

**CENTRAL PROCUREMENT DIRECTORATE**  
**PROCUREMENT GUIDANCE NOTE 02/06**

**PROCUREMENT OF FAIR TRADE PRODUCTS**

Issue Date: 7 March 2006

## 1. PURPOSE

- 1.1 This Guidance Note defines fair and ethical trade, details the range of products currently recognised as fair trade products and provides Contracting Authorities with advice and guidance on the action that can be taken, under the EU procurement rules and procurement policy, to achieve fair trade objectives. Individual circumstances, however, may impact on the interpretation placed on this guidance, and in all cases where there is doubt or uncertainty about the implications for EU procurement rules, appropriate advice should be sought from your legal advisor or CoPE.

## 2. BACKGROUND

- 2.1 The Procurement Board in the context of existing UK and emerging Northern Ireland Sustainable Development policy has decided that the Northern Ireland procurement community should make better use of its purchasing power to deliver, where appropriate, fair trade objectives and contribute to a sustainable model of international trade.
- 2.2 Taking such an approach will offer benefits for international economic and social progress by improving the conditions faced by small producers in developing countries and in reducing poverty and exploitation. It should also help excluded and disadvantaged producers, including independent small farmers, to access international markets and receive a fair price for their products. Other objectives being pursued through this approach are to encourage:
- suppliers to buy as directly as possible from producer groups and to develop long-term relationships;
  - the transparency of supply chains; and
  - the empowerment of producer groups and workers.

## 3. FAIR AND ETHICAL TRADE

- 3.1 Fair trade is based upon a clear set of rules to ensure trade creates the basis for sustainable development. This includes affirmative action in favour of marginalised small farmers and workers of the developing world; democratic organisation of the producers and paying the guaranteed minimum price as

well as an additional premium for products which the community can use for business or social development projects. Ethical trade is where goods are monitored for the core labour standards used in their production and distribution to eliminate forced labour, child labour and discrimination in employment.

#### **4. PRODUCT LABELS**

**4.1** The Fairtrade Foundation awards a consumer label - the FAIRTRADE MARK. This mark demonstrates that internationally recognised standards of fair trade have been met. The Foundation shares fair trade standards with initiatives in 20 other countries, working together as Fair Trade Labelling Organisations International (FLO), which provides significant markets for fair trade products.

**4.2** There are currently over 1000 catering and retail products from 150 companies in a growing range of products which include coffee, tea, chocolate, cocoa, sugar, bananas and other fresh fruit, juices, honey, cakes, snacks, preserves, nuts and nut oil, wine, roses and footballs. Details of these and emerging products can be found on the Fairtrade Foundation's website @ [www.fairtrade.org.uk](http://www.fairtrade.org.uk) and staff involved in the procurement process should familiarise themselves with, and keep updated on, any new products for inclusion in relevant contracts.

#### **5. PROCUREMENT PROCESS**

**5.1** Within procurement policy, the EU procurement rules and the EU Treaty principles of non-discrimination, transparency and equal treatment there is clear scope to encourage, in non-discriminatory advertisements and specifications, the inclusion of fair trade options.

**5.2** Public procurement contracts for catering services or supplies offer the greatest opportunities to procure such products currently, although with the range of products available expanding there will be opportunities within other contracts in the future to further these objectives and practitioners should assess the opportunities when holding tendering exercises.

**5.3** There are a number of factors which must be taken into account to ensure that the requirements are consistent with procurement policy and the EU rules:

- specifications cannot be framed in terms of fair or ethically traded requirements, as such 'social' labels do not define the end product in terms of characteristics or performance as required by the EU rules;
- advertisements and tender documentation, however, should where appropriate, make it clear that fair trade options must be included in the products provided to meet the Contracting Authority's requirements. For example, fair trade coffees should be included in the range of coffees which providers can offer;
- the tender documentation should also make it clear that the winning supplier will be required to provide fair trade products for internal meetings, conferences and hospitality purposes;
- in referring to the inclusion of fair trade options, specific marks or trade names should be avoided. It can, however, be pointed out that, where providers do offer fair trade options, the **FAIRTRADE Mark or equivalent** is a helpful way of demonstrating that fair trade standards are being met;
- contracts should be awarded on the basis of the best value for money bid (in EU terms 'the most economically advantageous tender') for the specified requirement. This will include fair trade options where they have been included. Quality aspects, as well as price will be relevant. A bid may be rejected or considered non-compliant where it does not include any desired fair trade options when specified; and
- in all cases, the Contracting Authority needs to be clear that it is meeting all its needs in a way which makes efficient and effective use of public expenditure and which delivers best value for money for the taxpayer.

**5.4** The attached process map at **Annex 1** details the factors within the various stages of the procurement process that need to be considered to ensure the procurement of any services and supplies are compliant with procurement policy and the EU Rules.

## **6. DISSEMINATION**

- 6.1** This Guidance Note should be brought to the attention of all relevant staff involved in procurement activity in your Department, agencies and NDPBs and other sponsored public bodies for which you are responsible.

## **7. FURTHER INFORMATION**

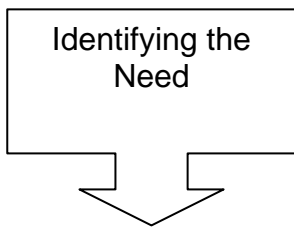
- 7.1** Any queries on this Guidance Note should be addressed to:

Procurement Policy and Performance Branch,  
Central Procurement Directorate,  
Policy & Support Division,  
Clare House,  
303 Airport Road West,  
Belfast BT3 9ED.

Telephone / Fax: 028 90816465

E-mail: [procure.policy@dfpni.gov.uk](mailto:procure.policy@dfpni.gov.uk)

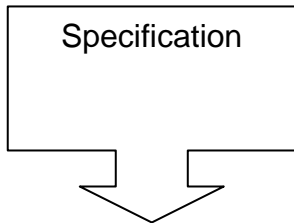
- 7.2** Further copies of this or other Guidance Notes can be obtained from Procurement Policy and Performance Branch. Alternatively they are available on the CPD Website at [www.cpdni.gov.uk](http://www.cpdni.gov.uk).



Key opportunity to consider buying fair trade products from the outset to meet needs;

Do they fit with your overall objectives?

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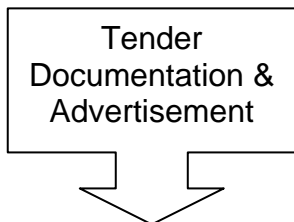
Ensure that specifications....

- Respect the rules on the use of standards
- Are transparent and non discriminatory

Specifications cannot be framed in terms of fair or ethically traded requirements.

Note: 'social' labels don't define the requirement in terms of characteristics or performance as required by the EU rules.

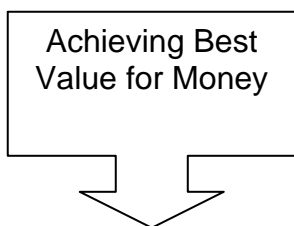
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Can make it clear that....

- Fair trade options should be included in the products provided to meet the departments catering requirements, e.g. fair trade coffees should be included in the range of coffees providers can offer.
- The Contractor must provide fair trade products for internal meetings, conferences and hospitality purposes.
- When referring to the possible inclusion of fair trade options specific marks or trade names should be avoided.

It should be pointed out that where tenderers offer fair trade options the FAIRTRADE trademark or equivalent is a helpful way of demonstrating that fair trade standards are being met.



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 • All public sector contracts should be awarded to the tenderer whose bid represents the best value for money.

- This will include fair trade options where they have been included.
- A bid may be rejected or considered non-compliant where it does not include fair trade options when specified.
- In all cases the public sector organisation needs to be sure that it is meeting its requirement in a way that delivers best value for money.