



# **DIGITAL GOES FAIR TRADE**

How Fair Trade principles can  
transform the ethics of digital work



“

**The emergence of the gig or platform economy is one of the most important new transformations in the world of work.”**

International Labour Organisation (ILO)



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# Executive Summary



If we need Fair Trade standards for clothes and coffee, do we also need them for digital products and services like websites and logos?

This report analyses the opportunities and downsides of digital work and the gig economy. Online platforms such as Freelancer, Upwork and Fiverr broker and bill millions of digital services around the globe every day, from logo design and website development to simple data entry jobs and translations. Business is booming: the number of providers has increased sixfold to about 300 between 2008 and 2020. This is hugely beneficial to many marginalised people who gain access to markets and income through these platforms and digital work.

At the same time, unfair and exploitative business practices are prevalent in the digital economy, just as they are in the analogue world. Race-to-the-bottom price and wage dynamics, discriminatory algorithms, power disparities and lack of worker representation, disguised employment, insecure and precarious working conditions - these are all found in digital work. So the gig economy is a double-sided coin: on one hand, it creates great opportunities for marginalised populations worldwide, but the other, increases the risk of exploitation and discrimination.

This is where Fair Trade systems come into play. In particular, WFTO ensures social enterprises fully practice Fair Trade, which provides proof of concept for a viable alternative for the digital sector. The principles guarantee social and ecological standards in the digital world, since their business models prioritise socially and economically marginalised producers. At their core is mission-led enterprises and producer empowerment through cooperatives and other producer groups that can help organise producers and give them a collective voice. When applied in this way, the 10 Fair Trade principles are as applicable to farming and fashion as they are to logo design or transcription services.



## Digital Lions

Digital Lions is the world's first Fair Trade verified digital agency, offering a wide range of creative services from websites, logos, image editing, flyers and brochures to videos and 2D animation. The agency operates from a self-sufficient IT campus at the shores of Lake Turkana in Kenya, and is supported by professional volunteers from around the world for quality assurance purposes. Through its sister organisation Learning Lions, Digital Lions also actively invests in the education of creative talents in the region. In 2018, the overall project was a winner of the 'Google Impact Challenge' for its innovative approach to education and poverty alleviation. Through IT training and the Fair Trade agency business, Digital Lions creates sustainable jobs in rural Africa so that the young talents do not have to give up their home and culture in search of work. Digital Lions is a Guaranteed Fair Trade Enterprise, fully verified by WFTO since 2021, as well as a recognised supplier of the German Fair Trade Association (Weltladen Dachverband).

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## World Fair Trade Organization (WFTO)

The WFTO is the global community and verifier of social enterprises that fully practice Fair Trade. Spread across 82 countries, WFTO members all exist to serve marginalised communities. To be a WFTO member, an enterprise or organisation must demonstrate they put people and planet first in everything they do. WFTO is democratically run by its members, who are part of a broader community of over 1,000 social enterprises and 1,500 Fair Trade retailers. The WFTO focuses on both social enterprise and Fair Trade. Its Guarantee System is the only international verification model focused on social enterprises that put the interests of workers, farmers and artisans first. Through peer-reviews and independent audits, WFTO verifies members are mission-led enterprises fully practicing the 10 Principles of Fair Trade across their business and supply chains. Once verified, all members have free use of the WFTO Guaranteed Fair Trade product label.

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# Introduction



When we think about Fair Trade, we usually think of farmers and workers earning a living by producing coffee beans or beautifully woven cloth. We don't think about digital products like websites. But the principles of Fair Trade can transcend sectors, and apply to all contexts where marginalised people are involved in economic activity. When considered through the WFTO model of social enterprises fully practicing the 10 Principles, Fair Trade is really all about providing dignified opportunities to socially and economically marginalised workers to have a say in and benefit from the work they do. This can apply to somebody working on an agricultural farm as much as on a server or coding farm.

Traditionally, most businesses are set up to ensure shareholders make as much profit as possible. By contrast, Fair Trade Enterprises have adopted a social enterprise model. This means that their mission includes giving producers a voice and making sure the proceeds of business are distributed equitably. At the same time, Fair Trade differs from NGOs and charities in that it relies fundamentally on the principle of "trade not aid". It's

about striking a balance between two extremes and is built on the insight that if trade and business are conducted fairly, today's disadvantaged and marginalised populations wouldn't be dependent on aid.

When we buy a product from a Fair Trade Enterprise, we're encouraged to stop and think about where the product comes from, who made it and under what conditions. We often ask these questions about physical products like food and clothes, but we're less likely to ask the same questions when thinking about the digital service sector: web development, graphic design, photography, video, animation, transcription, data services. It's essential that we don't link Fair Trade exclusively to food, fashion and home décor, but consider how it applies across all industries that provide us with our goods and services. Wherever there are power disparities and marginalisation, the 10 Principles of Fair Trade have a central role to play.

In our digital world, freelancers often offer services through online marketplaces and it's not hard to find someone who will create an animated video for less than twenty euros. But animated videos can also cost thousands of euros, raising the question of possible unfair practices in the digital sector. The same power disparities that exist throughout the supply chains for the producers of physical products also exist across digital services. There is exploitation and unfair practices in the

digital world just as there is in the analogue world. At the same time, the digital markets offer unprecedented opportunities for marginalised workers to participate in the global economy. Digital Fair Trade aims to harness those opportunities whilst avoiding the risks.

The following report is thus structured along the above mentioned insights: First, we'll take a closer look at the digital landscape with an analysis of the associated opportunities and

risks for digital producers, defined as the individuals creating the digital products. We'll then highlight key areas for improvement before breaking down in detail how the 10 established Fair Trade principles can help overcome the risks of digital work, moving towards a regulated and ethical digital economy. We'll end with a conclusion and recommendations, and refer to the Appendix about an overview of already existing initiatives and related actors in the movement towards a Fairer Digital Economy.



**FIGURE 1:** The 10 Principles of Fair Trade specify the ways that Fair Trade Enterprises are set up and behave to ensure they put people and planet first. The WFTO carries out verification and monitoring to ensure these principles are upheld.

# 1. Defining Digital Work



Generally speaking, digital work is any type of labour that's purely or largely digital (e.g. the creation of a logo), or that results in a digital output of work (e.g. a voice-over recording). In this report we'll borrow the term producers that is often used in the established Fair Trade terminology for the digital context. Digital Producers create and develop online content for interested parties. The digital producers own all of the content they create and sell it as a final product, but there is no direct employment relationship with the purchaser. This section takes a look at that breakdown with overview statistics to build a picture of the current digital economy.<sup>1</sup>

<sup>1</sup> In most contexts where Fair Trade systems are applied, producers tend to be small-scale farmers, often family groups or local groups, who need to organise into a cooperative or similar producer organisation in order to meet Fair Trade requirements. Many advocates of gig workers contest independent classifications and claim instead that they are dependent workers. Because of the level of control that platforms exert, one could also argue for considering digital producers as workers and not producers. However, in this report we go with the producer definition as it is also closer to their legal status in the most contexts (often working as freelancers).

## Two categories of Digital Work

There are two main categories of digital work and for this report, we're focusing on the second.

**1. Partially digital** - This is work that's facilitated digitally but rendered locally, like location-based services such as taxi rides and deliveries.

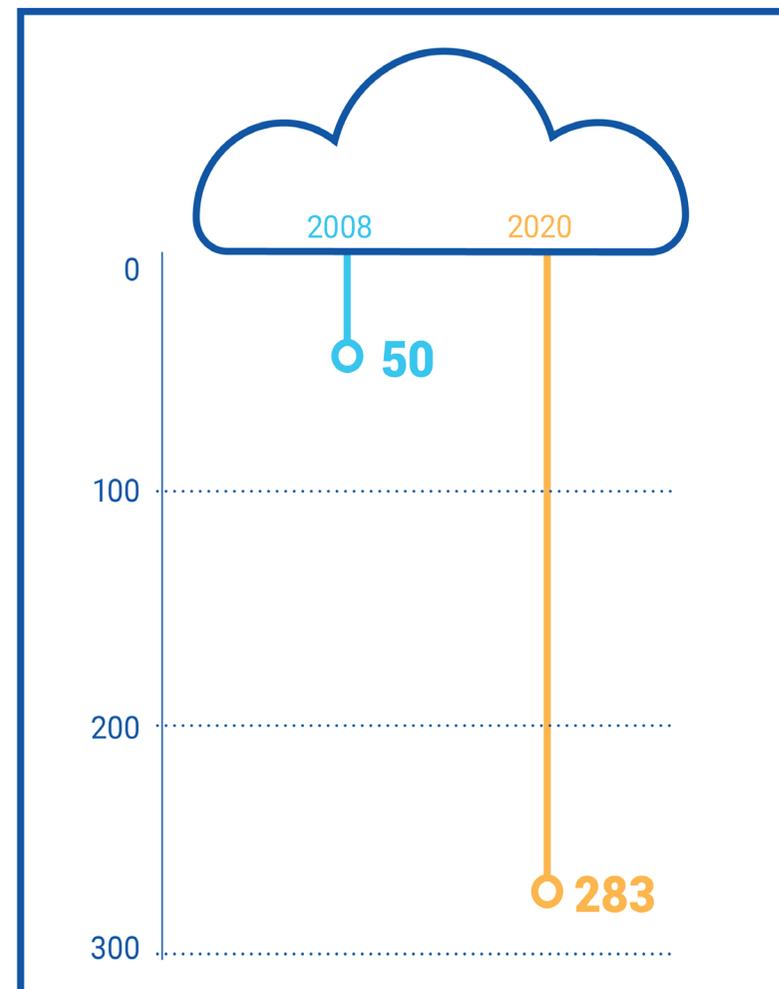
**2. Fully digital** - Fully digital work includes online work and web-based services, and is also known as cloudwork. This is generally rendered online, often remotely between countries, and usually mediated through online platforms. These platforms use algorithms to match client needs with digital producer's skills, reputation, location, language, etc. The platforms also handle conditions of payment, procedures and timelines for work approval and rejection, as well as dispute resolution mechanisms to manage grievances.

Fully digital work can range from small tasks that don't take long to complete, such as tagging images for algorithm training, through to medium-skilled work like graphic design, and even highly-skilled work like architecture or engineering services.

In a general sense, a large part of today's economy could be classified as digital work, like work rendered for consultancy firms, creative agencies and IT companies. However, that work usually sits within formal employment contracts protected by established labour laws and institutions. For this report, the focus is more specifically looking at digital work that is outsourced (with a focus on platforms) and the specific challenges involved in that.

## Digital Work in Numbers

One of the main issues in analysing the digital producers economy is that platforms don't always share their numbers of registered digital producers or who's actually active. So there are no accurate measures for the total number of digital producers. Additionally, there is a lot of outsourcing happening outside of the few prime platforms, through direct business relations between buyer and supplier or through outsourcing agencies that are working outside of online platforms. That being said, the following statistics offer an overview of the data that does exist.



**FIGURE 2:** Number of Cloudwork Platforms. Based on ILO research.

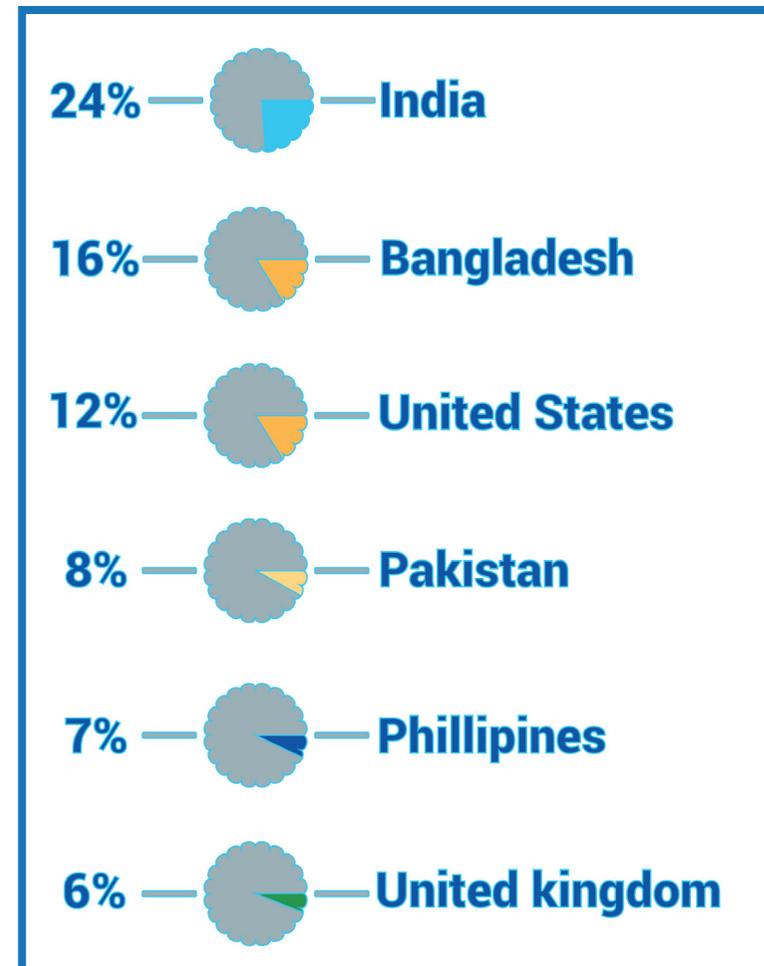
- Freelancing platforms Fiverr and Guru alone have more than 2 million registered digital producers (ILO and SEC). Freelancer.com has 31 million registered workers (Fairwork). The actual number of digital producers may well be several hundred million people.

- The number of digital work platforms has increased from around 50 in 2008 to 283 platforms in 2020. This doesn't include the even larger chunk of location-based service platforms. (ILO)

- Research shows 40% of company managers have recruited freelancers through online platforms.

5-20% of the global workforce performs platform work at least weekly, even in Western countries (Roland Berger).

- The majority of digital producers are located in the global south, with India, Bangladesh and Pakistan representing more than 50% of the global digital workforce (Institute for Employment Research).



**FIGURE 3:** Largest Suppliers of Online Work per country, based on market share. Figures from Online Labour Index by Oxford Internet Institute.



- Supply and demand of digital work are steadily growing, with the former growing faster than the latter. According to the Online Labour Index of the Oxford Internet Institute, online labour grew by 70% from 2016 to 2020.
- While the sector is considered very large, revenue estimates vary from US\$5 billion in 2016 (Worldbank) to US\$52 billion in 2019 (ILO).
- Average earnings per hour vary between countries, platforms and industries, however some studies suggest earnings of around \$3/hour on average across all platforms and digital producers (ILO).

## 2. Benefits and Opportunities of Digital Work



Digital work has the potential to serve predominantly in favour of the producer. It can be done from anywhere in the world on any schedule provided people have the right skills and support, transforming employment opportunities for marginalised groups. Here, we consider those opportunities and benefits in more detail.

### Increased opportunities for work

- Digital work gives marginalised workers around the globe access to more economic opportunities. Digital services can be sold from anywhere in the world with relatively few requirements compared to other trade and income alternatives (which also creates a range of issues covered



in section three below, including a potential race-to-the-bottom on pricing, wages and incomes).

- Low costs of platform-mediated work strengthens and facilitates existing outsourcing and global trade opportunities, and creates new opportunities where previously the transaction cost had been prohibitively high.

## Social inclusion and flexibility

- Digital producers with children may have the opportunity to work flexibly, which may allow digital producers to organise their work around their daily lives thanks to asynchronous working, which is particularly important for women (ILO surveys).



- Disabled digital producers who need particular workplace requirements or working times may benefit from flexibility in location and schedule
- Semi-anonymous profiles on online work platforms may at times mitigate against some aspects of discrimination, if accounts hide some attributes of digital producers that often lead to discrimination such as gender, ethnicity, country of residence, disabilities (noting all these inequalities and discrimination does exist throughout the digital economy, as in most sectors).
- Remote communities may be able to access a wider variety of employment opportunities for those in rural areas where physical access to markets is difficult. This brings them into the world economy through satellite connections nearly anywhere in the world, and increasingly also through 4G mobile internet coverage.
- Refugees may engage in digital work more easily than other forms of employment. As it's often not considered

formal employment, payment may be made through non-standard means such as paypal or mobile money accounts. Note, this is applicable if refugees are supported through appropriate mechanisms like Fair Trade and a local social enterprise dedicated to their empowerment (e.g. see WFTO and UNHCRs MADE51 project and if local labour and other regulations allow.

- Gender pay-gap may be reduced. By presenting an accessible portfolio and customer feedback/rating, pay rates are likely to be more linked to concrete output which offers less room for biases.

## Employee protection

- Digital technologies may be used to monitor and enforce labour protection standards by tracking working hours, auditing working conditions through video-calls and setting and controlling minimum wages. Note, Trade Unions and others advocating for rights must be consulted to ensure this is appropriate and avoids being detrimental to workers and digital producers (BSR).
- There may be an opportunity to use connectivity and communication channels to facilitate a supportive working community through means like collective bargaining, solidarity and unionisation.



It needs to be highlighted that some of the above opportunities are more of theoretical nature and cannot yet be observed on a large scale. Just as an example, online work platforms could use their technological options to ensure workers don't overwork and have a good work environment, but business logic doesn't necessarily drive them to do so and shoulder the related cost.



## **SAIDO OMAR**

**Web Developer**

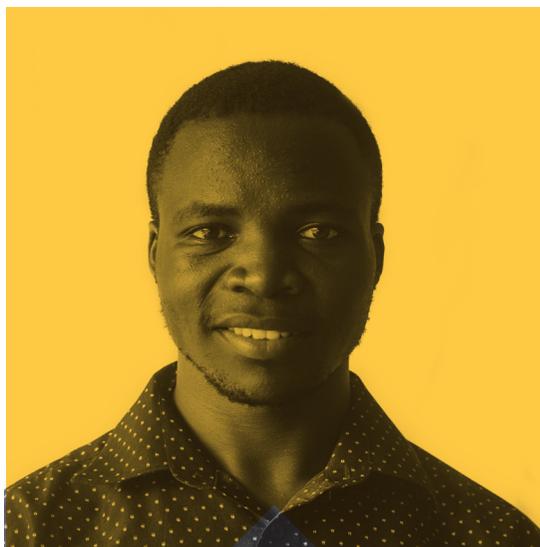
► “I live in Kakuma refugee camp. Joining and studying at Learning Lions was the best opportunity for me. When I finished a computer basics course, I discovered my passion for IT but I had no idea what to make out of it until Learning Lions gave me an opportunity to advance my skills. I improved my presentation skills and communication skills unlike before. Thank you, Learning Lions.”



## **JONAS BALUGURHA**

**Graphic Designer**

► “I live in Kenya, Kakuma Refugee camp since 2017. After finishing my secondary school in Congo I didn't have the opportunity to join university or college. When I heard about Learning Lions it was a great opportunity for me to continue my education. At Learning Lions I have learned a lot about teamwork and communication skills. After the basic training course, I continued with graphic design that was my biggest dream. With the help of other Lions and volunteers I continue to build on my career as a graphic designer.”



## **SAMBUT ABRAHAM**

**Web Developer and System Administrator**

► “My experience at Digital Lions has really transformed my life in a positive way. It’s been a great opportunity for me to be a beneficiary of this program. I would say the journey through Learning Lions to Digital Lions has been quite a fulfilling experience, the campus provides a conducive environment for learning and acquiring useful skills and knowledge which has enabled me to work with both local and international clients. I have also improved greatly on my communication skills and time management. This is a great place for positive transformation of lives. Thank you Digital Lions.”



## **VALERIAN LOPUS**

**Graphic Designer**

► “I have been inspired by Digital Lions in different ways. One of them is that it has improved my level of education from secondary level to advanced studies in information technology. It has equipped me with skills and knowledge which really enabled me to earn a living and improve my standard of living while being able to give back to the society. It has helped me to work with clients from all over the world and to improve my communication skills with this interaction, bringing togetherness promoting the spirit of teamwork and peer-to-peer learning. I am humbled to be a Digital Lion.”

# 3. Downsides and Risks of Digital Work



Despite some existing measures and frameworks in place (see appendix), there is no official governing body to oversee digital work standards. Thus, the same flexibility and anonymity that creates so many benefits can also leave room for serious risks, exploiting digital producers and placing them in unjust and precarious conditions. This section takes a close-up look at those risks.

## Unpredictable and insecure employment

- 60% of digital producers work 7 days a week, with nearly 50% working at night (based on research by ILO)
- Informal employment and short-term contracts may result in a great deal of unpredictability around quantity of work, price and timings. There's also a lack of social security, health insurance and guaranteed pay for sick leave.
- There is unclear legal status of digital producers, leading to a rise in disguised employment, where digital producers are considered freelancers even though they potentially service the same client constantly, but without a contract or any labour protection.
- As much digital work is made up of purely technical microtasks not requiring any social interaction, the digital producer becomes comparable to a machine, bringing the atomisation of work to new extremes. Such workers may be judged and paid per piece of work by algorithms.

## Lack of institutions, laws and regulation

- As many digital producers work as independent workers or self employed, the gig economy changes the traditional employee/employer relation. Workers in the gig economy therefore experience different protection under their country's labour laws and their work is not always covered by unions and traditional labour protection organisations.
- There is little to no regulation of employment law because digital platforms are a fairly new phenomenon that span across many countries. As a result, there isn't a single governing body to regulate digital producer protection rights on an international scale. With no regulation in place, digital producers likely don't have full visibility over how their personal data, like platform activity and reputation, is being used. Although there are regulations in place around things like minimum wage, platforms often do not comply, suggesting existing frameworks aren't doing enough to enforce standards.
- Any documents that outlines terms of service are hard to comprehend. They're often over 10,000 words and are

rarely read by digital producers, despite containing one-sided and potentially unfavourable conditions that only express the interests of the platform. The only practical choice for digital producers is to accept such terms due to the lack of alternatives. It's a clear case of monopoly/oligopoly power of the platform vs. the unorganised, scattered and atomised individual workers.

- Digital producers are at risk of undue supervision through digital technology, with some being monitored every second or minute through various metrics and images from their devices.
- Digital work can result in double tax evasion. One part of this is down to platforms nudging digital producers into freelance jobs instead of formal employment, so digital producers often don't declare their incomes and avoid paying taxes. The second part is when international platforms shift costs and revenues between their legal entities in different countries, until their profits show up in a country where corporate income tax rates are low. While many gig economy platforms have not yet reached financial break-even, it is highly likely that this tax evasion will occur once platforms become profitable.

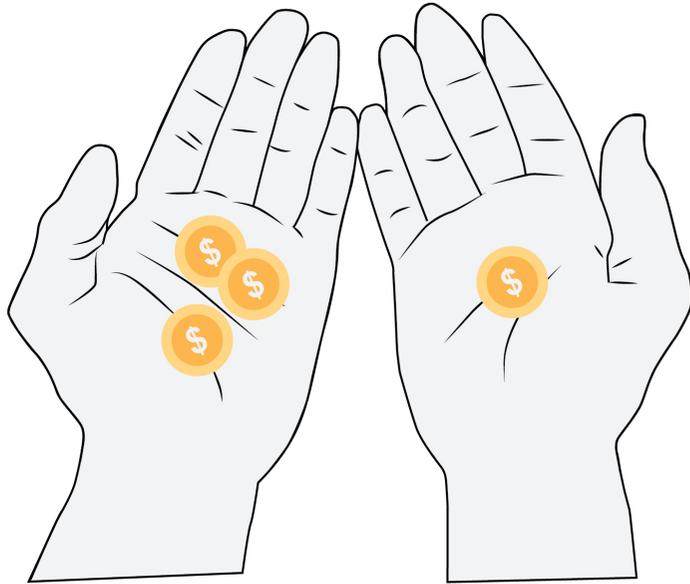
## Unfair Conditions

- The systems used to manage communication around payment initiation and account services often favour client needs at the expense of digital producers not getting paid, or their profile being damaged by bad and unfair ratings. Instead of costly (but potentially fairer) processes, disputes are often settled in favour of the clients, or it is intransparent to digital producers why their work was rejected or their account deactivated.
- Digital producers surveys show that 90% have had work rejected or payment refused, while according to their judgement this was only justifiable in 10% of the cases (ILO).
- Not all platforms have policies in place to safeguard against task specific risks, such as exposure to psychologically-distressing material (Fairwork).
- Digital producers often don't know exactly how search algorithms or reputation algorithms work and how they can influence them. Algorithms may discriminate against location. The black Kenyan woman in a wheelchair may have the same platform profile from a customer

perspective as the white man from London, but she may still be ranked lower on the platform because overall there are fewer very well rated providers in rural Africa than in big cities in the global North - and the algorithm evaluates and automatically assigns this data in the background. It has to be noted that the prevalent discrimination on digital work platform can be social (driven by clients directly) as well as algorithmic (indirectly).

## Unfair pay

- Only few platforms ensure payment is made on time, that non-payment is not an option for clients, and that workers are not earning below their local minimum wage (Fairwork)
- In a study across 75 countries, the majority of digital producers have university level education, while often doing tasks for which they are overqualified (e.g. transcription) (ILO).
- Platforms deliberately most often do not include simple ways for digital producers to negotiate pricing, so there's



often little clarity (and most often no option) around how digital producers can collectively bargain with clients or platforms.

- There is rarely ever any representation of digital producers in the platforms' governance. As a result, digital producers often lack stakeholder power and worker representation.
- Sourcing clients is timely but unpaid, with digital producers spending an average of 20 minutes finding 1 hour of work (based on research by ILO).

- Unpaid Triaging/Competitions are common and time-consuming methods of competing for work where multiple digital producers participate but only one or few are selected and paid.
- Quick, on-platform, often text-based communication between client and digital producer allows for fairly "anonymous" relations, which may mean moral standards around underpricing are not invoked. This goes hand in hand with the commodification of labour (Wood et al.), by disembedding digital producers from cultural and legal norms, leaving them exposed to the absence of labour regulations and rights.
- When digital producers reject a client's request, this can have a negative impact on their calculated platform reputation, so digital producers are often forced to accept underpriced offers.
- There are more digital producers than there are projects, with more than 90% of digital producers on some platforms unable to find projects to work on or earn an income (ILO).

## General platform disadvantages

- There are only a few large digital work platforms, resulting in those few gaining high market shares and bargaining power as a result. The ultimate result is power disparities.
- First-mover-advantages: If you build a profile at an early stage of a platform, you benefit from regular work and can demand higher fees. Newcomers are then likely to compete to get jobs and stable income and thus undercut each other in price.
- Risk of increased future precarity for digital producers in the global south. It seems that the trend is towards a hollowing out of the middle/lower tier of digital work, which might really create a reduction in demand - at least for certain services - over time. There seems to be a growing demand for highly skilled developers working at the very complicated/elite level while simultaneously it is becoming easier and easier every day for people to use automated online tools to create their own websites, graphics, animations and videos. This risk, however, is not exclusive to the digital space. Known as “reshoring” (as the process that would come after offshoring and outsourcing),

there are predictions that automation and robotisation will also make manufacturing competitive again in richer countries and thus lead to a shift in value generation and jobs from global south to global north. Thus, both physical and digital producers in the global south may suffer from this phenomenon.

## 4. Recommendations for a Fairer Digital Economy



The benefits and risks of digital work indicate what is necessary to optimise the digital economy, allowing digital producers, consumers and companies to reap the benefits fairly. With those key areas in mind, here's a breakdown of suggested improvements to enable change. The recommendations are variably directed towards platforms, regulators and social innovators/civil society organisations.

## Ensure social security

- Create a system of mobile social security accounts that you can take with you from 'gig' to 'gig' and employer to employer.
- Have platforms to commit to taking care of tax and social security payments (like employers do), so that workers are not nudged into tax evasion anymore and will benefit from their social security savings.
- Develop income-insurance schemes that could cushion the ever-greater flexibility in the labour market, instead of relying on employment insurance. The idea is to pay 50% of wage increase for a certain period to an insurance company and receive in return 50% of wage loss in bad times. This could stabilise income, but not reduce income inequality.

## Formalisation of work

(beyond the existing frameworks outlined in the Appendix)

- Create an intermediate category of digital producer (between worker and freelancer) like "dependent self-

employment", where digital producers receive a limited form of labour protection even if they don't qualify as full employees (although this may create more complications than it solves problems) (De Stefano)

The alternative would be to remain with the two general categories of employment and freelancing, but more

- strongly enforce existing regulations for protection of both classes of digital producers.

## Fair pay & working conditions

Pay at least local living wages, negotiated and agreed by the relevant stakeholders or representatives to provide fair pay to the digital producer at a rate that's also sustainable for the market. This would result in different local living wages and thus different wages and different prices of services depending on the region of the digital worker, which should generally be possible and understandable for clients. The platform would have to verify location of registered worker better, which could happen formally (ID) or through IP-addresses or other technical means.

- Commit long-term to digital producers to create certainty and partnership that avoids shifting work and opportunity to the next cheapest location. This is important to avoid a race-to-the-bottom in such a global sector that can create and destroy livelihoods rapidly without efforts to avoid this. This may not be as straightforward on cloudwork platforms, but repeated buying and long-term contracts can also be implemented and offered there.
- Re-humanise digital work by clearly showing the person behind the work, creating a more personal relationship between client and digital producer.

## Collective organisation of digital producers

- Research shows that even though digital producers identify more as freelancers and entrepreneurs than as classical workers, they still want and need tools to self-organise and exchange with peers. Given the lack of formal opportunities on online work platforms and preoccupations against traditional unions, digital producers often self-organise through social media or forums (Wood et al.)

Allowing digital producers to carry reputation data and skill certifications with them between platforms would enable more autonomy and increase their opportunities for work by making it easier for them to build their careers across multiple platforms.

## Less platform power

- Allowing digital producers to carry reputation data and skill certifications with them between platforms is likely to enable more autonomy and increase their opportunities for work by making it easier for them to build their careers across multiple platforms.
- Ban large-scale mergers and acquisitions between platforms to ensure competition and prevent monopoly
- Develop a social business and/or open-source digital work platform alternative to the established commercial players, incorporating most of the recommendations of this report to achieve a role model and benchmark Fair Trade platform.<sup>2</sup>

<sup>2</sup> Digital Lions and WFTO, together with a few other organisations, have written a first initial concept on how such a platform could look like. Available upon request.

## Increase transparency

- Any platform algorithms and terms of services for digital work platforms should be made more accessible and easy to understand. There should be no algorithmic discrimination.
- Force platforms to open up their data, so regulators can guide platforms to change their policies based on metrics.

## Build networks and align efforts

- As Appendix I. shows, there are many efforts made to mitigate the risks and seize the chances of digital work. It therefore appears fruitful to invest into coalition-building between initiatives, that is, to create a network between these disparate and disconnected frameworks and organisations.

# 5. Fair Trade: Beyond Food and Clothes



Bringing together the above analysis of risks, benefits and suggested improvements for the digital economy, this section summarises each factor within the framework of WFTO's 10 Fair Trade Principles. These principles are set by WFTO members, the global community of Fair Trade pioneers, support organisations, national networks and those social enterprises fully committed to Fair Trade. They're based on common Fair Trade values, the International Labour Organisation (ILO) conventions, human rights and other internationally recognised principles. They embody everything a business must embrace if they are dealing with economically marginalised people.

The following table goes through each Fair Trade principle and describes in detail how the digital world could adapt to follow a social enterprise model, ensuring digital producers are treated fairly, trained properly and receive the support they need to succeed.

Fair Trade Principle	Relevance for Digital Work
<p>1. Create Opportunities for Economically Disadvantaged Producers</p>	<p>The creation of dignified work opportunities for marginalised and otherwise excluded workforce is the main promise of digital work. Many developing countries have made digital work a central pillar of their development strategy and investments. To support this, supporting digital producers to organise into cooperatives and other representative forms of digital producer groups can overcome power disparities and support dignified livelihoods. Care must be taken to avoid the pitfalls of precarious work through contractor mechanisms, an issue that has come up in contractors working in agriculture for instance (MSI).</p> <p>Improvements could be made in platform accessibility (internet access, skill and freelancing training) and availability to the unbanked population through alternative payment means.</p>
<p>2. Transparency and Accountability</p>	<p>One of the central points of criticism of the current model of digital work is the lack of transparency of the firms and platforms that engage in this sector. More transparency would be beneficial and empowering not only for the digital producers, but also for regulators, tax authorities and clients. Transparency mainly concerns: rankings, reputations, search algorithms, dispute resolution mechanisms, the terms or services of the platform, and also the work pipeline/client demand (in relation to the given supply) for specific services, so that digital producers know whether its useful to invest in the platform and in learning the demanded skill. The emergence of artificial intelligence may also require additional transparency and accountability mechanisms in place.</p>
<p>3. Fair Trading Practices</p>	<p>There is little fair trading in the currently dominant platforms and outsourcing business. They're mainly price and quality-driven with little concern for the humans behind the work and their living</p>

Fair Trade Principle	Relevance for Digital Work
	<p>conditions.</p> <p>Particular improvements need to be made around dispute resolution, pre-payment, escrow-holding, payment denial, portability of reputation and certified skills. Additionally, this principle leaves no room for indirect control over digital producers while denying any type of employer relationship (and responsibility). Note, direct employment can often be a preferred model of empowerment and the creation of precarious work through contractor mechanisms should be avoided.</p>
4. Payment of a Fair Pricet	<p>There is aggressive pricing, race-to-the-bottom- dynamics, oversupply of labour, skill mismatch and over qualification. There is thus the need to respect and enforce minimum wages and - better still - local living wages also in the digital space. Platforms could track and enforce this, using location information for context specific minimum wage enforcement. Additionally, limiting supply and allowing/facilitating worker coordination &amp; organisation (see 6th FT principle) could also be of help.</p>
5. Ensuring no Child Labour and Forced Labour	<p>Although little evidence exists, there is considerable risk that child labour is becoming or has already become an issue also on online platforms.</p>
6. Commitment to Non-Discrimination, Gender Equality, Freedom of Association	<p>While difficult to prove (as not open to the public), platform algorithms (such as search algorithms) can be discriminatory. This often draws criticism. Even if not intentionally embedded in the code, machine-learning algorithms may for example develop biases through their training data.</p>

Fair Trade Principle	Relevance for Digital Work
	<p>While platforms could easily enable and empower great and unprecedented levels of international digital producer solidarity and organisation, association, and coordination, the platforms block these opportunities by keeping digital producers atomistic, fragmented and isolated, with the only interaction being limited to competing against each other.</p> <p>Note, gender inequality deserves specific focus. As Bama Athreya summarises: “historically rooted gender divisions of labour that are replicated and even amplified in the digital economy, and particularly work in platform-mediated/online and virtual spaces” (IDRC).</p> <p>Trade unions can play a key role in overcoming discrimination more generally. This is why Freedom of Association is a key pillar of the 10 Principles of Fair Trade.</p>
7. Ensuring Good Working Conditions	<p>There is evidence of overwork, unhealthy work patterns, a lack of work-life-balance, and other worrying facts about the working conditions of digital producers. At the same time, due to the informal and international nature of platform-digital producer relationships, there are no audits or other means that give some assurances of at least a basic level of workplace safety and a healthy environment. Beyond audits (which are insufficient in isolation of other measures to empower producers), there will need to be efforts to provide oversight on rights issues as well as mechanisms to give voice and power to digital producers. Avoiding the current situation of the digital producer being left entirely alone is critical.</p>

Fair Trade Principle	Relevance for Digital Work
8. Providing Capacity Building	<p>There is some level of upskilling happening on the existing platforms, e.g. through courses or certifications. However, this remains far from the technological opportunities provided by such platforms. Especially with regards to the “hollowing out” of medium-level IT jobs overtime through ever smarter software and automation (also discussed as “reshoring” above), it becomes crucial to follow a life-long learning approach and to empower people to pursue career tracks that are less prone to be eaten up by Big Tech in the near future. Part of such capacity building can be mentorship, peer support, and training in more future-proof transferable skills or soft skills such as work ethics. Unions (via freedom of association) and producer groups can also play a key role also in giving voice, improving bargaining capacity and facilitating initiatives to strengthen the capacity of workers.</p>
9. Promoting Fair Trade	<p>Digital work provides great ways to promote the ideas and values behind Fair Trade, and to experience the benefits and effects first hand and directly. Fair Trade customers will have the opportunity to be in touch directly with marginalised digital producers all across the globe, which can be a great way of practicing cross-cultural communication and to be confronted with the realities of fair trade digital producers across the globe.</p>
10. Respect for the Environment	<p>Compared to traditional sectors such as manufacturing, the digital sector has a more hidden and evolving ecological footprint. Digitisation may sometimes lead to lower resource consumption. Yet technologies like bitcoin can also be tremendously carbon intensive. Overall, the digital economy’s energy consumption is growing rapidly, which calls for more resource-efficient IT systems and means of reducing resource use.</p>

The above analysis shows that the 10 Fair Trade principles can indeed be applied very well also to digital work, digital producers, and the digital economy. A key pillar is to have a social enterprise that is fully practicing Fair Trade. This means, they are equally relevant in the digital as in the physical space, as both economic structures suffer from exploitative regimes, discrimination, etc. Some open questions remain: Where Fair Trade has a strong focus on economically marginalised producers and thus on the global south, the digital markets are a bit more complex when it comes to 'marginalisation' and precarisation. As Fair Trade evolves to also cover economically marginalised and precarious workers in the Global North, the applicability of the WFTO system of Fair Trade can broaden.

## 6. Conclusion



This report has analysed the opportunities and downsides of digital work and the gig economy. On online platforms such as Freelancer, Upwork and Fiverr, millions of digital services

are brokered and billed around the globe every day, from logo design and website development to simple data entry jobs and translations. Business is booming: the number of such providers has increased sixfold to about 300 between 2008 and 2020. The majority of service providers on these platforms come from countries like Bangladesh, India and Pakistan, which played a prominent role in IT and process outsourcing even before the boom of the platforms.

The success of these platforms is not only a success for the platform operators: it can also benefit marginalised workers worldwide. Through the platforms, they get the chance to participate in the global economy. Many of the skills necessary to render digital services can be acquired quickly online through self-study. Formal educational qualifications are rarely necessary. What counts is quality and price. Without the platforms, many digital service providers would find it difficult to gain access to customers and orders from all over the world. The platforms enable them to work flexibly in terms of time and place. Especially disadvantaged population groups like single parents benefit from this, especially in the global South. Because they often have to take care of children and the household, and due to a lack of daycare centres, they cannot take on a full-time job outside the home. For women, minorities and disadvantaged groups, the (partial) anonymity on online platforms can also be

an advantage. This is because they do not have to disclose their „discriminatory features“.

However, the situation of the gig economy is not as shiny as it first appears. The competition on global outsourcing platforms is fierce, with providers undercutting each other so much that sometimes they can barely live on the fees, serving as an example of the classical race-to-the-bottom-pricing. As a result, the core problem of the digital work sphere is that there is no regulation of the gig economy. Freelancers usually have no employment contracts and as a result receive little to no protection or benefits via labour laws or otherwise. Nor is there compliance with minimum wages or, even more importantly, living wages. Working hours are not monitored either and as a result, about 60 percent of gig workers work seven days a week, 50 per cent also at night. As micro-entrepreneurs, marginalised workers have to take care of everything themselves - including protection against (self-) exploitation. However, since they are under strong economic pressure, this is usually not the case. Freelancers also rarely pay taxes or social contributions, they are not socially protected. Another problem is the strong orientation of the platforms towards client interests. This is reflected, for example, in discriminatory algorithms (e.g. ranking somebody lower in search results based on location). This may be a matter of customer orientation for the platforms, but ultimately it



remains discriminatory and prevents equal opportunities. The same applies to conflicts with customers. Even in the case of unjustified or dubious complaints, the decision is usually made in favour of the customer - so as not to alienate them. The service provider has done the work, but does not get paid. As such platforms help to reach minorities and disadvantaged groups, more opportunities are available for individuals who were otherwise unable to work. However, a concern that still needs to be addressed going forward is how digital work addresses the digital divide and creates equal access to

modern communication technology, including addressing how digital services can be provided by digital producers in areas of the world with restricted access. Currently, digital production is outside the reach of many marginalised communities who lack access to the required levels of education and training. Efforts to provide dignity and protect rights of digital producers need to go hand-in-hand with efforts to provide opportunities for marginalised groups. The model deployed by Digital Lions is one example of such an initiative but many more can be deployed and supported more broadly, including by governments.

So the gig economy brings both: great opportunities for marginalised populations worldwide, but also the risk of exploitation and discrimination. This risk can often be greater based on geographical location. This is where the Fair Trade verification system comes into play. It can guarantee social and ecological standards also in the digital world. The 10 Fair Trade principles are as applicable to banana farming or basket weaving as they are to logo design or transcription services. At its core is the idea of addressing power disparities, including through supporting producers to organise into cooperatives or other producer groups. When applied by a social enterprise fully practicing Fair Trade, the principles can help to ensure that digital opportunities are created also for marginalised communities, transparency is upheld, wages, trading practices and algorithms

are fair and non-discriminatory, digital workers are able to cooperate and self-organise, and the increasing environmental impact of the digital economy is kept in check.

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# Appendix I: Existing Frameworks & Organisations



As mentioned earlier, there are some existing frameworks and organisations aiming to regulate the gig economy by supporting digital producer rights. To conclude, here's a summary of those resources categorised by their area of focus within the digital landscape.

## Unions & other digital producers rights movements

- **Freelancers Union; Campaign to Organize Digital Employees** - US-specific sources
- **Ombudsman Office** - German-specific sources
- **Turkopticon** - A digital producers online collective to help each other find good employers/buyers on Amazon Mechanical Turk

- **Fairwork** - An overview about more unions, though many of them are traditional unions or cover mainly location-based platform digital producers
- **Faircrowd.work** - A collection of information for digital producers

## Other organisations & projects around a more humane digital economy

- **“Responsible Sourcing” project by the Partnership on AI(POAI)** - An initiative to improve the working conditions of data labelers, data cleaners, and others who contribute human judgment to artificial intelligence (AI) systems. POAI also engages in awareness around fair and transparent algorithms.
- **Global Impact Sourcing Coalition (GISC)** - A collaborative initiative between buyers and providers of (often digital) business services, governed by a steering committee of elected participants from member companies, and financially supported by The Rockefeller Foundation.

## Standards, Certifications and Rankings

### Fairwork's 5 Principles for the Platform Economy:

- **Principle 1:** Fair Pay  
(local minimum wage; payment on time)
- **Principle 2:** Fair Conditions
- **Principle 3:** Fair Contracts
- **Principle 4:** Fair Management
- **Principle 5:** Fair Representation  
(collective governance/bargaining; access to representation)  
(Rating of Platforms - so far only location-based; online work to follow)

### The World Economic Forum's "Charter of Principles of Good Platform Work"

Principles on diversity and inclusion; safety and wellbeing; flexibility and fair conditions; reasonable pay and fees; social protection; learning and development; voice and participation; data management

### Frankfurt Declaration on Platform-Based Work

Declaration demanding dispute resolution, social protection, wages, digital producers organisation, clarification of employment status, compliance with national and international law, cooperative labour management relations.

### Crowdsourcing Code of Conduct

CoC, initiated by Testbird, a crowdsourcing company for testing services, around law conformity, fair pay (though very vague), clear mutual understandings, and data protection

### GISC'S Impact Sourcing Standard

Defines requirements and voluntary best practices for providers of business products and services to demonstrate their commitment to inclusive employment. It prioritises suppliers that intentionally hire and provide career development opportunities to people who otherwise have limited prospects for formal employment.

### Impact Sourcing Champions Index

Created by the International Association of Outsourcing Professionals (IAOP) which brings together digital producers, providers and advisors in a collaborative environment that promotes development and recognition.