

OPENING REMARKS OF THE MANAGING DIRECTOR
67th Meeting of the Consultative Committee
Virtual Meeting, 25 to 28 January 2021

Distinguished Members of the Consultative Committee,

I am very happy to welcome you all to the 67th Meeting of the Consultative Committee (CC) of the Common Fund for Commodities (CFC) virtually. However, we would have been happier to have this meeting in person, with the added benefit of our deeper side-line discussion, and our time together.

As this is the first meeting of the Committee in its new composition, let me congratulate the new Members for being selected by the Executive Board (EB) to serve on the Consultative Committee. Your appointment or re-appointment reflects the member states in your ability to make a difference. This is your conduit to discharge your human duties for a more liveable world. Here in the Secretariat, we remain on the lookout for your guidance, even beyond the duration of this CC and thereby helping us to create deeper impacts for the forgotten people in the commodity dependent developing countries.

In his message on the first International Day of Epidemic Preparedness on 20 December 2020, His Excellency Mr António Guterres, Secretary General, United Nations stated that, “within and among countries; no one is safe unless all of us are safe.” But regrettably, as the race for vaccination is going forward, we experience the opposite of it.

Still, in capitals like Washington and Brussels, the discussion about support for the developing world has been framed in moral terms. But there are revealing studies¹ conducted by International Chamber of Commerce that leaders in the wealthiest nations will be damaging their own fortunes if they fail to ensure that people in the developing world gain access to vaccines as well. Mr John Denton, Secretary General of the International Chamber of Commerce is on record to have said that “purchasing vaccines for the developing world isn’t an act of generosity by the world’s richest nations. It’s an essential investment for governments to make if they want to revive their domestic economies.” Indeed, no economy will be fully recovered unless the other economies are recovered.

Distinguished Members of the Consultative Committee,

The composition of this new Committee represents an important milestone for the CFC in its pursuit of gender equality. For the first time in CFC history, we have more women than men on the Committee. Indeed, from a ratio of eight men and one woman, we elevated ourselves to five women and four men in the Consultative Committee. This reflects the continuous effort of the CFC for achieving gender parity and I am positive that with your guidance we will progress even more towards this fundamental goal.

In view of the COVID-19 pandemic, the CC meeting is being held in cyberspace for the second time. Braving the challenges of lockdown, I am glad to inform you that my colleagues in the Secretariat made all possible arrangements to enable you to conduct this session as good as the physical ones. Almost!

¹ [If Poor Countries Go Unvaccinated, a Study Says, Rich Ones Will Pay - The New York Times \(nytimes.com\)](https://www.nytimes.com/2021/01/14/health/covid-19-vaccines-poor.html) (accessed on 14 January 2021)

The schedule of this meeting was adjusted, trying to accommodate the different time zones of the members of the CC. Still, I am aware that some of you will have to wake up very early or stay awake until late in the night to be with us. I thank you for this additional effort.

Ladies and Gentlemen:

This Committee, as you are aware, is an independent body and as such you will need to elect your own Chairperson, Vice Chairperson and Rapporteur. However, as indicated in your programme of work, under items 1 to 4 of the Agenda, we will deal with introductory issues regarding the CC and you will only be able to elect your leadership under Item 5 unless otherwise decided by CC. Therefore, I seek your kind permission to proxy in this meeting until you elect the new Chairperson.

The basic documents concerning the work of the CFC and the role of the CC have already been dispatched to you. The core mandate of the CC, as you are aware, is to advise the EB on technical, economic, and environmental aspects of the project proposals and on the priorities attached to such proposals. The Governing Bodies of the Fund pay great attention to the Committee's work, and the advice of the CC has direct bearing on the efficiency and effectiveness of the operations of the Common Fund. I have no doubt that this Committee will maintain the traditions of professionalism and reliability developed over the years by the CC in scrutinizing proposals and making recommendations.

As the COVID-19 pandemic continues, the work of this Committee gains even more relevance in supporting the commodity producers in developing countries. As you are aware, the disruptions caused by the pandemic are alarming. New projections just released by the World Bank estimate that, even with the hopes from the development of the vaccines, between 143 to 163 million more people expected to fall into extreme poverty in 2021. While the estimates for 2021 are still preliminary, it shows that for millions of people around the globe this crisis will not be short-lived.

The CFC is aware of this and is doing its best to use its instruments in support of sustaining the livelihoods of people dependent on commodities. In this regard, a few months after the beginning of the pandemic, the CFC operationalized its Emergency Liquidity Facility (ELF) of two million USD, as a focused instrument to mitigate the impacts of the pandemic. The ELF is directed at companies (i) already examined and found eligible by the CFC, and (ii) previously considered and recommended for approval by the Consultative Committee. Also, as evidence of increasing interest in the activities of the CFC, the Call for Proposals completed in October 2020 has seen a record number of project proposals potentially qualifying for CFC support, as can be seen in the high number of projects presented for the CC in this meeting.

Another important measure taken by CFC's Executive Board in supporting the commodity producers to overcome the pandemic is allowing more flexibility for amending repayment schedules of CFC loans in compelling cases, such as companies facing difficulties because of the challenges imposed by COVID-19. This allows the CFC to quickly accommodate the short-term needs of the good projects by for example postponing repayments during moments of crisis.

Furthermore, the EB has recommended the establishment of a Working Group to consider the creation of a commodity impact investment facility (CIIF) under the management of the CFC. Such facility would target the specific areas of CFC competence, namely achieving substantive contribution towards the SDGs by investing in commodity value chains. This would allow the CFC to attract more public-private

resources for the commodity producers in developing countries, thereby multiplying the Fund's reach and impact. Last week we had the fifth meeting of the Working Group, where we discussed the Goals and Investment Mandate of the facility. I will come back to this issue of new initiative of CIIF before I conclude.

Distinguished Members of the Consultative Committee,

As you have seen from the Agenda of this meeting, details concerning the notes of the organization and rules of the CC, Vision and Mission of the CFC, priorities of project support, project origination and selection process, financial plan and financing modalities and procedure for project evaluation will be provided. Of course, my colleagues in the Secretariat would be happy to provide any further clarifications at any time during the meeting. At the same time, I would encourage all Committee Members to raise any issues concerning the general principles of operations of the CFC at any time without hesitation.

Let me now address, in brief, the decisions concerning projects taken at the last meeting of the Executive Board, in October 2020. Usually, this role is played by the Chairperson of the Committee but since you do not yet have a Chairperson, let me do that for you today.

As is customary, the Chairperson of the Consultative Committee, Mr. Wilson Andrade (Brazil), reported to the EB on the deliberations of the 66th Meeting of the CC held in June/July 2020. The Chairperson stated that the CC only considered projects which met the minimum prescribed qualification criteria in the process of screening by the Secretariat. However, the documentation for all projects received under the 16th Open Call was made available to the CC for their information.

Additionally, the following five regular projects recommended by the CC were considered and financing approved by the Executive Board:

1. High quality cocoa from communities – Colombia
2. Production of Pineapple Juice for Export – Benin
3. Scaling-up export of natural & handmade home decoration products – Bangladesh
4. Growth and Upscaling Through Decentralized Operation and Farmer Integration – Kenya
5. Implementing Measurable Productive Agri Cooperation Trade – Burundi

On other matters relevant to the discussion in this Committee, the Executive Board authorized the Managing Director to amend the repayment schedule of CFC loans by a maximum of 2 years in compelling cases. As already mentioned, this is an important initiative in support of good business facing challenges from the impacts of the pandemic.

Members of the Consultative Committee,

The world has reached a critical juncture in the relationship between market and society. We are no longer in a period where, as Milton Friedman said, "the only social responsibility of business" is to continually increase its profits. Today, we live in a new era of "and", in which businesses must work to address social challenges and simultaneously generate growth to achieve success. You may call it ESG space that we would like to see as a new normal in our pandemic wrecked world.

We need to work for a better and fairer world, where market should work to drive doing good while making profit. This is the essence of our impact investment, where people will work to do good and do well at the same time. Our initiative of Commodity Impact Investment Fund (CIIF) is one such challenging but doable project.

Justice Louis D. Brandeis of the United States. Supreme Court said in 1913 that “most of the things worth doing in the world had been declared impossible before they were done.” It is in this spirit; we wish to seek your strong support and sustained cooperation to make “impact investment” as our real economic vaccine as we wish to address the issue of poverty in the developing world.

There is hardly any place in the world, where more poverty is trapped than around commodities. So, it is our promise to you, to do our human best to make impact investment as our true antidote to poverty alleviation in the commodity dependent developing countries. With science, innovations, and creativity we will try our best to do more with the less.

Before I conclude, my colleagues in the Secretariat and our stakeholders in the field join me in registering our gratitude to Mr Wilson Andrade, former Chairperson, and other outgoing members of this august body for their inspiring work. I would humbly convey to them, through you, that their tenure of office might have expired, not their mission of bringing the benefit of impacts to those forgotten people in the commodity dependent developing countries. As such all members of this Consultative Committee remains our best hope to carry forward this mission of doing good and doing well at the same time.

I would refrain from taking any more of your time and wish you success in your work during the week, which has a full agenda. I look forward to your guidance towards making CFC an entity to be reckoned with. For doing good and doing well at the same time.