



**Home of Fair Trade
Enterprises**

WFTO MEMBERSHIP FEE POLICY PAPER

This paper provides an overview of the guidelines used in determining the annual contributions of all WFTO members, provisional members, as well as organisational and individual associates.

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A. Calculation Policy

A total of 17 statutes form the fee calculation policy. Each is described in detail below.

1. Solidarity between members

Stronger members of WFTO should contribute more and subsidize smaller members who cannot (yet) pay the actual costs of servicing their membership.

2. Simplicity and transparency

The fee structure should be kept as simple as possible, and be clear and transparent. Therefore there should not be too many differentiations and exceptions.

3. Avoiding dependency

The core costs of WFTO should be covered by membership fees in order to avoid becoming dependent on external funding. WFTO should also not become too dependent on a few large members: the largest 2% of the WFTO members should not contribute more than 20% of the WFTO membership fee income.

4. Membership fees are based on the member's total sales

WFTO registers organizations and not part of it. This means that for calculating fees the total income has to be used and not only the sales to the Fair Trade market. Members who have not submitted their financial accounts (audited, when possible or required by applicable legislation) will have an increase of the membership fee of 20% compared to the previous year.

5. Profits are not a good basis for calculating membership fees

Basing fees on a member's profits would make the fee calculation complex and impractical. In addition as members' profits vary from one year to the other, so would WFTO's income, which would make it difficult to budget.

6. Maximum and minimum fees

There should be a maximum fee so that WFTO does not become too dependent on a few big members, who might resign if their fee becomes too high.

There should also be a minimum fee, set at a level that covers a reasonable part of the costs of providing core services to each WFTO member. Otherwise we may increasingly find - as more small members join, attracted by WFTO's low minimum fees - that we not only lose the ability to do "non-core" work with our resources, but that we even struggle to provide the current level of core services to a growing membership. The minimum fee should cover at least 25% of the average cost of serving a member, and will be the same for all countries/regions.

This “servicing cost” will be set on the basis of the core budget approved at each AGM, divided by the number of members existing at the date of that AGM.

7. Lower maximum fee for Producer/exporter countries

There should be a difference in maximum fees between Producer/exporter countries and Importer countries. For Producer/exporter countries the maximum fee will be lower. However the maximum fee for Importer countries will not be more than 4 times the Producer/exporter maximum fee.

8. Intermediate fees based on percentage of income

Above the minimum fee and within a range up to a specified turnover, a flat percentage of the member’s income should be used to calculate the fee. This percentage will be based on WFTO’s budget requirements for the following year, and it will be the same for all trading members.

Above this specified turnover, a flat additional fee for each additional increment of turnover should be added to the fee until and unless the relevant maximum is reached.

9. FLO registered Producers pay the full membership fee

Producers which are in a FLO producer register already pay a fee to FLO. Organisations that are certified according to other social accountability schemes also have to pay a fee for this, and it is difficult to draw a line between different schemes. Besides this, all WFTO members enjoy the same membership advantages, so WFTO’s fee structure should make no distinction in the long term regarding a member’s registration with other systems. On a short-term basis there may be exceptions in order to bring in food producers to WFTO.

10. FLO traders and licensees in ‘importer countries’ pay the full membership fee

FLO certifies fair trade products and not organisations/companies - a completely different approach than the WFTO approach. WFTO members from Importer countries that pay fees to FLO do this because the FLO label gives them access to markets, and this should not affect their membership fees payable to WFTO in the long term.

11. No difference in fee between food and handicrafts producers

There are many arguments to support as well as to oppose differentiating between food and handicraft producer fees. For example the margins on food products are lower, but handicrafts are labour intensive and have other higher costs which balance this. Food producers also often benefit from WFTO’s (lower) maximum fee for Producer/exporter countries, as they usually have higher turnovers. Therefore the WFTO fee structure should not make a differentiation in the long term. In the short term differentiations should be possible for strategic reasons.

12. Currency to be expressed in the currency of the country where the WFTO Office resides

Both income/turnover and membership fee should be expressed in the currency of country where the WFTO Office is located. The exchange rate used to convert income/turnover figures is the exchange rate at the end date of the annual accounts of the member. The exchange rate used to convert membership fees into different currencies is the rate at the date of payment*. [*WFTO currently uses Oanda.com as the reference for exchange rates.]

13. A higher minimum fee for Fair Trade Support Organisations

The minimum fee for Fair Trade Support Organizations should be higher than that for Trading Organisations so that the balance of membership between traders and non-traders focuses WFTO's agenda on the needs of trading FTO's.

14. Lower fee for Fair Trade Support Organisations linked to an FTO members

A FT Support Organisation which can prove a direct legal or historical link with an existing FTO member in the same geographical area (such as in the case when an organisation is forced to divide due to national legal requirements into two organisations, a trading and a non-profit one), will be able to claim a 50% discount on their FTSO fee. This discount will apply as long as the link continues to exist, though it is for the FTSO member to provide enough evidence of such link. Mere trading links or links across different countries are not acceptable.

15. Minimum fees for Fair Trade Networks

Fees for Fair Trade networks should be close to the minimum fee in order to encourage Fair Trade networks to join WFTO. Many members of networks are already members of WFTO themselves, and are thus already paying membership fees.

16. Non-Trading Organisation going through the GS

The fee for a Non-Trading Organisation (FTSO or FTN) that chooses to go through the Guarantee System - as an 'FTO' - will be no less than the corresponding fee for an equivalent-size FTO or its normal FTSO/FTN fee, whichever is higher. This is to support the extra work required from WFTO for any member going through the GS.

17. Regional fees are determined by regional meetings

The amount of fees charged by WFTO on behalf of each member's WFTO region should be determined by the respective regional General Meeting.

B. Annual Membership Fee

The WFTO annual fee consists of a (global) membership fee and regional fee. Both are in Euros (€).

1. Annual membership fee

The WFTO membership fee is calculated based on membership type and gross sales / turnover¹ (for FTO) or gross revenues² (for FTN/FTSO/AO) with the following formulas:

Type of member	(Global) Membership fee
Fair Trade Organisation (FTO)	<135.000: €400 135.000 - 1mln: 0.003 x turnover >1mln: €3.000 + €350 for every extra mln <i>max Producer/Exporter country: €2.600</i> <i>max Importer country: €10.400</i>
Fair Trade Support Organisation (FTSO) ³ & Associate Organisation (AO)	<135.000: €500 135.000 - 1mln: €1250 1-5mln: €2000 > 5mln: €3000
Fair Trade Network (FTN)	€ 400
Individual Associates (IA)	€100 (normal) €35 (Students and the unwaged)

¹ This includes namely (but not only): Income from all trading activities and income from provision of services. It does exclude income from grants, donations, asset revaluations and change of stock value (where applicable).

² All income from whatever source, not limited to cash received.

³ FTSO members who can prove a direct link with a FTO member, will be able to claim a 50% discount on their fee. In countries where it is a legal requirement to separate trading entities from non-trading entities a combined membership can be considered. The type of the membership will be determined by WFTO based on the financial structure of the organisations in question.

2. Annual regional fee

The WFTO regional fee is to support your regional WFTO branch.

WFTO Africa

All member organisations: €100

WFTO Asia

All member organisations:

Gross sales/gross revenues in €	Regional fee in €
< 135.000	100
From € 135.000 to 400.000	175
> 400.000	250

WFTO Europe

All member organisations:

Gross sales/gross revenues in €	Regional fee in €
< 150.000	380
From € 150.000 to 1.000.000	600
> 1.000.000	920

WFTO Latin America

All member organisations: €50

Pacific Region

No regional fee applies to WFTO members in North America and the Pacific Rim.

C. Application Costs

Applicants for membership are required to settle a one-time fee for the processing of their documents and evaluation of their application. This Application fee depends on the turnover of the organisation applying:

Sales/Income in Euros	Application fee in Euros
< 135.000	€100
135.000 - 1.000.000	€250
1.000.000 - 5.000.000	€500
> 5.000.000	€750