

## **Business Chamber 2011-12**

### Finance

In the past year, the Business Chamber has worked tirelessly with the various finance companies and embassies to encourage investors to inject money into Zimbabwean agriculture and various local businesses through medium-term loans. Agreement with the Malaysians had nearly been finalized, when it fell through, due to the lack of confidence in investing in Zimbabwe in its current state.

A \$30 million facility was negotiated with the African Export and Import Bank Ltd. (Afrexim Bank) for funding agriculture and agri-business. This money will be allocated to NMB Ltd. and African Century Bank Ltd. for disbursement. We had hoped that this financing would have been available to farmers for last year's summer crops; however, we have learnt that this facility was put on hold due to the liquidity crisis persisting in Zimbabwe from the latter part of 2011 into 2012. In early April, we were informed that this facility had been resuscitated and that it should have been ready for disbursement in mid-May. On requesting written confirmation of a date when the money would be available to farmers from the banks, we were informed that this was not possible, as Afrexim Bank are still monitoring the liquidity situation in Zimbabwe. We will continue to push for this facility.

Presently, we are trying to set up a five-year finance facility for equipment through the Brazilian government. One of the major stumbling blocks is their requirement of external Letters of Credit for this facility. We continue to try and resolve this matter, so as to allow farmers access to their wide range of modern equipment.

### Insurance

A Memorandum of Understanding was signed with CBZ Insurance Company Ltd., who offer farmers insurance on their crop and livestock. Under this insurance, the Union receives a commission on every policy taken out. This is one of the better schemes a farmer can access.

An alliance has been formed with Global Life Ltd., a life insurance and funeral policy company, whereby the Business Chamber will earn a commission on any policies sold by this company to our members or customers.

Negotiations with Lloyds Insurance Underwriters began mid 2011, with CFU and HRIB as partners. Lloyds, who are one of the biggest insurance underwriters in the world through negotiations, brought in the Beazley Group of Underwriters to help spread the risk. We negotiated for an external insurance scheme that would cover finance coming into Zimbabwe through Bank to Bank agreements, Investor finance deals directly with local businesses, tractors and equipment purchased externally.

We managed to get in place the tractors and equipment scheme at slightly under 2% per annum towards the end of October. Negotiations were still underway for underwriting external funds coming into Zimbabwe, (which would have come in below our country risk factor of between 7% and 15%) at between 4-5% before we received notification from the Beazley Group in January this year that due to the Zimbabwe situation they were not prepared to underwrite finance coming into this country. A further set back as this had huge potential to unlock external finance into Zimbabwe and for CFU as we would have received revenue in the way of facilitation fees.

### Inputs

We are encouraged that a number of Preferential Trading Partners have joined the Union as Associated members, who offer CFU members significant discounts, or favourable terms for their fertilizer and chemical purchases. Better fertilizer deals are being sought.

### Tractors and Equipment

Several of the Preferential Trading Partners also offer discounts on the purchase of tractors and equipment to paid-up CFU members. Some of these partners have joined the ADC, and offer discounts on spares to Club card holders.

### Seminars

The Business Chamber organized a three-day seminar on "RENEWABLE SOLAR ENERGY" by Anton Schwarzlmuller, Domestic Solar Heating P/L, in December 2011 and this was very successful and popular, such that a further three courses have been organized since then. Not only have these courses generated revenue for the Union, but have also raised the Union's profile with the Ministry of Energy, ZFU, CFU and ADC members who have participated.

## **African Discounters Club (ADC)**

The past 2011-12 year has been a very challenging one, being fraught with financial constraints. Despite these, many highlights have been achieved and much progress has been made. Many new Partners have joined who wish to offer discounts to the Members and the list has grown rapidly and continues to do so. We have now reached a stage where businesses are now approaching us rather than us being totally reliant on our advertising and 'foot-slogging'. This visibility has in a large part been due to Mrs. Debbie Mylroie, who joined us last August, taking over from Robyn Lee Norris.

In the last year the following has been accomplished:

- The website manager, Raymond Swart, Karigon P/L, has upgraded and updated the site making it more user-friendly and easier to edit, without having to revert to him. This saves on the cost of maintaining the site.
- Many of the Partners were visited to ensure that they were displaying the necessary signage and to update details on the data bases.
- All data bases were updated, to enable good communications between all parties within the Club. Group e-mail address lists were set up to improve communications.
- Newsletters to both Partners and Members have been sent out monthly and, sometimes more frequently, advising of special offers, new partners etc and this has created an interaction between the Club, its Members and Partners.
- Free Christmas Special Cards were issued during November – December to all paid-up CFU members to allow them to experience the savings made when shopping with the card and this helped with new card sales in the New Year.
- An alliance was formed with Kingdom Bank and the Zimbabwe Farmers' Union during the latter part of 2011, whereby a Kingdom Bank Cell Swipe Card would be issued to their customers, who would then become automatic members of the Discount Club. Weekly meetings were held with groups of Partners on Wednesdays to inform them of this development. Everyone attending these meetings was very excited about this alliance. Consequently, all the ZFU Partners have now been amalgamated with the Discount Club Partners. Presently, a follow-up is being made on the installation of Kingdom Bank Swipe facilities in our Partners premises.
- Econet Holdings Ltd. have joined the momentum by providing a cell card, which will be available to their 6 million customers on a similar basis to the Kingdom Bank facility
- An alliance has been formed with "Find it Fast" which links websites, thus giving the Club further electronic exposure to the public.
- An alliance is being formed between the Club and Valuta Finance Corporation, whereby their customers will automatically become members of the ADC when purchasing their MasterCard. Our African Discount Club Logo will be incorporated onto the MasterCard in the near future along with our CFU members Membership number. This will generate further income to the CFU from transactions with this card. A Memorandum of Understanding will be signed shortly. Members will then be able to access through this card the discounts on offer through the various Club partners. Members will be able to use this card when traveling regionally and internationally. This is a very exciting development as it fits in with our future goals of the African Discount Club where we will have hotels and travel destinations etc as partners offering discounts to card holders.
- Meetings have been held with Raymond Swart and an alliance between Karigon P/L, CFU and the ADC has been formed. Raymond is currently upgrading the CFU website so as to incorporate links with the ADC website and other sites which will provide wider advertising exposure.
- Flyers have been regularly distributed to motorists at various robots during morning peak traffic and this has helped to raise public awareness and the profile of the Club.

### Functions

The African Discounters Club has participated in the following events:

- A stand was set up at **Shopping Under the Stars** at Old Georgian's Sports Club on 28<sup>th</sup> October 2011, where free cards were issued to the public and this generated new card sales.
- A team representing the Club entered the **Garry Bell Golf Day** at Wingate Golf Club on the 2<sup>nd</sup> December and the Discounters Club sponsored the 5<sup>th</sup> Green/T box. The team looked very smart in their Discounter Club T-Shirts.
- A stand was set up at the Arundel Village **Farmers' Market** in May 2012 and this has helped with public awareness and attracted more Partners to the Club.

## **In Conclusion**

All of the above activities have been set up with the aim of reducing farming costs and thereby allow increased viability for farmers. while at the same time, endorsing the quality products for the various participating companies. The small commissions generated from the sale of the items/policies etc also assist with in the day-to-day running of the CFU.

The 2011-12 year has been one of frustration due mainly to the uncertainty in Zimbabwe, under which most investors have adopted 'a wait-and-see' attitude. We can only hope that this uncertainty dissipates in the near future and confidence returns.

I would like to take this opportunity to thank the whole CFU team for their assistance to the Business Chamber and their confidence that these schemes will work in the future. A special mention and great appreciation must go to Debbie Mylroie who has worked extremely hard and diligently for the Business Chamber, African Discounters Club and the CFU this year. Without her effort, willingness and dedication, we would not have got as far as we have done.