living Wage Conversation

# Current Guarantee System Handbook

## Principle 4:

### Payment of a Fair Price

#### 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

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.

#### Capacity building to set prices

Fair Trade marketing and importing organisations support capacity building as required by producers, to enable them to set a Fair price.



# Why do we need to talk about Living Wages?

Living Wages is one of the most important conversations in fair trade : it is the heart of what makes fair trade, fair...

*OUR* customers are asking, *THEIR* customers are asking, *FUNDERS* are asking and we need to be able to *PROVE* that as fair traders, we take our commitment to Fair Wages (that includes a Living Wage) seriously.



1 OPPORTUNITIES FOR DISADVANTAGED PRODUCERS



2 TRANSPARENCY & ACCOUNTABILITY



3 FAIR TRADE PRACTICES



4 FAIR PAYMENT



# OUR GUARANTEE SYSTEM DOES NOT PROVIDE ENOUGH 'PROOF'

**2013** Rio: membership mandated the board to convene the Fair Prices, Fair Wages Working Group.

*The aim of the Fair Prices, Fair Wages (including Living Wages) Working Group is to propose a Policy for WFTO that will be reflected in Principle 4, the SAR and the Guarantee System and to propose a practical process for the members to achieve the goals of the policy inside the proposed time frame.*

**2015** Redefined Fair Prices, Fair Wages and Living Wages - “saying what we really mean”... and tested various calculators : Milan 2015 - Pilot to field-test the DAWS/SAI calculator.

**2016** **DAWS/SAI Calculator Pilot:** 34 members in 9 countries - approved for use in the WFTO Toolbox as ONE of the tools to be used in the Living Wage dialogue.  
Joined the **International Living Wage Conversation**

Planning **Phase II** - Defining the proposed Fair Prices, Fair Wages & Living Wages Policy for WFTO and proposing an implementation plan.

**2017** **Nov 2017: India Conference** - propose the WFTO Fair Prices, Fair Wages (and Living Wages) policy for adoption (*the draft will be circulated for comment before the end of 2016*).

# REDEFINING WHAT WE MEAN...

A **FAIR PRICE** is one that has been negotiated through dialogue and transparent price setting, which includes: an analysis of production and trading costs, a fair wage and provides a fair profit.

A **FAIR WAGE** represents an equitable, negotiated share of the value chain of the product and presumes the payment of at least a Living

A **LIVING WAGE** is the compensation (remuneration plus non-monetary benefits) received for standard working hours (without overtime), which is sufficient to meet the basic needs of the individual and his or her dependents, and allow for some savings and/or discretionary expenditure. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for discretionary expenditure.

**The seeds of the solution are already in place... it just needs a bit of attention.**

# FAIR PRICES, FAIR WAGES WORKING GROUP RECOMMENDATION

## A proposed Living Wage Policy for WFTO...

WFTO members are diverse in capacity, capability and context

“High Care” unit for commercially un-competitive members:  
Disabled people, Community Projects, Training Workshops etc.

*“For MOST WFTO members, selling into fair trade channels is not their whole business - members have to consider local market realities, local industry norms, local laws as well as the realities of the markets they are exporting into.”*

The “soul” of WFTO is unique – we are not a commodities based system, we’re a people based system – and people ‘talk’...

Living Wages resonates in all 10 principles AND  
it has to be commercially workable...



# FAIR PRICES, FAIR WAGES WORKING GROUP RECOMMENDATION

## DIALOGUE and NEGOTIATION

is the foundation of the proposed WFTO LW policy.

Dialogue between the Producers and the FTO; between the Exporters and Importers; between the Workers Committees (or trade unions) and Management...

Ideally 'one up, one down' - properly documented (PROOF OF PROCESS):

- For workers to take into negotiations with management
- For producer organisations to take into negotiations with the buyer
- For buyers to take to the customers
- For auditors to check

Each link in the chain has the obligation to provide proof that they engaged the 'link above' and the 'link below' on Fair Prices, Fair Wages (*including Living Wages*).





# FAIR PRICES, FAIR WAGES WORKING GROUP RECOMMENDATION

## KEY ELEMENTS



Spirit of good faith with  
**ACCOUNTABILITY**  
**TRANSPARENCY**  
with documented checkpoints

DIALOGUE ★ PROOF OF PROCESS  
★ INDIVIDUAL ACCOUNTABILITY ★  
CONTINUOUS IMPROVEMENT  
★ TOOLBOX ★

We don't have to be perfect immediately - but we cannot afford to do nothing  
: it won't help to ignore it, its not going to go away.



# FAIR PRICES, FAIR WAGES WORKING GROUP RECOMMENDATION



Most important : the *process* of transparent, 'one-up-one-down' dialogue and negotiation.

Examples of tools that *might* be included in the **ToolBox** (to be developed 2017):

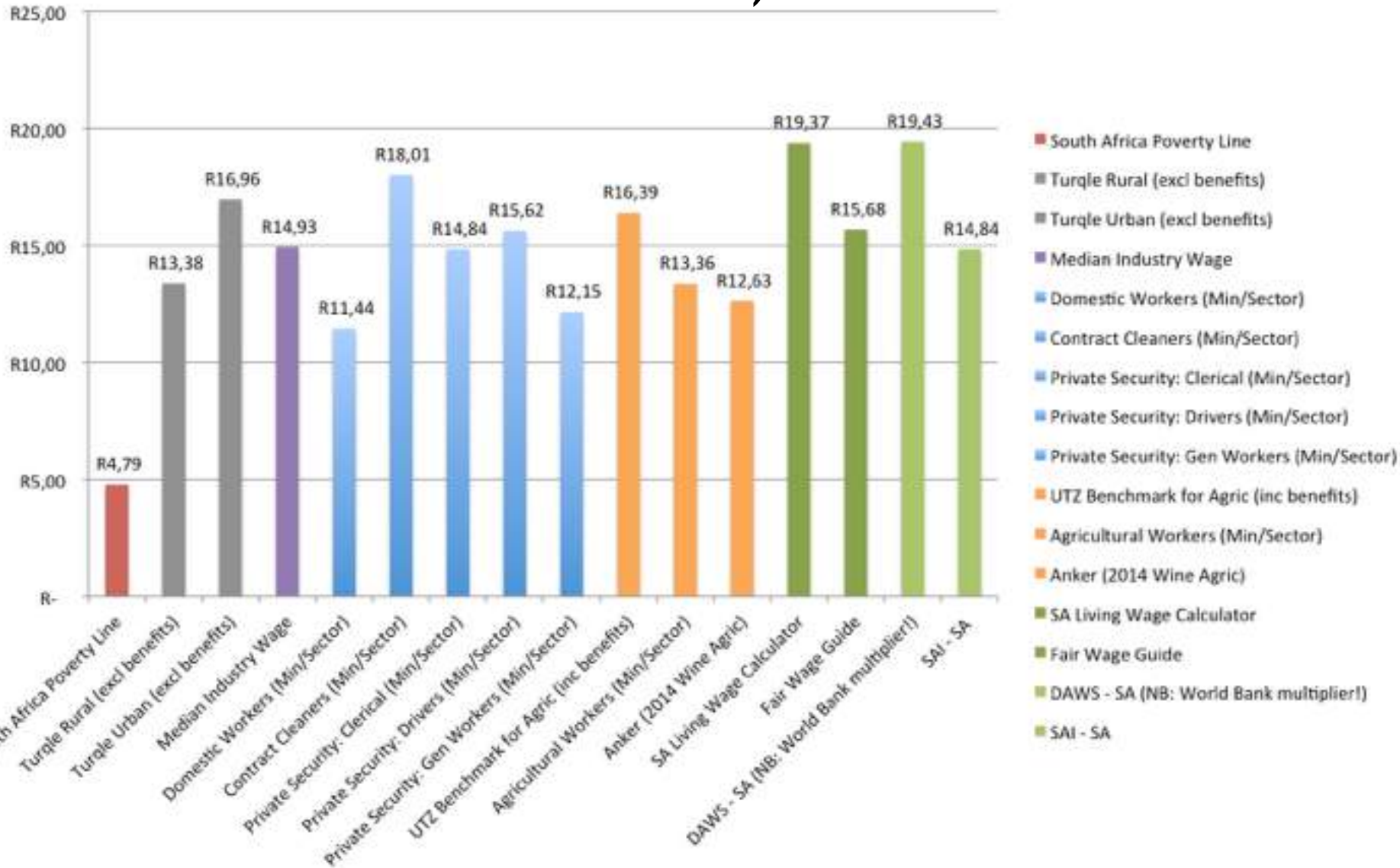
- Living Wage Calculators: DAWS/SAI, Anker methodology, Fair Wage Guide,
- Benchmark studies: GLWC Benchmarks
- Minimum Wage levels set by governments
- Collective Bargaining/Trade Unions : Sectoral Wage Levels
- Industry standards or other contextually relevant benchmarks
- Reputable resources: ILO, WHO, World Bank, WTO
- Peer resources: regional data from other fair trading organisations - Fairtrade International, Oxfam, ETI...

**ONE tool cannot be used in isolation -**

There is too much room for something to go wrong!



# In Practice: Turqle Trading's Context (Matrix/Wage Ladder)



# STEPS NEXT - NEXT STEPS - STEPS NEXT - NEXT STEPS - STEPS NEXT

At the WFTO Conference in India in Nov 2017 the WFTO Fair Prices, Fair Wages (and Living Wages) Policy will be presented for approval by the members.

A draft will be circulated early 2017  
- if you have comments -  
please let us know!

**Thank you for your attention.**

