

**CONTRIBUTIONS BY THE COMMON FUND FOR COMMODITIES FOR THE INTER-AGENCY CONSULTATIVE GROUP MEETING ON THE FOLLOW-UP AND IMPLEMENTATION OF THE VIENNA PROGRAMME OF ACTION FOR THE LANDLOCKED DEVELOPING COUNTRIES VIRTUAL MEETING, 23 JUNE 2020**

*Madam Chair,*

*Distinguished Panelists,*

*Ladies and Gentlemen,*

At the outset, I would like to thank UN-OHRLS for making all the necessary arrangements for this meeting to be held virtually, providing us a great opportunity to update each other and consult on the draft UN Roadmap for Accelerated Implementation of the Vienna Programme of Action in its remaining five Years.

Landlockedness is a major contributor to the relatively high incidence of extreme poverty and structural constraints faced by the Landlocked developing countries (LLDCs). Long distance from big markets, lack of territorial access to the sea, high transport and transit costs, and sometimes political or security barriers in transit countries hinders competitiveness of the countries, resulting in weak economic development.

Furthermore, many landlocked developing countries rely on low-value agricultural products for their exports earnings, from a very limited number of commodities. With low productive capacities and several structural weakness, they can't add meaningful value to their products. Giving their constraints in reaching more diversified markets, their economies become especially vulnerable to commodity price and demand volatility.

To overcome these challenges, the LLDCs have to encourage investments in their productive sectors, taking advantage of their commodity endowment and supporting the emergence of a diversified economic system by strategically re-investing commodity derived incomes. The CFC believes that the private sector can be a valuable partner in achieving this goal. By investing in small and medium-sized enterprises, the Fund expects to empower primary producers, giving them the tools and resources to scale up on the value chain. The CFC focus in initiatives that can generate a high impact, reducing smallholder producer's dependency on the commodities market.

During the period 2014 to 2020, CFC's Executive Board has approved 19 projects operating in LLDCs to receive financial support from the Fund. The total value of these projects is USD 49.2 million of which about USD 15.3 million is committed by the CFC.

For the next five years, according to CFC's operational plan for 2021-2025, we expect to commit USD 60 million for projects, of which approximately USD 16 million will be committed to development of innovative enterprise in commodity sector in LLDCs. Based on the experience of the CFC, the development impact of these projects will be around:

- Total number of beneficiaries: **300,000** (these beneficiaries are in most cases smallholders farmers, living below the poverty line of USD 1,90 a day, as defined by the World Bank);
- Additional annual net income of the beneficiaries: on the range from **USD 100 to USD 700 per annum**;
- Female representation among the total beneficiaries: **45%-50%**
- Additional net hectares of land cultivated: **27,000**;
- Additional net jobs created: **3,200**;

- Net income per job created: on the range from **USD 1000** to **USD 4,700** *per annum*.

*Madam Chair,*

The CFC is closely monitoring the impacts of the Covid-19 pandemic in its member countries and is sentient to the particular vulnerabilities of the smallholders of the agricultural value chains in which it operates. While the actual impact to rural communities will necessarily differ across countries and value chains, the economic livelihoods of smallholders are likely to be affected by a number of common factors.

In-between the primary producers and the end-consumers, there are SMEs/SMMEs the CFC is working with. They are key to connecting consumers with essential food supplies and producers with the income crucial to their livelihoods. And if supply chains break down now, these disruptions may become permanent unless early mitigations are not provided with.

The CFC supports many good SMEs in its portfolio, and the Fund will continue to make sure they survive the crisis and flourish afterwards. The CFC is closely monitoring the situation of the commodity producers and it is actively engaging with its borrowers to understand the particularities of their challenges. The CFC has the facilities and experience in managing the necessary instruments and further measures will be taken to support qualifying SMEs to mitigate their losses and thereby weathering this storm. This will directly serve the mission of the CFC bringing the principles and fundamental goals of the CFC into practice.

While the pandemic will have deep effects on CFC's Member Countries, the role of the Fund in the support of the sustainable development of commodity producers becomes even more relevant. The CFC is aware of the obligation that follows from the accumulated experience of its decade-long support for smallholder livelihoods and is increasing its efforts to provide the much needed finance for the continued operation of agricultural value chains.

In this regard, the CFC intends to implement an emergency liquidity facility of about Two Million USD as mitigation support to our projects that have been impacted by the pandemic. This is subject to approval of our Executive Board, which are very hopeful of so we can make this available at the earliest.

On the whole, one fundamental lesson of the COVID-19 is the realization that unless poverty is addressed globally, with a renewed sense of urgency, the spread of killing viruses like COVID-19 could always run the risk of wreaking havoc in both developing and developed world. This is why we have to start preparing now and encourage ourselves to herald a return to normal. There will, however, be no normal if we forsake the idea of humanity and turn our backs on those forgotten people, near and far.

Therefore, CFC would remain on the lookout for being a part of a good ecosystem of business support actors, with shared objectives and complementary strengths, with priority for the more vulnerable at the margin, to deploy solutions for resilience and recovery.

I thank you for your kind attention.