

**STATEMENT BY AMBASSADOR SHEIKH MOHAMMED BELAL
MANAGING DIRECTOR OF THE COMMON FUND FOR COMMODITIES
AT THE OPENING OF THE 71st MEETING OF THE EXECUTIVE BOARD BY
TELECONFERENCE, 20 APRIL 2021.**

Madame Chairperson

Honble Minister

Excellencies

Distinguished Executive Directors and Alternates,

Distinguished observers and participants

Ladies and Gentlemen,

We are thankful to see you all joining your 71st Meeting of the Executive Board of the CFC in these moments of crisis, fear and isolation. Unfortunately, for the third time the COVID-19 pandemic is impeding us to have a face-to-face meeting. Yet, we are inspired as well as encouraged, to see the number of registered participants, involving so many dignitaries, from across the globe. Defying lockdown, time zone or sleep.

I am glad to inform you, that despite all challenges, this meeting takes place on schedule and with the regular full Agenda. I am aware, that some of you will have to wake up very early in the morning, or stay awake until late in the night to be with us. Also there are some, who are joining us when they are fasting. Ramadan Kareem.

I am pleased to recognize the presence of Honourable Floyd Green, Minister for Agriculture & Fisheries of Jamaica, and other high dignitaries. Allow me to acknowledge the kind presence of the new Chairperson of the Consultative Committee (CC), Ms. Jie Chen of China. Ms. Chen was kind enough to circulate her Report of the 67th Meeting of the CC in advance, so that only a brief summary will be presented, and she will be available to answer any questions the Board may have.

By the way, the Consultative Committee has gone through a radical transformation in terms of their gender composition. Starting from eight

men and one woman, the current CC is happily composed of five women and four men. They indeed outdid CFC's own staff ratio of 57 per cent women to 43 per cent men. We thank you for making this possible.

***Distinguished Members of the Board,
Ladies and Gentlemen,***

Although all countries in the world are currently fighting against this terrible pandemic, the magnitude and extent of its impact varies among the different countries and regions. The fiscal and monetary measures in the developed world were equivalent to 20 per cent of their gross domestic product in 2020. For example, the United States has spent some 25% of GDP to support its economy, developing countries have been able to spend only a small fraction of that.

World Bank data show that at nearly \$17,000 per capita, United States spending has been some 8,000 times higher than that of the least-developed countries. Yet, we continue to say that we all are in this together. If you, the people who are attending this session, to mean that we all are in this together, please remain supportive to us as we are trying to make a difference. And please note that we all are not in this together unless the issues of Least Developed Countries, Land Locked Developing Countries or Small Islam Developing Countries are addressed with an urgency never seen before. The Istanbul Programme of Action has to be radically upgraded in Doha during the 5th United Nations Conference on the Least Developed Countries (LDC5) in January 2022 with innovation and creativity that it rightfully deserves.

As we have been asking all along that poverty is more sticky around commodities and it is more entrenched in the rural areas where most of the poor farmers are fighting to lift themselves up. SMEs and Smallholder farmers engaged in the agriculture should be our focus. Research shows more impact are required, and indeed possible, through value chain upgradation for enhanced income to the farmers.

Talking about impact, we are fortunate to present to you Mr Simon Baker of Kennemer Foods International Inc. from the Philippines and

Ms Roth Kinothi of Shalem Investment Ltd. from Kenya yesterday during our Pre-EB session.

At the risk of repetition, it is worth saying again. By adopting modern cocoa technology, farmers in the Kennemer could harvest cocoa yields of four times the national average. For some farmers, in five years, their income increased by a whopping percentage of 500 per cent. For Shalem, a women owned and led business in the rugged rustic land of Kenya, it established itself as a social enterprise providing fortified food to the school going children and more.

You have income, you have knowledge, and you are trained to care about climate, and you also have fortified food to give you a boost to immunity at this challenging time. What more we can ask from our prophets of poverty alleviation. We only ask your support, your attention to help us to present you, many more Kennemers or Shalems in the future to make poverty vulnerable, if not vanished.

Distinguished delegates,

Facing the challenges from COVID-19 restrictions, the CFC was able to quickly make the necessary adjustment, in its operations, such as developing internal capacity to engage qualified local consultants to act on behalf of the CFC, in carrying out due diligence or other on-site works. As a result, I am glad to inform you that the CFC keeps operating almost, as business usual as possible, under the circumstances and implemented a good number of projects since the start of the pandemic.

Furthermore, we remain grateful to this august body for approving the Emergency Liquidity Facility (ELF), that we proposed, as a focused instrument to mitigate, the impact of the pandemic. We are also grateful to you, for allowing me the flexibility to amend repayment schedules of CFC loans in compelling cases. This has proved to be very effective in providing the necessary support, to endure the immediate effects of the crisis. My colleagues will happily provide you with more details, on these initiatives and also please take time to read our newsletter that was inboxed to you yesterday.

In the newsletter, you will encounter the new urgency that we are trying to place on SDG 13 i.e. climate action beyond our other core SDGs:

SDG 1: No Poverty,

SDG 2: Zero Hunger,

SDG 5: Gender Equality,

SDG 8: Decent work and economic growth, and

SDG 10: reduced inequalities.

We must fight the climate crisis with the same urgency, with which we confronted coronavirus. While Covid ravaged across the world, air pollution killed about three times as many people around the same time. This should disturb us for two reasons. One is the sheer number of air pollution deaths – 8.7 million a year, according to a recent study¹ – and another is how invisible those deaths are, how accepted, how unquestioned.

Ladies and Gentlemen:

I just completed my first year on the job, while mostly confined under the stress of the ongoing pandemic. During this one year, if you would like to know, my revealing thought in one single sentence. That would be -the more, the better.

I am convinced, that not only organizations like CFC should continue to exist, rather it is perhaps time to put more resources, to help those organizations, to scale up to address the horror of poverty. CFC's unique capacity of doing heavy lifting projects, of limited means, in the domain of SMEs and small holder farmers in the Commodity Dependent Developing Countries (CDDCs) makes it an entity of huge demand.

In one of our recent webinars, on call for proposals, we received 349 participants when our capacity crowd was only one hundred. I urge the member states to take note of two things from what we experienced:

- A. An upsurge of demand for support, but with an encouraging sign of resilience as well.
- B. We could approve only about five percent of the project proposals that

¹ There's another pandemic under our noses, and it kills 8.7m people a year | Climate change | The Guardian (accessed on 19 April 2021)

we receive through our call for proposals, while 95 per cent remain unattended.

Please either provide us the means to increase the quantum or find an innovative solution to do some justice to the good proposals, that we receive, but could not approve for reason of our limitations of fund and human resources.

Distinguished Members of the Board,
Ladies and Gentlemen,

The Commodity Impact Investment Facility (CIIF), if approved by our Governing Council, will help CFC to meet the rising demand for its financing the types of projects financed by the CFC accessible to impact investors. More quality projects, more meaningful impact, more alleviation of poverty is what we are aiming it through this CIIF.

The world is indeed experiencing a groundswell of impact investment. There is hardly any business who would not put aside some fund for Environmental, social and governance (ESG) investments. This is perhaps the conduit to take us to a world, where not everything is up for profits only. This is perhaps humanity's moment of upliftment, through impact investment, and you acted just on time.

We have the pleasure to have with us today Mr. Herbert Ndahiro (Rwanda), who has been so ably acting as the Chairperson of this Group. With your permission, Mr. Ndahiro will provide a report, on the progress made in preparing the documents, for the Commodity Impact Investment Facility, over the last eight meetings of the WG.

I would urge all member states to continue to attend the forthcoming meetings of this working group leading to the formation of the CIIF. I would urge you all to assume the role of impact agent and recommend the CIIF, when approved, to your esteemed country as an anchor investor as well as to the deserving impact investors in the private sector.

Another important agenda item to be discussed today is the Adjustment in the amount of Fast Track Projects. As you might be aware, this amount was

approved in 2003 and had not been modified since then. When CFC was transformed to a primarily loan financing entity, this amount should have been revised to keep it operationally feasible, economically sustainable, and efficiently implementable. With the introduction of the ELF, with the aim to mitigate the perverse effects of COVID-19 on the healthy business supported by the CFC, it became clearer that the CFC, as an impact fund, ought to respond to such crisis with much speed and generosity it deserves. Your comments and decisions on this matter will be of great importance for the continuous support of the CFC for the projects affected by COVID-19.

Our work during this time of pandemic, made us realize some very important lessons like:

- It is painfully overdue to pay greater attention to issues like gender equality, nutrition security and digitalization;
- It is critical to devise financial innovation in the transition towards a paperless and cashless digital world to address the liquidity constraints and reduce the transaction costs and eventually the trade financing gap;
- Trade Finance proved to be the real-life blood of trade at this challenging time;
- Financing—both short—and long term will be critical for the least developed countries in general, and for African Continental Free Trade Area (AfCFTA)², in particular, for implementation and structural transformation to reduce risks associated with commodity price cycles which have been the main vector of liquidity constraints;
- Elements of green financing must be articulated in both practice and commitment as we are given another opportunity for a green recovery;
- We need to support and nurture science, technology, and innovation policies appropriate to the development stage and economic, social and environmental conditions of the project area;
- In response, the CFC has initiated an arrangement titled “Additionality, Partnership and Innovation (API)” and already put an advertisement for an Innovation officer;
- Of all the support mechanisms needed for successful impact investing, impact rating and measurement systems are among the most

² As at 5 February 2021, 36 countries have deposited their instruments of ratification and 36 countries have ratified the AfCFTA agreement to usher a new dawn in the continent of future.

critical. We, therefore, employed a consultant to stir out commodity impact stories to make impacts better visible following the Impact Reporting and Investment Standards (IRIS) while looking for refinements of this tool as well;

- Our Technical Assistants are bringing ever increasing quantum of impacts in projects where they have been working. You do not hear much about them as they have to work under the statute of their partners. Now, however, we are working to chronicle their impacts, where possible, so that others could learn and indeed replicate their good works for alleviation of poverty;
- To sail through this hugely challenging time, CFC will have to go through some painful reforms without compromising our achievements in the field of gender equality and transparency;
- The initiative for ABC Policy and Complaints Mechanism is an act of our desire to impart transparency and accountability in all that we do;
- Our partnership with the Royal Tropical Institute (KIT), Dutch Trust Fund and the OPEC Fund for International Development (OPEC Fund) are gratefully acknowledged.

***Distinguished Members of the Board,
Ladies and Gentlemen,***

In the interest of time, as usual, I have not commented on all items on the Agenda. I would like to thank, once again, all Members who have taken time from their pressing engagements for participating in the meeting. We remain grateful to our host country, the Netherlands, for their outstanding support. We are also immensely grateful to you, Madame Chair, for your time and efforts to keep us on track. I will also have to thank my Team CFC, my colleagues, who have been putting their best to impart impacts in the life and livings of those forgotten people that we left behind.

Let me conclude by restating the sad lessons of this pandemic. We must recognize that no one is safe until everyone is safe, and that a healthy global economy is not possible without a strong recovery everywhere.

I wish you a very fruitful meeting and I thank you for your kind attention.