



warfair Advisory Board

Minutes for the meeting in the warfair Advisory Board on August 31st 2021 from 13:00-15:00.

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

Karin Friis Bach (KFB): Director, observer in the Advisory Board

Maria Kronberg Nedergaard (MKN), Head of Administration, observer in the Advisory Board

1. Minutes from last meeting & follow-up.

CFB gave a further update on the current situation which generated a number of comments and proposals.

- warfair is the largest Danish private company importing from Afghanistan. This is part of reason behind large media exposure recently which has led to record sales.
- warfair still hopes to deliver Christmas presents for companies and organisations but none have been confirmed. It was proposed to explore the options for having warfair gift packages as a choice or 'give it away' option, when employees can select Christmas presents. This will be further discussed with NoHabitatOnMars. For the large companies the presents have been ordered already. Moreover, there are 3-4 months delivery on packaging etc. right now. So realistically warfair will not enter forcefully into the Christmas present sale before 2022.
- It was noted that warfair only earns a small share on the current partnerships for gift packages and catering and a more feasible model should be considered. For the snackpacks (20 g and 50 g) it will be important to look for flow pack solutions to maintain earnings ratio.
- It was noted that the advertisement for the 20 g snackpacks for catering is weak. It should be more strongly highlighted that the products support income and jobs in Afghanistan and the vision for warfair.
- The interviews with Afghan women made by TS should most likely be anonymized further if they are to be used now. The safety of the women is the most important issue. Perhaps a version that focus concretely on the impact of warfair and the product could be used.

2. News since last time

- The lanterns, baskets and coffee from Yemen was significantly delayed. It will unavoidably influence the total turnover for the year. An important part of the delay has been due to the global shipping crisis which is beyond the control of Safer Yemen and warfair. The Advisory Board asked for a careful evaluation to learn for future orders and shipments.
- Together with [Østerland](#) we are considering an order for Afghan vests/jackets in cotton and Kashmir wool. Our role is due-diligence, intermediate financing and a deficit guarantee of DKK 25.000. The vests will be sold by Østerland and may be also at the warfair webshop.



- We have received the first order from Lakrids by Bülow for licorice powder from Sthe company Shadian in Afghanistan (200 kg). Unfortunately, it has not yet been possible to transport it out of Afghanistan. We hope this can pave the way for a long-term relationship where we can deliver fully traceable high quality licorice powder to Lakrids by Bülow. The Advisory Board noted that it was important to have clear agreements.

3. The situation in Afghanistan

CFB and TS gave an oral update. warfair is in close contact with the companies in Afghanistan. They face serious challenges with logistics, transport, banking services and potentially challenges regarding the opportunities for women to work. The warfair Ethics Committee (see [minutes from the meeting on the 17/8 2021](#)) has been consulted and they advised that warfair should continue to trade with Afghanistan but also that we should carefully assess and try to more closely define our ethical thresholds. This is also the recommendation by leading Afghan scholars that have been consulted.

The Advisory board supported the recommendation by the Ethics Committee and underlined that continuous trade with Afghanistan is very important. warfair is a commercial actor not a humanitarian organisation or political actor and should continue. It is important to stay focused on trade, jobs and income and avoid engaging in politics. It is also important to distinguish between Taleban as a movement and the new government in Afghanistan under the leadership of Taleban. It is unavoidable that taxes from all activities – humanitarian action, trade, commerce – will go to the government. The Advisory Board underlined that it is important to prepare a communication and marketing strategy in light of what has happened. It is also important to prepare for the scenario if Afghanistan becomes partially or fully closed for activities/trade.

CFB underlined the importance of the advice and support of both the Ethics Committee and the Advisory Board in situations like these.

4. Financial result for the first half of 2021.

The financial overview for the past 6 month was shared and discussed. It showed a surplus and a contribution margin (dækningsbidrag) of 41% which is reasonable. The IT costs have been high as some payments cover a 3-year period but rent and other costs have not yet been included. The continuous challenge is liquidity as the size of the new orders and the stock is growing significantly. The idea of new liquidity through a loan crowdfunding campaign had turned out as too costly (see below).

The Advisory Board underlined the need for further analysis regarding where we earn money and how. It was evident that some products, e.g. saffron, carried a higher margin than others and here further market development could be important. On the issue of liquidity, the Advisory Board discussed other options including the establishment of a membership organisation, but it was concluded that this was probably too complicated and could derail the clear focus on trade and sales. There was agreement that the focus should be on for-profit fundraising and that there could be good opportunities for other forms of crowdfunding especially targeting a few selected business angels.

It was concluded that CFB and MKN should, if still necessary, develop a concept for a loan financing mechanism for the next meeting.

5. Sales

Sales during the summer months were relatively low but have increased significantly in August also with the situation in Afghanistan and a number of media interviews and articles about



warfair. warfair had in two weeks seen 400 new customers and record sales. This had also revealed a maximum capacity of around DKK 100.000 a week with the current logistical setup. The Advisory Board noted that it was predictable that sales would see high fluctuations for a company like warfair. The recent development of a pop-up shop was praised but it was also noted that there was a need for professional marketing materials and a strategy (see below).

6. Fundraising

Innovationsfonden. No answer yet. A private individual has expressed interest in supporting the idea of a due-diligence platform also.

IFU SME facility. This option is still being considered in cooperation between warfair and Nordic Impact Funds, but we are waiting for further information from SomSeedAgri in Mogadishu. A cooperation with IFU could open for a pathway towards future investments in cooperation with other investors.

The Advisory Board underlined that warfair should not become a project or aid organisation but maintain its strong focus on trade and (in the future) investments. This should also be the focus for the board, and there was agreement that the future marketing strategy should be the focus of the next meeting.

Coop.Crowdfunding.dk. The costs and bureaucratic procedures regarding the crowdfunding loan were prohibitive so in the end no application was submitted. Instead, a private loan from Karin and Christian Friis Bach (200.000 DKK) covered the need for interim financing. The loan has been partly repaid.

7. Administrative issues & staffing

Kolding Regnskabsservice and Maria Kronberg (Head of Administration) has taken over a broad range of administrative tasks. This has eased the administrative burden significantly. However, the sharp increase in turnover in August has tested the capacity, also in terms of packaging and handling to the limit.

To strengthen the capacity and ensure a more robust and realistic staffing situation it was proposed to:

- Start paying salary from 1st of September to Christian Friis Bach: DKK 5.000 pr month
- Start paying salary from 1st of September to Maria Kronberg: Parttime employment (7 hours pr week).
- Look into the options for offering part-time employment to refugees arriving to Egedal Municipality

The Advisory Board supported these three steps as they believed that CFB used too much time on packaging and practical issues and too little time on the future strategic development of warfair.

8. Any other issues

- a. The Advisory Board asked for proposals for dates for the Board meetings in 2022. Their preference was to meet in person either at warfair or in Copenhagen (Klub).
- b. The Advisory Board recommended to use less time on oral updates at the meetings and more time on sales and marketing.
- c. The Advisory Board also asked for a more strategic discussion on product development at one of the next meetings.