

Country - Zimbabwe

1. **Agency Credit Line:** Abandon the use of agency credit lines as they have proven not to be effective and unprofitable for the IFC and encourage the use of credit lines where possible. When agency credit lines are utilized, ensure that the agent has sufficient incentive to market loans, because if the incentive structure is regarded to low by the agent, the pricing will need to be changed to reflect the amount of risk and work put in by the agent (always give priority to the needs of the agent). Explain all aspects (e.g. appraisal process) of the agency credit line to the agent.
2. **Hotel Business:** Take note that in new resort hotels or hotels undergoing major renovations, tour operators are reluctant to book guests as they have to commit to rooms one year in advance. In refurbishments, contract industry professionals at the project outset to specify standards. Carry out market analysis, considering all elements of supply and demand, including perceived non-competitors and include trends for particular markets. Take note that room rates and food and beverage charges tend to adjust more slowly to exchange rate movements than tradables.
3. **Environmental guidelines/concerns:** Ensure that the agent understands IFC's environmental guidelines and ensure that clients deal with environmental concerns appropriately.
4. **Training:** Ensure that clients establish and carry out adequate training plans. For service institutions this means that clients should give high priority to staff and middle management development and have clear definitions of job responsibilities and opportunities for professional advancement.
5. **Competition:** Do not ignore or underestimate the ability of competitors to maintain market share or expand capacity. When a competitor's revenues are local currency based, a company generating hard currency cannot expect to be devaluation-proof in a devaluing currency environment.

The above lessons are based on 19 lessons from past IFC investments.
Last updated January 1999.