



warfair Advisory Board

Minutes from the meeting in the warfair Advisory Board on November 1st 2021 from 12:00-16:00.

Venue:

Svinemosevej 7, 3670 Veksø Sj.

Participants:

Peder Holk Nielsen (PHN): Member of the Advisory Board

Judith Kyst (JK): Member of the Advisory Board

Lisbeth Stausholm Zacho (LSZ): Member of the Advisory Board

Jacob Bøtter (JB): Member of the Advisory Board

Tahmina Salik (TS): Member of the Advisory Board

Christian Friis Bach (CFB): CEO of warfair, acting as Secretary to the Advisory Board

Maria Kronberg Nedergaard (MKN), warfair Head of Administration

Katrine Lyngaa Bangsgaard (KLB), new volunteer assisting with marketing/communication

1. Minutes from last meeting & follow-up.

The [minutes](#) have been approved in a written procedure and have been uploaded to the website. Follow-up actions and discussion/comments:

- Innobooster/Innovationsfonden. The warfair application was declined. warfair is proceeding with the project but it will take longer time. **Jacob Bøtter** offered to assist with establishing the platform pro bono which was much appreciated.
- IFU SME Facility. No progress on SomSeedAgri. IFU has expressed interest in investing in Ziba Foods in Afghanistan.
- The shipment from Yemen has been further delayed and will now arrive mid-November. The shipments from Afghanistan are significantly delayed. Ziba Foods is attempting to ship via Tashkent/Uzbekistan and hopefully the first shipment will leave in the first week of November.

The **Advisory Board** acknowledged that the significant delays and the shipping crisis would affect turnover and earnings. **Peder Holk Nielsen** proposed to drive the containers all the way from Tashkent instead of loading on a plane. The **Advisory Board** also recommended that warfair proceeded with the plans to develop a climate policy and also took the climate impact into consideration during shipping, as has been the case with Yemen, where transport is done by ship. The **Advisory Board**, however, also expressed their understanding that the key priority right now must be to maintain trade and supplies from Afghanistan also in support of the Afghan partners. When supplies are stable the climate impact analysis and account should be done.

- Maria Kronberg and Christian Friis Bach now receive a part-time salary. Makarem Ibrahim who is on an early retirement scheme now also receive a minor part time salary (DKK 1000/month). Narin Kassem, a Syrian refugee living in Denmark, is in job practice two days a week. This has helped significantly with the task of packaging.

2. News since last time

Products:

No new products. Chia from our existing partner Virunga Origins in DR Congo is being considered.



Sales:

warfair has sold several thousand mixed nutpackages (20 g) to politicians from the Labour Party and Social-Liberal Party participating in the current election campaign and could have sold significantly more but are out of stock. The profits have been limited but visibility good.

warfair has participated in a number of events with a “pop-up-shop” with positive results.

Thank you to **Tahmina Salik** for bringing the pop-up shop to several events with good results.

B-2-B partners:

It has not yet been possible to ship the licorice from Afghanistan ordered by Lakrids by Bülow. Puk Damsgaard from the Danish Television, DR, has visited SHADIAN and it was covered in prime-time news.

Events:

warfair and FairTrade Denmark hosted a fine side-event during Madens Folkemøde in September. Thank you to **Judith Kyst** for the idea and for good moderating. warfair also sold well from a shop at the market fair.

warfair was nominated by a Jury for the price as the [Worlds Best Buyer](#), but did not win (although it was very close).

The Confederation of Danish Industries and warfair will host an [Afghanistan Private Sector Event](#) on the 2nd of November with our three partner companies in Afghanistan and Østerland and Lakrids by Bülow.

3. The situation in Afghanistan

warfair is in close contact with the partners in Afghanistan. An oral update was given by CFB and **Tahmina Salik** on the current situation in Afghanistan and its implications for warfair. The warfair partner companies are still functioning and the private sector is performing better than the public sector at the moment. The security situation is improved although there has been a number of suicide attacks. Corruption is lower. The economic situation has deteriorated significantly with a decline in GDP of around 30 percent. the Advisory Board was also referred to the minutes from the meeting in the [Ethics Committee on the 26th of October](#). The **Advisory Board** again underlined the importance of continuing to trade with Afghanistan.

4. Financial result for the first half of 2021.

Maria Kronberg had shared the financial breakdown and sales statistics. The financial result for the first 9 months of 2021 showed a negative contribution of around DKK 250.000 but this is due to large prepayments for orders to both Yemen (191.423 DKK) and Afghanistan (186.152 DKK) = 377.575. However, without these prepayments the positive contribution would be around DKK 125.000 which is still low compared to costs. It should also be noted that no salaries were paid out in this period.

The shipment from Yemen especially is expected to generate a surplus, but the delays have been expensive.

An updated sales statistics for each commodity for the 3rd quarter helped to understand where warfair earned a surplus. As we corrected the stock and prices it gave a more genuine picture on where we see the largest profits, The margins to private consumers were typically between 35 and 50%. For the B-2-B orders the margin was very low (below 10%).

The **Advisory Board** recommended to provide greater details at one of the next meetings to understand costs and profit margins on the different products and activities. It was also recommended to consider greater margins on the very risky shipments. If there was only one failed shipment it could be very expensive. The **Advisory Board** believed the financial result for this first year of full operation was very satisfactory.



5. Sales

Sales through the webshop increased from the 2nd to the 3rd quarter and there was a peak in August and September (following the dramatic development in Afghanistan). They have levelled off in October partly because several of the best-selling products are out of stock and the media attention towards Afghanistan has diminished. The sales of gift packages and snack packs has also increased although we have not received any large-scale orders for Christmas presents etc. There are ideas for further product development eg. granola and müsli.

The **Advisory Board** endorsed further product development into products that consumers need regularly. It was important to ensure that all food safety requirements were updated in order to do so, or to outsource to another company.

6. Fundraising/liquidity

No solutions have been found regarding the liquidity issue. With large pre-payments to both Ziba Foods and Yemen Journey and severe shipping delays the liquidity is again under pressure. warfair has not yet, as discussed at the last meeting, prepared a proposal for a loan facility. The situation has been temporarily solved by a private loan and by Coffee Collective offering an advance payment.

The **Advisory Board** recognised that the liquidity is tied up in products and intermediate financing and that the solution was either to limit the financing period and stock or to establish a loan or mechanism for trade finance. The **Advisory Board** strongly recommended a more permanent solution as the limited liquidity would prevent further scaling of the business model. It was agreed that **Lisbeth Zachø** would work with CFB and MKN to develop a trade finance loan mechanism that we can fundraise for amongst Danish investors. The proposal should be ready for the next meeting. **Lisbeth Zachø** also proposed to look at treyd.io.

7. Marketing

The main strategic discussion centred on marketing and communication. **Jacob Bøtter** had helped to prepare the discussion and there had already been visible changes to the website and SoMe strategy. The discussion will be captured in a marketing and communication strategy which will be presented at the next meeting but some of the main points made by the **Advisory Board** were:

Marketing strategy: warfair should pursue a unified commerce strategy where we in both our market strategy and technical solutions try to meet all customers and all platforms in a uniform way. Our customers, both private and commercial customers, should experience the same journey and storyline and we should provide a coherent buyer experience for the consumer on all platforms.

Messaging: the key messaging should focus on (1) the high quality of the products and (2) the people behind – their proud history and the unique professionalism of the companies, farmers, families, people producing the products in countries affected by conflict. We should also show the courage that they and we show in producing and trading and underline that we do so to support their jobs and income and to contribute to peace.

We should communicate where we have legitimacy, eg. we should not do recipes but link up with professional cooks and make them do it.

Customers/target groups: The private customers are very mixed and from all parts of Denmark. We should improve our ability to understand and trace their behaviour to improve our products and performance and improve our SoMe communication and visual profile to reach a broader audience and – even more importantly – to maintain our current customers.



Our commercial customers are primarily high-quality outlets, specialised shops and increasingly restaurants. It was recognised that the retail sector is very difficult and time consuming to penetrate so it was decided to specifically target hotels and restaurants in the coming months. This fits well with our profile with high-quality products. A number of ideas were generated on how to approach this sector and these will be summarised into the strategy. For a few of our products especially the saffron, chocolate and snack packs we will, however, still try to penetrate further into the retail sector. **Judith Kyst** and CFB will try to set up coffee agreements with some of the most important buyers in January just get their advice and recommendations.

Advertisements: The Advisory Board recommended that warfair, given the limited marketing budget, tried to see if we could engage further influencers in helping to promote the warfair products. The Advisory Board also recommended that we looked at the visual identity with the warfair drawings and tried to update it with high-quality photos.

Capacity: The Advisory Board recommended to build in-house capacity maintaining our warfair values rather than to out-source it to commission salespeople. A marketing/communication strategy will be presented at the next meeting.

8. Any other issues

Next Meetings: This was the last meeting in 2021. The Advisory Board and the Ethics Committee will be invited for a Christmas Lunch in December.

The following dates were agreed for meetings in the first half of 2022:

January 11th 2022: 14-17

March 7nd 2020: 14-17

May 10th 2022: 14-17