

**STATEMENT BY THE MANAGING DIRECTOR
AT THE THIRTY-SECOND ANNUAL MEETING OF THE GOVERNING COUNCIL
Virtual Meeting, 9 DECEMBER 2020**

*Acting Chairperson of the Governing Council, H.E. Mr. Mario Javier AgustIn Oyarzábal,
Excellencies,
Distinguished Governors and Alternate Governors,
Distinguished Advisers,
Representatives of International Organisations,
All members of CFC family,
Ladies and Gentlemen,*

It is a great pleasure to join, H.E. Mr. Mario Javier Agustin Oyarzábal, Ambassador of the Argentine Republic in the Netherlands, Acting Chairperson of the Council, in welcoming you all to the 32nd Meeting of the Governing Council of the Common Fund for Commodities. We are indeed privileged to have Amb. Oyarzábal, as our Chair.

As much as we wish to have this council, in person, we are compelled to do it, virtually, due to ongoing pandemic. We, however, feel encouraged to see the presence of so many high dignitaries and officials, from all parts of the globe, defying time zone and at times, their sleep.

This demonstrates the importance that Members attach to the working of the Common Fund, and their continued commitment to unwrap poverty, from around the commodities. We are so grateful to you all. We are also thankful to all the delegates, who attended our pre-Council sessions yesterday. I am encouraged to see, much higher turnout, than what it was, in person, last year.

Before I proceed, I must pause to express our condolences to a good many of our member states, who have been enduring unthinkable pain due to COVID-19. Many of you might have lost your nearest ones or might yourself was a victim of COVID-19. If you are in the age bracket of mine, it seems every living day is a bonus. Being alive is itself worth a mission to make a difference.

One painful lesson of COVID-19 is that, even the strongest country on earth, can no longer realistically hope to live in safety, isolated from the killers – natural or man-made – that plague other parts of the world. The only way to survive, is to live together, in this globalized village.

Indeed, United Nations Secretary-General Antonio Guterres aptly said it recently.

I quote:

It is a myth that, we are all in the same boat. While we are all floating on the same sea, it's clear that, some are in superyachts, while others are clinging, to the drifting debris.

Unquote

Ladies and Gentlemen:

With this quote from Secretary General, may I congratulate you all for making your time available for providing more to those who are “clinging to the drifting debris”.

I am pleased to recognize the presence of Ambassadors:

H.E. Mr.	Lounes	Magramane	Algeria
H.E. Ms.	Maria	Encoge Resede	Angola
H.E. Ms.	Marie Jaqueline	Zaba/Nikiema	Burkina Faso
H.E. Ms.	Soraya	Alvarez Nuñez	Cuba
H.E. Mr.	Hatem Elsayed Mohamed	Kamaleldin	Egypt
H.E. Mr.	Eduardo Ernesto	Sperisen-Yurt	Guatemala
H.E. Mr.	Roberto	Ochoa Madrid	Honduras
H.E. Mr.	Phoukhong	Sisoulath	Lao PDR
H.E. Mr.	Jean-Omer	Beriziky	Madagascar
H.E. Mr.	Abdelouahab	Bellouki	Morocco
H.E. Mr.	Momar	GUEYE	Senegal
H.E. Ms.	Irene	Kasyanju	Tanzania
H.E. Ms.	Haifa	Aissami	Venezuela
H.E. Ms.	Sahar	Ghanem	Yemen

Also I would like to thank Mr. Sebastian Lesch, head of division 121 “International agricultural policy, agriculture, innovation” of the German Federal Ministry for Economic Cooperation and Development (BMZ), who delivered a very insightful and inspiring opening address. I would like also to extend a special welcome to Mr. Boubaker Ben-Belhassen, Director of the Markets and Trade Division, Food and Agriculture Organization of the United Nations (FAO). And tender my apology, in advance, for those of you whom I am surely missing despite my best of efforts.

Chairperson of the Governing Council,

I assumed my duties in the middle of a pandemic. Yet I am pleased to say that we have stood up to the challenges. It is a fact that the disruption to the current work of the CFC is minimal, but not without.

I would like to assure you that almost all work from call for proposals to its eventual approval by the Executive Board to our disbursement are going almost as it was before the pandemic. What is missing, is our boot on the soil to gain fresh insights, as we undertake our rigorous practices of due diligence.

As MD, one of the priorities that I have been trying to pursue is broader partnership with our peers, wherever they are, and thereby multiplying the impact that we wish to have.

This is why, despite the lockdown, we hosted an event comprising almost all leading International commodity bodies and have been trying to be a regular visitor to the events of other organs of the United Nations like UNDP, FAO, UNCTAD and more importantly in the office of the UN-OHRLS (Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States).

We also hosted a number of webinars to raise the awareness on different aspects of the pandemic and how CFC could offer assistance, at this challenging time. Because we are convinced that poverty alleviation

is a mission for all of us to do together. It is a shared journey, for a shared goal of a sustainable future for our children and theirs.

In the recent past, we have had exchanges with Rabo Bank Foundation—a reservoir of agricultural knowledge for over a century, PUM, a unique experience hub of all Dutch consultants in as many fields as you could expect to get, gave interview with the ABN AMRO podcast, had meetings with the Netherlands-African Business Council, Royal Tropical Institute etc.

Given our roots on the incredibly fertile soil of the Netherlands, we are provided with incredible opportunity of making innovations into practice. This is what we are trying to do.

If you are a public servant working in the commodity sector, or Head of Mission or a diplomat of a member states of CFC, I encourage, indeed appeal to you, to take it as a personal mission to implement CFC funded projects during your tenure in your home country, or help implement in a country that you think deserves to have such projects already.

The international career for many of us will mean that at some point you will be able to come back to your home countries, and look back at your many achievements. The legacy that you will carry back, in your goody bags, what you did today by attending this Council, and the CFC will be one of the most rewarding sources of investments to give you outsize returns and indeed lifelong satisfaction of touching the very people you left behind. The people whom I call forgotten people.

And if your country is yet to be a member states, it may be your doubly accomplishing achievement if you could contribute, towards achieving membership for your country. All the projects that your country will either implement herself or help implement in other member states, shall remain a legacy that you could truly be proud of.

Ladies and Gentlemen:

At this time, I will try to update you on some of the initiatives that we have undertaken during this challenging time.

As you are aware, the CFC operationalized its Emergency Liquidity Facility of two million USD, as a focused instrument to mitigate the impact of the pandemic. We have been trying our best to encourage our member states to make their businesses/SMEs to submit quality projects. I am pleased to report to you that in our last two successive calls for proposals we received a record number of project proposals potentially qualifying for CFC support.

We received so many quality projects, screening is perhaps the toughest job we had. What pains me is the lack of sufficient human resources to either implement more projects by the CFC or help coordinate with our peers for some those projects that merit such forward push. Hopefully, the Council will have time to look deeper into this to provide us with the resources we deserve.

At this phase, we must pay our tributes to the G20 and other OECD countries, for their inspiring generosity at this challenging time to ease the debt burden of so many developing countries.

We would be on the look out to receiving such generosity of voluntary contributions so that we can invest in the very soft skill that we ought to have to make our impact sustainable and visible.

Ladies and Gentlemen:

I must thank the 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, as you are well aware, the EB has recommended the establishment of an open-ended Working Group to consider the creation of an impact investment facility under the management of the CFC. This would allow the CFC to attract more resources for the commodity producers in developing countries, multiplying the Fund's reach and impact. Following the recommendations from the EB, an item on this topic was included on the agenda of today's meeting. Mr. Herbert Ndahiro, Chair of the Working Group will provide further details on the deliberations by the WG so far.

Excellencies,
Ladies and Gentlemen,

Now I will report to you about our focus. During the year 2020, the CFC has intensified its involvement in the following areas of action:

Gender Equality:

While women are entrepreneurial, the overwhelming majority are, nonetheless, paid less than their male colleagues. Research by the UN shows that, African women hold two thirds of all jobs in the non-agricultural informal sector, and on average only make 70 cents for each dollar made by men. The UN estimates that discriminatory gender policies in sub-Saharan Africa cost the region up to USD 105 billion each year, or 6% of its GDP.

The CFC is well aware of this shocking imbalance, and is constantly working to narrow the gender equality gap. All CFC projects are encouraged to promote gender equality and are asked to report, on the percentage of women among its beneficiaries, the number of women employed among other indicators. Also, women-led projects are specially welcomed to apply to CFC call for proposals.

This effort can be seen in the increasing number of applications by projects led by women. Furthermore, an important achievement in 2020 regarding gender equality is the new composition of the Consultative Committee, as for the first time in CFC history we will have more women than men on the committee. Indeed, from a ratio of eight men and a woman, we elevated ourselves to five women and four men in the consultative committee.

Digitalization:

COVID-19 has highlighted how critical digital connectivity is to governments, businesses, and society, and has brought a newfound sense of urgency to the digital inclusion agenda. While the crisis has enabled hundreds of millions to participate online, it has also exacerbated the digital divide for 47% of the world's

population that remains unconnected. With globalization, small firms have better access to market opportunities around the world. Digitalization is, therefore, not only a medium for more income and innovations, but it is also an antidote to address the inequality between our two worlds.

We, therefore, urge all member states to consider implementing the suggestions made in the Accelerating Digital Inclusion in the New Normal playbook, published by World Economic Forum in July 2020, to facilitate connectivity between public and private sectors to accelerate internet adoption globally.

Food security:

One enduring lesson from the COVID-19 pandemic is that any lasting economic recovery, will depend on resolving the health crisis. Billions of people suffer from deficiencies in micronutrients, such as vitamin A, iron, iodine and zinc. This “hidden hunger” contributes to morbidity and mortality, especially among women and children. Therefore, global food and nutrition security must be a top priority for our world, to provide much needed nutrition for health.

So what can we do about it? Significant successes around the world show that, large improvements to food and nutrition security, have been made possible, through investments in science and technology, infrastructure and market support.

The Green Revolution in Asia, which improved the livelihoods of close to two billion people, is a key example. In China, the introduction of hybrid rice technology led to a 44% increase in production and about a 68% increase in yields, enabling China to feed an additional 60 million people a year. Brazil’s Zero Hunger programme, Mozambique’s bio fortification programs, Tanzanian farmers scientific use of indigenous Allantropa tree, India’s Rythu Bandhu insurance scheme in the state of Telangana, Zambia’s magic app Agripredict, United Arab Emirates Drones for Good Award, Singapore Panasonic indoor vegetation facility etc are handful of innovations to name and take lessons from.

The CFC has in its portfolio several projects with food and nutritious security components and intends to intensify its effort to help the smallholder farmers to increase their productivity levels, have access to better inputs, new markets, resulting in higher and more stable income for the vulnerable people. CFC have the requisite experience and exposure but we lack required human resources to do more than what we have been doing.

On Africa:

By 2030 one in five people will be African. Combined with the continent’s soaring population and technology, improvements in infrastructure, health and education, and Africa could be the next century’s economic growth powerhouse.

So, it is no wonder that almost 70 per cent of our project activities, are in the continent of Africa. This is precisely an outcome of our effort to promote greater inclusion and job creation, moving up global value chains, managing conflict-affected regions, and adapting to climate-induced stresses that will be crucial to Africa’s chances of meeting the SDGs.

Here I would like to draw attention of our colleagues from OECDs as well as my colleagues in the CFC. As I promised during my campaign that I would like to see this organization working as a bridging conduit between developed and developing world. True to my words I have been on the search for such support from a host of agencies. And through this august gathering, I appeal to you all to come forward with our ideas and suggestions as to how we could turn CFC as a veritable organization using science and innovations that you have aplenty in this part of the world for the good use of the developing world.

On your return, please try to have a good look at how we are trying, with little that you bestowed on us, to make poverty a history in the life of those we serve. And come forward with your inputs, be it tangible cash or intangible ideas, and help turning your daily work a mission for poverty alleviation through your work.

Ladies and Gentlemen,

With your kind indulgence, I would now like to report on regular institutional issues.

Project financing and implementation is the core activity of the CFC. In 2020 the CFC approved financing of 8 projects with an outlay of USD 23.6 million and CFC contribution of USD 10.9 million. The CFC has continued its efforts to increase the visibility of the Fund and its operations by paying more attention to placing material and reports on project outcomes on the Fund's website and by cooperating with development partners in organizing workshops and meetings. Efforts to make projects more visible through special illustrated publications have been increased. As a result, CFC's social media channels have seen a sharp increase in their engagement rates.

During the reporting period up to 31 July 2020 there have been no changes to the payment status of Directly Contributed Capital and Voluntary Contributions of the Capital and Operations Accounts. As at 31 July 2020, the Fund holds 19,546 subscribed Paid-in-Shares amounting to 147.89 million Units of Account (U/A), of which 135.65 million Units of Account (U/A) have been paid, leaving a balance of 12.24 million Units of Account (U/A). Out of this, 11.32 million U/A are receivable taking into consideration the deferral of payments due from Least Developed Countries (LDCs) under the "Special arrangements for the least developed countries" as provided in the Agreement Establishing the Common Fund for Commodities. There have been no movements in the encashment of promissory

With respect to the payment of Capital Subscriptions and Voluntary Contributions, document CFC/GC/32/4 covering a Report on Capital and Operations Account, Capital Subscriptions, Voluntary Contributions, Encashment of Promissory Notes and Investments provides a comprehensive overview of payments by Member Countries and the OPEC Fund for International Development.

As at 31 July 2020, the total nominal value of the Common Fund for Commodities (CFC) investment portfolio with respect to the Capital and Operations Account amounted to USD 77.532 million and USD 74.529 million respectively. The Fund's resources are mainly invested in savings accounts, short-term time deposits and medium-term Government Bonds (bonds are mainly in US dollars due to negative real rates of return in Euro) with a maximum of 10 years maturity and credit rating of AA or above at the time of purchase, except few specific exceptions decided by the Executive Board.

Your Excellencies,
Distinguished Members of the Council,

Administrative Budget:

This will be the first time that I present the proposal for the next year's budget of the CFC. We are grateful to our Executive Boards for their recommendations of our budget for next year.

I am happy to report to the Council that the total forecast expenditure for the current year is

EUR 137,500 below the approved Administrative Budget. This is due to a combination of factors including various vacancies during the year, lower costs for official travel as a result of restricting all non-essential travel due to the COVID-19 pandemic and holding EB, CC and GC meetings virtually resulting in savings on travel cost and meeting facilities. This is also despite the significant establishment cost for both the departing and new Managing Directors. The Secretariat will continue its efforts to streamline expenditures and will make all efforts to keep administrative expenses as low as possible.

As you might have noticed that the amounts proposed for next year exceeded the numbers of 2020. This is in no sense a deviation from the policy and practice of savings and cost control so prominently reflected in the 2014 reform of the organization. Rather it is a conscious attempt to make good on scaling up the impacts of the CFC.

I am convinced that the more human resource we get, the more scaling up of our impacts are going to be. So, I humbly appeal to you to consider make good use of the reservoir of experiences that this good institution accumulated over last thirty years. Acute lack of human resources brought us to the phase where I appeal to you: give me people, I will give you impact. Multiple times bigger than what it is now.

You may recall that CFC already participates in agricultural Impact investing funds including the “Africa Agriculture Trade and Investment Fund (AATIF)” and the “Moringa Agroforestry Fund”. Going beyond passive participation, CFC manages Technical Assistance programmes for these funds as a remunerated service provider. Using its knowledge and experience, CFC managed more than 80 TA projects in 14 CFC member countries for these funds, with a value of more than EUR 4 mln since 2013. This also means that CFC generated additional income of USD 400,000 in 2020 as manager of TA facilities in impact investing funds. This income more than overcompensates the added costs in this function, showing that both budget compliance and expansion of capacity can be achieved at the same time almost at no extra cost to the member states.

The demand for CFC management of TA facilities is rising, and additional capacity is required to support and expand CFC’s engagement with the impact investing industry. The proposed capacity increase will be within the new income generated and will further enhance the CFC’s continued sustainability.

Agreement Establishing the Common Fund for Commodities: The Members are aware of the current status of the adoption of the amendments to the Agreement Establishing the Common Fund for Commodities. As you may have already seen, we received requests from two countries for an extension of the date of entry into force of the amendments to the Agreement. I would like to recall that this is necessary to allow all Members to complete relevant procedures at the national level, and the Governing Council is asked to consider this positively, continuing the spirit of consensus in amending the CFC Agreement embodies in the Decision CFC/GC/XXVIII/1. Please bear in mind that the CFC, effectively, already operates under the amended provisions, based on temporary suspension of obsolete articles of the old Agreement, and we will ask this temporary suspension to be extended accordingly.

Your Excellencies,
Distinguished Members of the Council,

Before I conclude, I would like to make an appeal to you all to disseminate our call for proposals to the business chambers, SME foundations, Smallholders farmers and their cooperatives as everything begins from a good project. If you are convinced about any particular project, encourage your country or organization to come forward as guarantor, so that we can implement such projects with speed.

Projects with great impact and potentials are everywhere. We must recognize them, encourage them and give them the tools they need to succeed and thereby help us to achieve our mission of sustainable development goals by 2030.

I thank you for your kind attention.