

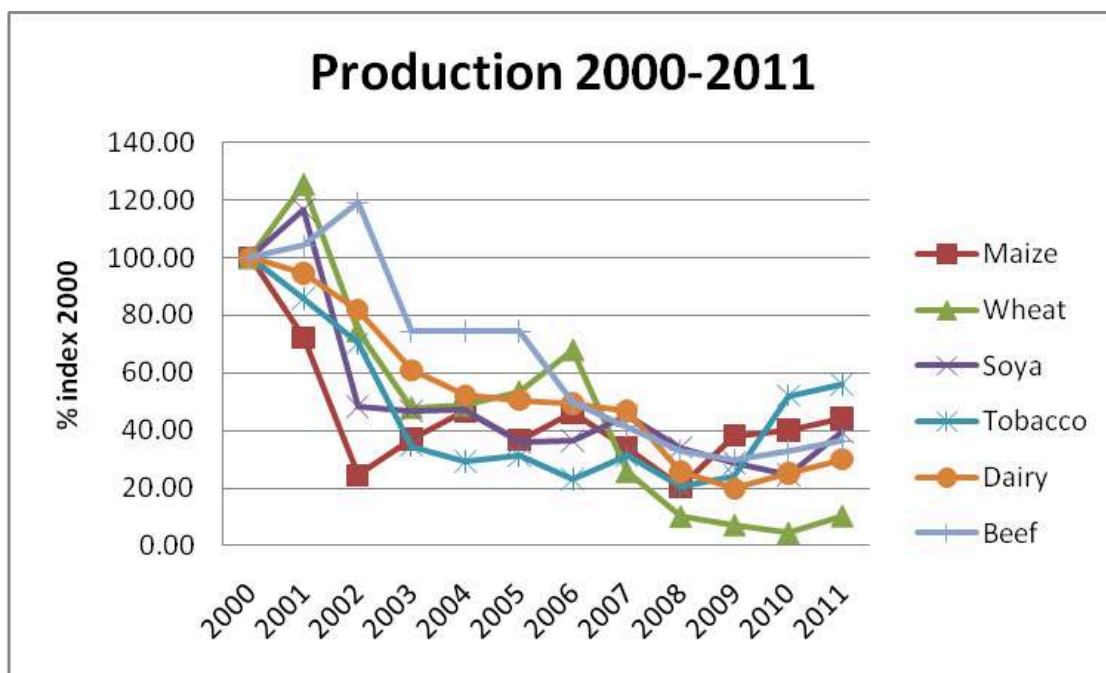
Letter to CFU Members: Past, Present and Future.

18th September 2012.

Dear Current, Past or Future Member,

CFU is at the crossroads and it is important that in these circumstances we try and ensure that you are well informed as to where we are now and where we hope to be. The sustained assault on commercial farming over the past 12 years has had tremendous impact on our constituency. The needs of our members and the structure and capacity to provide service have changed substantially since we moved into Agriculture House in Marlborough Drive in 1997.

At that time agriculture was on a high note and yet to reach its zenith prior to the tsunami of fast track land reform. The table below charts agricultural production since 2000 for a number of commodities.



Given these declines and the direct impact on licence revenue and commodity association levies over this time, which, coupled with the hyperinflationary period up to 2008 that saw the erosion of most reserves, it is not surprising that CFU now faces a number of challenges, amongst them the pressing issue of finance. As farmers have been driven off the land, farmers associations and most commodity associations have become non-functional as progressively the membership has shifted from farming to non farming.

We will try and summarise a number of key points that need consideration in these circumstances.

1. Over this time the Union has downsized considerably, however meeting the differing needs of a very changed membership has made it difficult to contain costs and at the same time provide appropriate services. In these circumstances the Union has incurred some liabilities (some going back as far as 2006) and, to add to an already difficult situation, the CFU has faced other more direct challenges in the form of two cases of fraud which have prejudiced the Union substantially. (Both cases have been rigorously pursued legally and we hope that liquidation procedures will in due course result in the recovery of some funds.)
2. This scenario has over the last year resulted in the need to take stock of our situation. This followed on a wide consultation with membership in 2010 that looked at key policy issues and the need to restructure membership. The matter of Agriculture House P/L was amongst the items discussed and there was support for the idea that CFU's shareholding within this entity should be used to leverage a way forward.
3. Indeed, for some time the building has delivered no useful dividend to the Union which is its principle shareholder. It has become clear that our interests would be better served by the sale of the building. Council endorsed this decision in full compliance with the necessary constitutional provisions, in the belief that it was essential to draw a line over the past and chart a way forward through the redeployment of the residual capital. This is essential in order to both achieve a better return on the investment and also so as to better support an appropriate service to a changed constituency. The sale of Agriculture House P/L has now taken place following all due legal and procedural requirements of the shareholders. CFU is now debt free and in a good position to move forward.
4. The funds realised are currently invested and will be used to purchase appropriate office space and the residue will be deployed to generate a return that will contribute directly to recurrent expenditure of a more efficient entity. Some restructuring will therefore be necessary to improve effectiveness and the process of this move will also be accompanied by some changes in focus.
5. It is therefore essential to clearly define our vision and long term strategic objective: Simply stated, we will work for a vibrant and inclusive agricultural sector underpinned by secure property rights and a strong and unified voice for farmer representation. To this end CFU now will focus more directly on the common issues of farmers both on and off the land, namely property rights and recovery. We believe this focus will help to minimize the struggle to maintain a balance of interests for our constituency with the reality of what we can reasonably achieve. CFU's primary objective is to still be strong and relevant and provide a unified and representative platform at a time when we reach a more conducive environment to tackle the issues of compensation and recovery comprehensively.


6. Clearly to do this we need a short, medium and long term plan. Essential for all parties in the debate is the recognition of a fundamental issue: The union is dependent on current legislation for its existence. If it strays too far from its founding mandate there is a danger of its deregistration. This speaks to the prospect of it downsizing to focus simply on compensation and in so doing become another small, ineffective and fragmented entity. Only by maintaining a more holistic embrace can we hope to remain relevant. The current focus on compensation must therefore be seen within the context of an enabling environment; it will in due course fall away when it has been satisfactorily been dealt with within the broader ambit of property rights and recovery.
7. The link between Zimbabwe Farmers' Alliance Trust (ZFAT) and Zimbabwe Farmers Union (ZFU) established by the CFU must be strengthened. ZFAT currently is only a funding vehicle for joint projects. However as such it provides a useful zone of joint collaboration that can be built upon before it in due course gives way to a union merger. There is need for the trust to develop a clear Vision and Mission and use this as the basis for its transformation from a mere fund manager to a broad catalyst for building a single national farmers union. There are a number of positive results already from this association:
 - a.) it is clear that issues discussed by all the current unions have a common thread
 - b.) it is possible to work in collaboration with ZFU
 - c.) cultural diversity has added strength to our efforts
8. All farmers are therefore encouraged to support this movement towards organizational umbrella which we believe holds the key to farmer representation in the future, very much in line with the successful structure of organised agriculture in Zambia.
9. Referring back to the chart above also indicates the measured recovery of production since 2008, something that has however not seen a recovery in the fortunes of our commodity associations and it is clear in this regard a new direction is desirable. The environment calls for a more sustainable approach and we believe that there is a need for commodities to work within the parameters of resuscitated levy collection or other service fee collection. CFU however will actively seek to facilitate the availability of inputs and finance through engagement with trade and financial partners that will have a positive impact on producer viability and which will simultaneously deliver value to the union. In this regard we can now report that there are two definite schemes that will deliver immediate benefit to current members through structured finance for both production and capital refurbishment. (Details available on request.)
10. On the compensation side, there are rumours that farmers are being paid out, however the reality is of a very constrained budget commitment by Government that has now been cut; this leaves the possibility that farmers may sign agreements for limited compensation that are not honoured. The Government has not yet committed itself sincerely to dealing with the compensation issue. It is therefore not surprising that other partners to a holistic solution are reluctant to engage in an environment of brittle political stability, accountability and transparency. It is imperative that the Union

therefore takes a long term view of the possible scenario and manages itself in a sustainable way. In the short term, in line with the proposals discussed at congress, we shall continue in our endeavour to ensure a broader based disbursement of the limited budget support to a significant number of now cash strapped farmers.


11. The next year promises to be a turbulent one with a number of significant political processes in line, namely, by-elections, a constitutional referendum and finally a general election. Each of these events alone is likely to signal further instability on the ground. This added to a climate of constrained farm viability makes for an extremely difficult year ahead for farmers on the land; CFU will do its best to support those still in operation but advises that individuals should exercise extreme caution when making decisions in this environment.

12. Given these overarching realities, CFU must continue to seek a dialogue that demonstrates our willingness to achieve a resolution to the current conflict that is feasible and in the public interest. The continued isolation of Zimbabwe as an investment destination must end and we believe closure to the compensation and the land question is fundamental to this. There are perhaps some amongst you who have particular issues they would like clarified as regards the way forward and our policy; please do approach us to discuss your concerns whatever they might be. Government cannot achieve a comprehensive remedy without us and to this end we call on you all to support the Union with your renewed membership that will strengthen both our financial position and our mandate in the sustained and focused endeavour on behalf of all farmers past, present and future.


Yours sincerely,
Charles Taffs,
President CFU.


 C. TAFFS

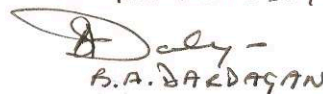
 A.R. GUTARIE
CROPS ASSOCIATION


 NATHAN LO SBE
MASH WEST

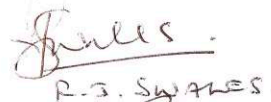
 J.R.C. BEVERLEY

 B. GEMMILL - MASH EAST

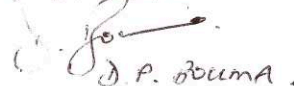
 M.A. CLARK - MASH W. CO

 B.A. DARDAGAN

 K.A. FRASER

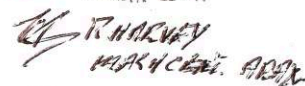
 R.J. SWALES

CONTENT NOTED:  NADF

 J.P. BOUMA

 O. JARMAN - CHAIRMAN MASH W. CO

 C. TANSLEY
MASH. CENT.

 R. HARVEY
MASH CENT. AREA