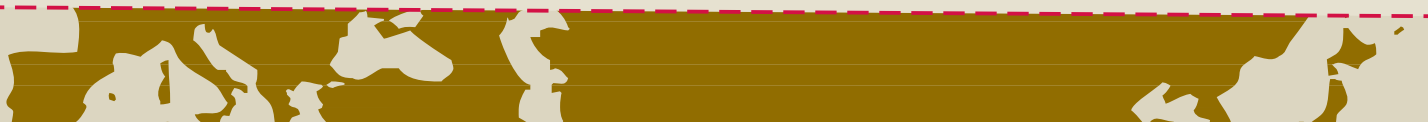


# trade aid annual review 2007/08



# making a difference

The Trade Aid Movement celebrated 35 years of trading fairly this year. As I reflected on all that had gone before it was remarkable how closely the original objectives of the Movement are to the work that we are doing today - demanding justice in international trade rules, bringing change to the lives of disadvantaged producers, and offering hope for the future.

Our finances are in good heart and despite the uncertainty of the current economic climate sales remain strong. However, as a development organisation we must always look beyond our own financial position and measure our efforts against the impact our work has on those we trade with.

Every three years Trade Aid reviews how well it is meeting its organisational objectives through the process of social accounting. This encompasses all aspects of our activity and helps to meet our requirement for transparency and accountability. We audit this review to reassure our many supporters that what we say we do is what we actually do - it is with some pride that we are the leading business in NZ in preparing Audited Social Accounts.

As part of this process a focus group comprising five of our current trading partners was organised under the facilitation of an in country consultant with all comments recorded anonymously. I feel a great deal of pride and satisfaction from comments such as: "... Trade Aid is more concerned about the producers... their economic and social status etc... the producers are more important than the product itself. The products made by the producers must bring change in their life" "We have always appreciated this non-paternal attitude of Trade Aid in dealing with us" "Trade Aid is also making sure that we too (as an organisation) get a fair price for the products that we sell. They are accepting our cost structures".

In-depth Impact Assessment studies were carried out by four of our trading partners during the year. The reports give hard quantitative data to support the qualitative evidence of the positive change that fair trade brings to those most in need. Careful analysis of this information by Trade Aid and its partners will help shape the future of our work.

Through this Annual Report we hope to present examples of the trading, educational and developmental activity undertaken during the 2008/09 financial year and also to relay information gathered during the Social Account process and Impact Assessment studies.



Geoff White

**General Manager,  
Trade Aid Importers**



**Trade Aid**

free phone: 0508 872 332

email: [tradeaid@tradeaid.org.nz](mailto:tradeaid@tradeaid.org.nz)

[www.tradeaid.org.nz](http://www.tradeaid.org.nz)

**Cover Photo:** Mr Balasundaram is pictured here (middle) with other community members from Idulgashinna tea garden in Sri Lanka. He built one of the first new houses on the plantation and has helped many others build theirs since. He now owns his house after paying it off in small instalments each month, a unique situation compared to other tea gardens where workers are not able to own their own homes. He works as a carpenter and also has his own business after receiving a loan to purchase a carpentry machine. Being part of this fair trade tea garden has provided his family with opportunities for the future.

printed on 100% recycled paper using vegetable based inks.

# partnerships

- to engage in effective trading partnerships according to fair trade standards
- to choose trading partners who work with the most disadvantaged producers
- to assist producers to move from poverty to self reliance

**Demonstrating transparent and accountable practices.**

This fair trade standard is seen as essential for Trade Aid Importers (TAI) to be effective and to continue learning through its work. This practice is demonstrated through the circulation of accounts and publications to all partners. Communication is further strengthened through the five staff members who visit partners regularly, all using the occasion to exchange information and renew relationships. In the year 2007/8, 21 trading partners were visited (representing over 25% of trading partners).



Mrs Phurbu, a weaving master from the Himalaya Marketing Association in India, with Vi Cottrell, Trade Aid Importers Development Manager.

*"We have not had any clients like you before, who have even shared with us their trading results (whether good or bad) much less one who is willing to share any profits with their suppliers!"* CENFROCAFE co-operative, Peru

**Promoting gender equity for producers**

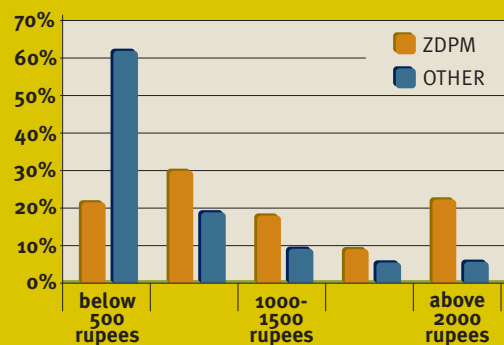
Since women produce most of the craft purchased by Trade Aid Importers, the changes that this trade has brought into their lives is a strong indicator of the success of fair trade. While craft producers in general have always been economically marginalised, women in particular have been most vulnerable, and have been exploited by a series of middle men who have profited at their expense. Even in the family situation women traditionally have not directly benefitted financially from their work, as male members of the family have kept proceeds from the sale of their crafts.

Improved gender equity is a well recognised indicator of a successful development intervention, and the evidence both anecdotally, and now through Impact Assessment studies carried out by Trade Aid partners, very strongly confirms that fair trade is an effective way to give female producers the opportunity to control production and marketing themselves, enjoy financial rewards of their labour and increased status in the family and the community.

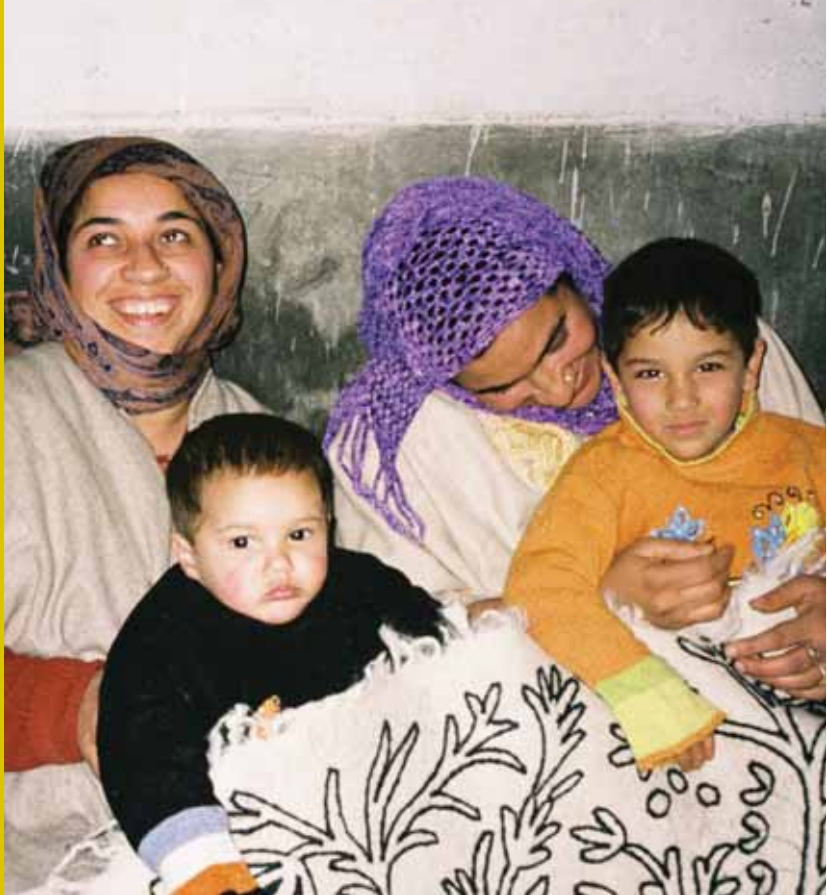
### The impact of Trade Aid partnership.

Zanana Dastkari Production Markaz (ZDPM) in Kashmir, India has worked since the early '70s with women producing handcrafts, in particular the Numdha rugs purchased by Trade Aid Importers. In 2008 the ZDPM impact study compared the socio-economic situation of 80 women members of ZDPM, and 80 women who also work in handcrafts, but do not belong to ZDPM. A table of monthly earning shows clearly that ZDPM workers earn much more than their counterparts not working for ZDPM. This result is a significant indicator of impact because Trade Aid Importers is their only major regular customer, and the only outside contributor to their own capacity building programme since 2002-03. Research into the health and decision making ability of the ZDPM women was also conducted by ZDPM with favourable results.

Monthly earnings in rupee of ZDPM women compared with non-fair trade producers in the same industry.



Numdha producers from ZDPM with their children



### Working with partners to build their capacity

Fair trade goes far beyond the purchase of goods under fair conditions, and one of the expectations is that producers will be assisted to build their capacity and gradually move from a position of powerlessness to one of relative security and independence.

Strategies such as regularity and consistency of orders, design input and market trend information, feedback on products, and providing capacity building funds through NZAID (NZ's International Aid and Development Agency) have been identified by trading partners as helping to build their capacity. Trade Aid Importers works on supporting partners in each of these areas.

In the area of design input and market trend information, all partners are provided with an annual trend book looking ahead to colours and designs for the next year, intended to help with product development. In the last three financial years TAI has worked together with 33 different partners to develop 560 new products, 242 of which have landed in our stores with an additional 46 products on order. Of these newly developed products 171 have been re-ordered.

The following projects have been made possible through NZAID funds allocated to Trade Aid partners for capacity building projects in 2007/8:

- Training - 34 initiatives.
- Equipment, tools and improved workspace - 37 interventions.
- Marketing - 16 initiatives.
- Product development - 11 activities.
- Organisational strengthening - 5 activities.
- Certification and analysis - 2 activities.
- Miscellaneous - 5 activities.

*"After installing the cardamom dryer, the farmers of this group start to dry their raw cardamom two time(s) per month. They can dry their cardamom in good quality now & their income also grows up (to) three times more. Therefore they start to cultivate more lands to increase their income."* PODIE capacity building fund report

### Respecting the environment

The partner selection criteria include achievement of, or working towards, environmentally sustainable use of raw materials and production processes. Use of the criteria checklist ensures that this matter is raised during visits and matters of concern discussed.

Trade Aid gathered a significant body of environmental information from partners this year for promotion within Fair Trade Fortnight celebrations which carried the international theme of environmental justice. The information gathered demonstrates increased awareness of the need for environmentally acceptable behaviour. Some of the programmes currently run by TAI partners include:

- Environmental programmes in schools.
- Waste water management and groundwater collection systems especially when dyeing and paper making is involved.
- The increased use of fast growing woods and programmes to plant trees including erosion prevention programmes.
- Strategies for coping with climate change impacts and mitigating climatic risks.

**PRODECOOP is a producer organisation composed of 32 member cooperatives - over 1,600 coffee growers. PRODECOOP farmers already face environmental challenges which are very likely to intensify with climate change such as scarcity of potable water, harvest losses, increased pests for plants and animals, soil degradation and landslides due to erosion and contamination and more. Responding to this PRODECOOP has already begun implementing selective measures, such as environmentally friendly technologies, shadow growing, introducing organic production, recycling of waste and waste-water and measures protecting soil, water and natural resources. It is only through membership of a fair trade organisation such as PRODECOOP that these coffee farmers are able to think about the sustainability of their livelihoods for themselves and the next generation.**

### Protecting children in the workplace

Partner selection criteria require partners to have a responsible policy regarding children in the workplace. All partners spoken to accept the principle that children should not be involved in production during school hours, or in an exploitative or dangerous situation. This is a matter that is regularly monitored during visits, and also by our partners during their contact with producer groups.



Artisan of Duyen Thai Village Lacquer workshop, Nguyen Thi Hong wearing a safety mask provided by the workshop



Photo: PRODECOOP

### Promoting healthy working conditions

Criteria for partner selection include a requirement for partners to provide safe working conditions or to be working towards this. As with some of the other principles of fair trade this matter is not entirely clear cut. If we insist on pristine work places and excellent facilities, we run the risk of ceasing to work with the poor, or putting pressure on our partners to work with better organised and resourced producer groups. Rather, it can be argued, we are meeting our objectives better by working to slowly change poor working conditions by helping to provide sufficient employment so that assets can be built up in the group, and by helping to raise awareness of good practice. Partners visited demonstrate a high level of awareness of the principle. The use of extractor fans in workshops is growing, with the standard in stone carving being set by Tara Projects' model workshop in Agra, while wood producers visited in Saharanpur with Aspiration International work in favourable conditions to the many other small workshops where conditions were dark and dusty with no fans.

### Paying fair prices

Payment of a fair price lies at the heart of fair trade, and yet it is the hardest principle to quantify because so many factors come into play. In spite of these difficulties however Trade Aid Importers gathers information about wage levels on all partner visits and looks at how they are calculated.

*“Trade Aid is also making sure that we too (as an organisation) get a fair price for the products that we sell. They are accepting our cost structures.”* Anonymous comment from a focus group of Trade Aid partners.

In addition to ensuring a price is fair, TAI partners in most cases provide numerous other financial benefits often considered to be more important than high wages - these include consistent orders, low or interest free loans, savings schemes, capacity building initiatives and subsidies for hardship, health or school fees. These are seen as part of the wage package.

*“I am respected in my community”.* Statement from a skilled craftsman called Gulfam on a recent visit by TAI to Aspiration International in India. Gulfam received an interest free loan from Aspiration International and as a result now owns a workshop and all his children are at school.

Payment in advance and prompt payments can be a lifeline for partners who cannot afford the raw materials or to pay artisans before the goods are shipped. It is TAI's policy to advance 50% of the value of any order upon request, and in the case of African partners who face increased difficulties because of distance and costs, the advance offered is routinely 80% of the value of the order.

*“Sincerely they are No.1 within IFAT buyers for promptness payments.”* Anonymous comment from a focus group of Trade Aid partners.

### Selecting trading partners

Trading partners are chosen according to a set of criteria and monitored during visits. The requirements are for partners to work with producers who suffer poverty and who are disadvantaged or under-privileged. While there is an expectation that they will meet criteria relating to fair wages, benefits, safe working conditions and environmentally acceptable practices, it is clearly stated that they may be in the process of working towards these goals. In other words there is acceptance by TAI that in working with the most disadvantaged, criteria will not necessarily all be met at once, and that change can be a slow process. Also significant is the acceptance that partners may not be producing products that are commercially viable in the first instance, but that this is a goal to be worked towards.

### Implementing development strategies to achieve objectives

The impact of fair trade interventions is becoming easier to measure. TAI has invested NZAID funding in Impact Assessment studies carried out over the last two years by interested partners to measure, using where possible indicators selected by producers themselves, the impacts of their involvement in fair trade on their lives and well-being. The following are conclusions from one of these impact assessments carried out by SASHA in India:

- 50% of groups have excellent business growth (of over 30%) and 70% of groups show a healthy business trend over the last three years.
- 37% of groups have excellent asset growth and about 80% of groups have significant value added.
- Gender bias, in the operation of groups, and child labour are things of the past in all groups.
- 75% of groups show awareness and affirmative action in matters of working conditions and pollution control.

*“All this (change) is good, but besides, there is something really important that may be difficult to measure but is real: artisans and their families now can think in the future, they can do planning, they can even dream.”* MINKA, Peru.

# change

- to increase awareness of trading injustice and its impact on our trading partners
- to campaign for change to unjust trading systems
- to promote fair trade as a positive alternative

## The Trade Aid website

In 2007/8 The Trade Aid website received over 200,000 visitors, up 16% on the previous year. The Trade Aid website is an effective tool to promote the Trade Aid message and campaigns. Fair Trade Fortnight, Trade Aid's largest campaign of the year, saw a 30% increase in traffic for the month over the average monthly visitor numbers.

## Accessing the media

Creating change through the media is an effective medium for raising awareness of unjust trade. The campaign 'Slavery Still Exists' which ran in August 2007, received 25 print media mentions throughout New Zealand greatly increasing Trade Aid's ability to disseminate information regarding the campaign's objectives.

The total number of print media mentions Trade Aid received for the 2007/8 financial year was over 300.

## Educational publications

DVDs, school resources, quarterly magazines, inter-store newsletters, newsletters for roasters, bi-monthly e-news for subscribers and in-store brochures have all formed the collection of educational publications available in 2007/8. Curriculum based school units were a new area of focus for the year and the print run of Vital (Trade Aid's quarterly magazine) was increased yet again.

In line with a focus on the environment for 2008 and 2009, two free teaching resources for schools were created in February 2008 for teachers of level 1-5 social studies (students aged 8-14). Feedback on the resources has been very positive from both global educators who promote resources to teachers, and teachers themselves who have ordered the resources.

*"These units have made planning for term two really easy, the lessons were interesting and practical and I was able to use them without making many changes. The activities really gave the students food for thought."*

Jo Kennard Year 6, 7 & 8 teacher at Our Lady, Star of the Sea, Christchurch

Children of the World is an educational resource that was created in early 2006 for teachers of year seven and eight students (11 and 12 year olds). In 2007/8 the resource was reprinted with 164 copies requested and distributed in the financial year.

The following are comments received from teachers using the resource:

*"The poems and stories are inspirational"*

*"They often pick it up from the shelf and read and discuss it"*

*"This book was an essential part of the work we covered"*

Yr 3/4 students from Hukanui School in Chartwell Hamilton, telling Trade Aid educator Gemma Taylor what they had learnt after studying environmental justice, using the Trade Aid resource on toys.



## Campaigns and promotional events

2007/8 was a successful year for campaigns and promotions, beginning with the 'Slavery Still Exists' campaign in August 2007. This campaign gained support from all major political parties (bar one) and collected 20,000 signatures in 6 weeks for a handover to Parliament.

The final campaign for the year was Fair Trade Fortnight in May 2008 which received major media coverage from TV, radio and print media and involved artists, schools, customers and the public in the environmental justice themed promotion.

## Fair Trade Education

2007/8 saw the continuing trend of large increases in education activities occurring outside of retail operations. 495 reported education activities took place in 2007/8 compared to 200 in 2006/7 and 100 in 2005/6. These activities were run by over 100 people from the Trade Aid Movement including shop and trust education committee members, shop trustees, shop managers, shop staff and volunteers and Trade Aid Importers staff.

Of these 495 events, nearly 300 of them were talks or presentations to community, business or school groups. With a larger focus within Trade Aid on the training of educators to present the key fair trade messages, this increase in quantity also represents an increase in quality of presentation. Over 60 Trade Aid educators attended workshops aimed at increasing their education skills during the 2007/8 financial year.

## Education tours

Education tours are run annually for Trade Aid staff and volunteers providing the chance to meet fair trade producers and gain an idea of the impact that fair trade has on their lives. The 2008 tour took ten self funded participants to India, Sri Lanka and Vietnam visiting five trading partners across handcrafts and food production. The benefit of these annual tours is seen in the increased knowledge and understanding of fair trade by shop staff and volunteers, as well as an increased motivation for sharing knowledge through educational activities. Trading partners also enjoy the interaction with fair trade advocates from their global community.

In addition, a coffee-based education tour to Ethiopia was offered in December 2007. This was open to coffee roaster customers of Trade Aid Importers as well as Trade Aid staff and volunteers. Participants met cooperative members from two remote locations in Ethiopia, experiencing the difficulties faced by coffee farmers and seeing the coffee process from field to cup.

2008 participant David Rose, receiving a flower wreath from Sri Lankan tea garden staff at Idulgashinna, Sri Lanka.



# financial sustainability

- to maximise sales of fair trade product
- to trade in such a way that the Trade Aid Movement and its partners are financially sustainable

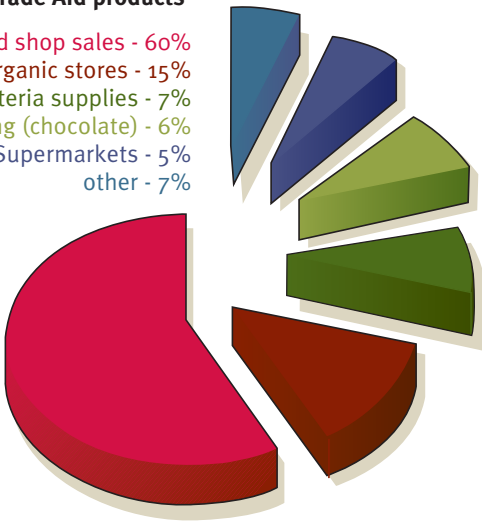
## New customers

Trade Aid is constantly seeking to expand the range of fair trade products available in New Zealand. Increasing the range of food products and their availability through mainstream outlets, enables us to spread the fair trade message wider than our own shop customers and encourages new customers into Trade Aid shops.

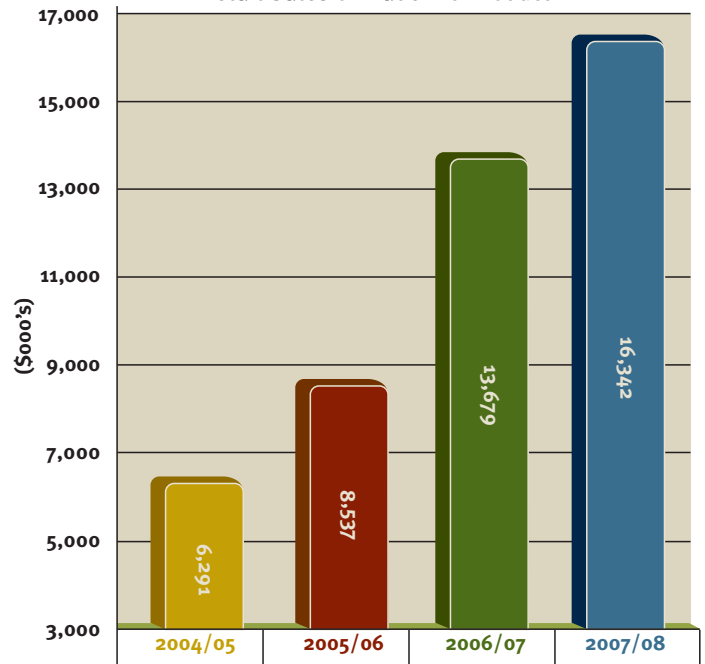
It is pleasing to note though that the increase in sales from food products has not been at the expense of sales of handcrafts which also increased in the 2007-08 financial year.

## Retailing of Trade Aid products

- Trade Aid shop sales - 60%
- Organic stores - 15%
- Cafeteria supplies - 7%
- Fundraising (chocolate) - 6%
- Supermarkets - 5%
- other - 7%



Retail Sales of Trade Aid Product



## Growth in retail of Trade Aid Product

With the increase in range and outlets for food products coupled with an increase in sales of handcrafts, Trade Aid retail sales have experienced significant growth in 2007/8.



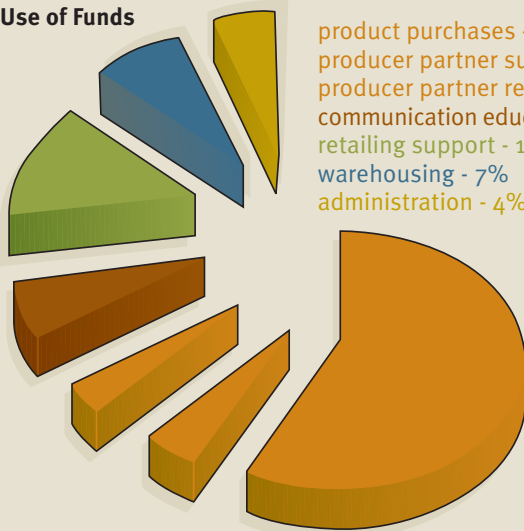
Trade Aid continues to increase the range of fair trade food products available in New Zealand each year.

## Use of Funds

Retailing is an expensive business, but we constantly strive for operational excellence in order to create the greatest return for our partners.

## Use of Funds

- product purchases - 66%
- producer partner support - 3%
- producer partner rebate - 1%
- communication education expenses - 6%
- retailing support - 13%
- warehousing - 7%
- administration - 4%



## Added Financial Benefits

Our partners receive a number of additional financial benefits from the trading relationship they have with Trade Aid.

	06/07	07/08
Social Premium (coffee)	\$66,851	\$89,970
Pre payments	\$1,726,947	\$1,767,164
Partner Rebate Scheme	\$95,000	\$95,000
Capacity Building Funding	\$157,489	\$187,500

Trade Aid - Working to improve the livelihoods and wellbeing of disadvantaged producers and speaking out for greater justice in world trade.

A full copy of the Social Accounts are available from the website [www.tradeaid.org.nz](http://www.tradeaid.org.nz) or by phoning 0508TRADEAID

