

# SALLY ANN

## — from aid to trade

THE Salvation Army is known for many things around the world. Fulfilling its mission to 'meet human needs in [Christ's] name without discrimination' it is well known for its charitable works but not as well known for commercial enterprises. That could be changing, though, with 'Sally Ann' Fair Trade by The Salvation Army growing and seeking new ways to provide fair, sustainable income that will allow developing world producers to lift themselves out of the poverty trap.

**Paul Pirie**, Business Manager of 'Sally Ann' Fair Trade, explains how making money can change the lives of the world's poorest people.

**C**OMMISSIONER Catherine Bramwell Booth, a granddaughter of Salvation Army Founder William Booth, was asked by a TV interviewer in the late 1970s whether she thought Christmas was too commercialised, with too many people making money. The 95-year-old replied: 'Well, I don't think making money is a sin! Do you?'

To have such a sharp brain at the age of 95 was truly God's gift, as was the observation that making money is not a sin. In fact the act of trading is at the heart of 'Sally Ann' Fair Trade – a Salvation Army poverty alleviation programme. In essence The Salvation Army is partnering with some of the world's poorest people and providing the hand-up for them to trade their way out of poverty.

The first 'Sally Ann' Fair Trade store opened in a prime site in Oslo, Norway, in June 2003. It was a fairly simple operation, with small consignments from Bangladesh being sourced from production groups linked with Salvation Army projects. The Norwegian team successfully established 'Sally Ann' as a leading fair trade brand in Norway

by adding marketing expertise and business acumen to the process.

Peru became the second supplier and a second shop opened in Sweden in September 2006. Other links were soon made and production groups established in Moldova and Kenya. Currently, new suppliers are being sourced from Chile, Brazil, Ghana and Pakistan to name but a few, with ongoing work in improving and expanding the capacity of existing suppliers.

This Christmas the UK Territory with the Republic of Ireland starts a test distribution via mail order and negotiations have begun with The Netherlands and Czech Republic Territory and the Canada and Bermuda Territory on how they could begin to distribute 'Sally Ann' Fair Trade products.

Some major multinational companies have enormous, multi-billion-dollar turnovers – bigger than the economies of large countries! The sheer size of their buying power means their activities have a significant effect on communities throughout the world. As trade becomes increasingly global, international

*Above:  
a silk-weaver in  
Mirpur, Bangladesh*

supply chains are the norm, with companies racing to find the cheapest suppliers for their products. The major markets are based in the rich north but most manufacturing has now shifted to poor countries where labour costs are much lower.

While this has the potential to bring benefits to developing countries through increased employment and foreign direct investment, in reality it rarely leads to a sustained reduction in poverty or increased economic development. This is because within many supply chains all the power is concentrated in the purchasing departments of large companies. In their quest to

**Many workers fall into the so-called 'poverty trap'**



*Above left: community members from Old Dhakar, Bangladesh, who are benefiting from 'Sally Ann' projects; above right: Kenyan producer Noah Kinuthia with an angel made from banana leaves*

remain competitive, purchasers put pressure on suppliers to keep their costs low and to fulfill orders, often at short notice. This can force suppliers to pay wages below the cost of living and to offer generally poor working conditions.

Low wages mean that workers struggle to find money for necessities such as food, healthcare and education and they do not have 'spare' money which they could use to boost the local economy – many workers inevitably fall into the so-called 'poverty trap'.

A leading figure at the crossroads of American religion and politics, Jim Wallis, highlights three obstacles to combating poverty.

Firstly, poverty is a low priority on national and international political agendas. The second obstacle is the debate over strategy, spending time placing blame or trying to identify the causes of poverty even when an event brings the very existence of the poor to the public attention.

Wallis says: 'The third obstacle is perhaps the foundation of the first two. It is the lack of relationship with the poor.' He adds: 'The vast majority of people in the richest half of the world's population or in the top two-thirds of US society have almost no relationship with the people at the bottom. Lack of relationship leads to a lack of understanding, empathy and urgency and creates stereotypes, myths, excuses and passivity.' This problem is true of many western countries.

He argues that feeding hungry people is no longer enough; asking why they are hungry is the justice

question. However, this still can provide a safe comfort zone between the 'haves' and 'have nots' and leave an attitude of 'them' and 'us' where 'they', the poor, are somehow not the same as 'us'. When we reach the point where 'us' is everyone, rich and poor, from anywhere in the world, we get solidarity and a feeling of community that leads us to believe we need one another, that every one has things to give and receive, and through mutual aid we find our truest security. In this way justice resumes its biblical meaning of 'right relationships'.

An aspect of economic life that has changed drastically in recent years is the role of ethics. The raising of public moral consciousness on issues such as global poverty and climate change coincided with an unprecedented phase of economic stability and growth in many western countries, which in turn led to high levels of

prosperity. These factors combined to create 'ethical consumerism', a desire to purchase goods with good ethical credentials. The most notable example has been the almost exponential growth in sales of fair trade products.

'Sally Ann' Fair Trade by The Salvation Army is transforming the lives of poor producers in the developing world by enabling them to use their skills and resources to build sustainable livelihoods for them and their communities. It is seeking to challenge injustices in trading structures and practices that often lead to the exploitation and marginalisation of poor people.

International trade is complex and involves many steps. To get a product to the customer means paying for raw materials, transport and all the other costs associated with export, on top of the wage to the producer. Then there is the cost of international shipping and transport within the importing country.

Once a product is in a warehouse it has to be marketed and got out to customers, all of which involves considerable costs. Fair trade has to work within this system. And it does not often have the benefits of the savings that can come when large volumes of a single product are produced.

So how, within the constraints of trade, does fair trade ensure a better deal for the producer? Part of it is about ensuring a better, fair price or wage for producers. Even if this is not large in terms of the percentage of the final price, it can make a real difference.

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**FAIR TRADE FACTS**

- Fair trade seeks to transform trading structures and practices in favour of the poor and disadvantaged
- By facilitating trading partnerships based on equity and transparency, fair trade contributes to sustainable development for marginalised producers and their communities
- Through demonstrations of alternatives, conventional trade and other forms of advocacy, the fair trade movement empowers citizens to campaign for an international trade system based on justice and fairness
- More than seven million people benefit from fair trade practice
- Worldwide, consumers spent more than US\$2 billion on fair trade-certified products in 2007. This represents a 47% increase on the previous year



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A lot of it is about how trade relationships are conducted. Other benefits include advance payments, design advice, market information, building the capacity of producers to understand the export market, a long-term commitment to a trading relationship and helping producers to increase their export markets. These may all in the end be more important to our producers than simply the price.

A fair price will depend on the circumstances, but broadly it is one which ensures that the producer not only covers the cost of production, but also makes a profit in order to have a reasonable life. Sometimes it might simply be a better wage. In other situations fair trade could fund developments for the producers or their community.

For crafts and some food products there is no world market price system so setting a fair price is a matter for our producing groups, in discussion with ‘Sally Ann’ Fair Trade head office. For some of the bigger commodities (eg coffee, cocoa) there is a world market, with prices governed largely by the

activities of big traders and speculators. In these cases the international fair trade movement has developed a fair price system for each commodity and is recognised on its packaging by the fair trade mark. In essence, this involves guaranteeing a minimum price, however low world prices fall, and paying a percentage more if prices rise.

Fair trade can also include advance payments. Some of our ‘Sally Ann’ Fair Trade producers may need money up front to buy raw materials, pay wages or rent premises. Money-lenders may charge extortionate levels of interest but we offer advances currently at no interest.

*Above left: a girl from a new project outside Lahore, Pakistan, working on an ARR embroidery item; above right: a worker from Moldova with some of the linen items produced for ‘Sally Ann’; below: the front cover of the UK Territory’s ‘Sally Ann’ Christmas mail-order catalogue*



We also offer our suppliers, from our head office at International Headquarters and through our distributors, design advice and market information. Being far from the profitable western market means producers in the developing world may not know how products will sell. Appropriate advice can help them to make products that will sell well. There is a need or want to be satisfied by the consumer not simply because they want to ‘do charity’. Fair trade items should be good quality – maybe even better than comparable goods on the market.

Many of our partners have little experience of exporting and so need help to understand how international trade works and how to build capacity to cope with demand.

The Salvation Army and Salvationists can help create a climate for decision makers to improve such trading systems. By simply buying fair trade products consumers can send powerful signals to businesses and governments about their concern for justice and ethics in trade. Such consumer pressure encourages other

### WORLD TRADE FACT

If Africa, East Asia, South Asia, and Latin America were each to increase their share of world exports by one per cent, the resulting gains in income could lift 128 million people out of poverty. In Africa alone, this would generate US\$70 billion – approximately five times what the continent receives in aid

organisations to develop fair trade ranges and challenges businesses to improve their wider impacts on society.

In the UK (one of the world's largest fair trade markets) the Fair Trade Foundation has supported the development of various community groups – from churches, schools and businesses to villages, towns and whole cities – to become fair trade coalitions. By adhering to an accreditation system these groups are mobilised and equipped to be advocates for fair trade values in their community.

This grass-roots force of organised fair trade supporters has helped to develop and grow the UK fair trade market to sales of more than US\$1 billion in 2007 (source: Fair Trade Foundation, March 2008) and the movement is spreading around the world to places like Belgium, the USA and Canada.

The success in recent years of fair trade has been phenomenal, with world sales in 2007 topping US\$2 billion, bringing financial assistance to seven million fair trade workers worldwide. This is a drop in the ocean in relation to world trade but, as UK Member of Parliament and

### 'SALLY ANN' FAIR TRADE FACTS

- Currently 'Sally Ann' Fair Trade has production units in Bangladesh, Kenya, Moldova and Peru
- This Christmas, for the first time, producers from Chile and Brazil will supply a small quantity of items
- 'Sally Ann' Fair Trade is working with The Salvation Army in Pakistan and Ghana to bring them on as suppliers in 2009
- More than 1,200 producers have contributed to this year's Christmas range of products
- Current distribution is through flagship retail outlets in Oslo, Norway, and Stockholm, Sweden, with a trial launch of products via e-commerce ([www.sp-s.co.uk](http://www.sp-s.co.uk)) and mail order in the UK for Christmas 2008
- More than 70 per cent of 'Sally Ann' Fair Trade current trading activity is geared to the Christmas market
- The hand-made product range includes linen tableware, silk cushion covers, wrought iron garden chairs, leaf baskets, alpaca knitwear, stationery, embroidered purses and a wide selection of Christmas decorations

*Below: a display in the 'Sally Ann' shop in Oslo, Norway; bottom: the window display in the 'Sally Ann' shop in Stockholm, Sweden*



Chair of Select Committee for Overseas Development Malcolm Bruce says: 'Fair trade, although tiny in comparison to world trade, has provided a catalyst for governments to sit up and think about the trading environment they create from the rules they lay down.'

Trevor Caffull, Managing Director of the Salvation Army Trading Company in the UK, adds: 'The "Sally Ann" Fair Trade initiative is an invaluable way of further promoting The Salvation Army's mantra "heart to God and hand to man". We are delighted to be able to give this laudable venture a higher profile in the minds of the general public in the UK. The production of our first "Sally Ann" Fair Trade mail-order catalogue this Christmas enables us to introduce these fair trade products to UK households, and as such represents a unique method of bringing the ethos of The Salvation Army into the homes of people who may have had no contact with the Army before.'

When The Salvation Army's New Zealand, Fiji and Tonga Territory adopted a fair trade policy in September 2006 the Territorial Commander encouraged members and friends of The Salvation Army to support the policy in practical ways, giving positive endorsement of fair trade and demonstrating an active Christian concern.

Such policies, when followed through, can provide vital education on the true unfairness of the global

trading environment. A throw-away culture where cost is the only thing that matters is not sustainable and, fundamentally, is not biblical in principle.

In Norway and Sweden, The Salvation Army has had phenomenal success in being able to communicate clearly in glossy magazines and broadcast media the issues surrounding poverty in the developing world via 'Sally Ann' Fair Trade, not to mention the many thousands of day-to-day encounters that consumers have in the 'Sally Ann' Fair Trade stores in Oslo and Stockholm.

Fair trade is a proven long-term tool in the fight against poverty. Inherent unfairness in global trading systems means that trade rules and practices favour the rich. The fair trade movement tries to tip the balance back to the people who need the money most – the poor.

For 'Sally Ann' Fair Trade by The Salvation Army, making money isn't a sin, it's a means by which people can be saved from poverty.

*For more information email: [IHQ-sallyann@salvationarmy.org](mailto:IHQ-sallyann@salvationarmy.org) or visit the International Fair Trade Association website: [www.IFAT.org](http://www.IFAT.org)*

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Abul Kalam (right), a Muslim, is a silk cloth producer and supplier to Sally Ann Bangladesh Limited.

He started his business on his own in 1984 with one loom at Mirpur, Dhaka. He learned of the idea of a micro-credit programme from The Salvation Army and in 1996 he was able to take out a loan to finance the purchase of a second loom.

When The Salvation Army in Bangladesh became part of a trade project called ‘Sally Ann’ in September 1997, Abul’s silk business was one of the first suppliers to benefit from the new trading opportunities it provided.

Abul has managed to upgrade his factory from a straw cottage to a brick-built unit and now he employs up to 20 workers, using eight looms.

His income increased significantly although Sally Ann Bangladesh was unable to ensure regular work for him. He and his six family members survive on business with ‘Sally Ann’ Fair Trade. He believes his progress depends upon ‘Sally Ann’ Fair Trade and he is grateful to The Salvation Army and Sally Ann in Bangladesh.

‘Sally Ann’ Fair Trade in Peru has been working with women from Chiclayo City where there is a corps (Salvation Army church) and a community centre. In Chiclayo a group of women (approximately 35-40) supply knitted products. They started knitting finger dolls and at present they are also knitting scarves, gloves, hats and socks.

Many women are benefiting from this project, and the objective of ‘Sally Ann’ improving their lives is being achieved here. Income the women received through ‘Sally Ann’ Fair Trade has helped them to improve their houses and also to buy basic furniture, to pay for medicines, to pay hospital expenses, to educate their children and even to take some holidays.

René Chumacero Parrilla (below left) is 35 years old, married and a mother of two children. She is really thankful because through ‘Sally Ann’ Fair Trade in Peru she earns the money for medicines which she needs after suffering two heart attacks. The flexibility of her work allows her to care for her young daughter.

Forty-eight-year-old Rosalina Yacsahuache Molocho (below right) is a single mother of four children. She says: “‘Sally Ann’ Fair Trade helps me pay some of the schooling expenses for my children and also improve the house we live in.”



*Lars Beijer (pictured left), Managing Director of Sally Ann Sweden, writes:*

For many years I have worked in sales and marketing, with the objective to maximise profit to the owners and shareholders. This changed when I started to work for

The Salvation Army’s recycling company in Sweden. During the years I worked there we succeeded in making substantial profits not for shareholders but to be used within the Salvation Army’s social work in Sweden. I find it so much better to work for an aim like this compared to what I was doing before.

Working for ‘Sally Ann’ Fair Trade, as I have now done for three years, added another extra dimension. ‘Sally Ann’ Fair Trade is becoming an extremely efficient tool to decrease poverty for individuals in the developing world. What could be more important for us than to have a job to go to, to be able to pay the rent, for our children’s education, for medicines, to have people to talk with during the day, to have self-worth and believe that you have a role to play in society?

I hope the ongoing development of ‘Sally Ann’ Fair Trade will soon allow us to significantly increase our sales, providing work for 10 times the number of producers we currently partner with.