

**OPENING REMARKS OF THE MANAGING DIRECTOR**  
**66<sup>th</sup> Meeting of the Consultative Committee**  
**Virtual Meeting, 29 June to 2 July 2020**

*Mr. Wilson Andrade, Chairman of the Consultative Committee  
Distinguished Members of the Consultative Committee,*

At a time, when I was so keenly looking forward to having a more interactive “human” exchanges with you all, I am compelled to welcome you all to the 66<sup>th</sup> meeting of the Consultative Committee (CC) virtually. Since this is my first CC meeting as the new Managing Director of the CFC, let me begin by saying it in no uncertain terms, you are my best recourse to run this organisation true to its aim and vision. I, therefore, will be there, at the back, to learn from your deliberations during proceedings of this meeting.

Given the different time zones of the CC Members, some of you have to make an additional effort to attend some of the sessions of this meeting. This “red eye” effort is greatly appreciated. As this is already a mature Committee, meeting for the fourth time in its current composition, I would like to express my personal gratitude to you all for your valuable advice and feedback in shaping the future work of the CFC.

I am glad to inform that our team at the CFC Secretariat has made all the necessary arrangements for this meeting to be held via teleconference. I am confident that with your contributions, the first ever virtual CC meeting will be as successful, if not more, as it has always been.

Distinguished members

I assumed my duties in the middle of a pandemic. While models and scenario planning’s abound, no one can say with certainty what impact the pandemic will have on people and societies. Eventually, though, the crisis will end, and life will return to “normal.” But what if the new “normal” is not like before? I know this is a much lengthy discussion than time and space we are available with.

With my upbringing in a developing country, Bangladesh, I am aware of our core economic problems – poverty, inequality, exclusion, and insecurity – have many roots. But they are reproduced and reinforced on a daily basis in the course of production, digital divide, technology transfer, lack of access to affordable finance and eventually to lack of innovations and quality jobs. Indeed, inequality is caused by deep structural flaws far beyond the domains to be remedied by the likes of CFCs.

Therefore, what we, in the CFC, could continue to do is what we are best at doing. Impact investment. The recovery from this pandemic needs more, not less, of this impact investment. It is expected that impact investment entities are likely to double down on backing businesses solving primary problems. We are working towards creating these impacts as best as could in the days to come.

*Distinguished Members of the Consultative Committee,*

The pandemic of COVID-19 continues to rage across the globe. A recent report published by UNCTAD highlights that the economic and social disruptions brought by the COVID-19 pandemic are resulting in a dramatic decline in trade. For example, the value of international trade in goods is expected

to decline by 27 percent in Q2 2020, which is more than the near 25 per cent contraction in world trade in the aftermath of the 2008-2009 financial crisis. The drop in global trade is accompanied by marked decreases in commodity prices, which have fallen precipitously since December last year. Weak and vulnerable in commodity dependent people suffer the most from this.

Also, the global flows of foreign direct investment will be under severe pressure this year. Flows to developing countries will be hit especially hard, as export-oriented and commodity-linked investments are among the most seriously affected. The forecasts for the African continent are alarming, as UNCTAD expects FDI flows to the continent to contract between 25% and 40% in 2020. At the same time, Indicatively, the financing gap for SMEs could double from the pre-COVID estimates reported by the International Finance Corporation (IFC) and exceed the scale of USD 1 trillion.

On the social side, the loss of employment is also shocking. The International Labour Organization (ILO) estimates a decline of almost 10.5% of total working hours, which means the disappearance of 305 million full-time jobs, severely aggravating the unemployment situation in the developing world.

The World Bank estimates that COVID-19 could push 71 million people into extreme poverty in 2020 under the baseline scenario and 100 million under the downside scenario. As a result, the global extreme poverty rate would increase from 8.23% in 2019 to 8.82% under the baseline scenario, representing the first increase in global extreme poverty since 1998, effectively wiping out progress made since 2017.

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 the SMEs 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.

In this regard, I am pleased to inform you that CFC's Executive Board has approved an emergency liquidity facility of up to Two Million USD as mitigation support to our projects that have been impacted by the pandemic. The ELF will be directed at companies (i) already examined and found eligible by the CFC, and (ii) previously considered and recommended for approval by the Consultative Committee.

Although this is already a good symbolic step in supporting well managed SMEs in navigating this crisis, I hope that the discussions of this Committee over the next four days will provide additional

guidance for the CFC in increasing its support to the commodity producers in developing countries to face the perverse effects of this pandemic.

*Mr. Chairman,  
Distinguished Members of the Consultative Committee,*

I would like to take this opportunity to apprise all participants of some recent developments in the work of the CFC since our last meeting. As the Members are aware, the CFC participated in a series of (virtual) meetings regarding commodities and related issues including:

- (i) Twentieth meeting of the Inter-Agency Consultative Group (IACG) of the United Nations system and international organizations on the Implementation of the Istanbul Programme of Action (IPoA) for the Least Developed Countries (LDCs), June 2020, virtual meeting;
- (ii) Tenth meeting of the Inter-Agency Consultative Group (IACG) Meeting on the Follow-up and Implementation of the Vienna Programme of Action (VPoA) for the Landlocked Developing Countries (LLDCs), June 2020, virtual meeting.

In addition, the CFC, continues to consult with other international agencies concerned about the impact of the pandemic on the achievement of Sustainable Development Goals 2030.

*Mr. Chairman,  
Distinguished Members of the Consultative Committee,*

You will notice that priority on the Agenda was given to the items related to the appraisal of the project proposals. However, the Secretariat will be glad to respond to any questions or comments you may have on any other operational aspects of the Fund. In the interest of time we will minimize the presentation of routine report and focus on questions and ideas.

In the same vein, we included an item on the Agenda of this Committee to discuss any proposals and ideas on what the CFC could do to assist member countries achieving the goals of SDGs despite the pandemic.

To do this, our management goal will surely need some adjustments. As Philosopher diplomat Henry Kissinger once said: “The historic challenge for leaders is to manage the crisis while building the future.” Here in the CFC, where our best comparative advantage is our hugely experienced cohesive team, will do its utmost to build this future with necessary adjustment to management goals to manage the transition back to a restored future. To do that we will have to acquire different skill set than what we have been doing thus far. We need significant investment in articulating these skill sets to our members so that they can stay ahead of the supply curve of the impact investors.

In the same way, our planning also needs to shift from our call for project proposals from “what best we get” to nurturing “what best the world needs”. Our focus on Commodity dependent developing countries has to be sharpened with more emphasis on the Least Developed Countries (LDCs), Land Locked Developing Countries (LLDCs), Small island developing states (SIDS) and Sub Saharan Africa (SSA) for obvious reasons of their vulnerability. We agree, wholeheartedly, with the UNCTAD Secretary-General Mukhisa Kituyi ,who said in their 2019 annual report on Commodities that “Now more than ever before,

these countries need to assess their diversification potential and reduce their commodity dependence, which for decades has kept them exposed to volatile markets and climate change,”.

We will have to be innovative and much more outreaching to make our case for making use of this diversification with innovation. As long as we believe in what we do, we should not hesitate to let others know, in much more details, than what we have thus far been doing, in the interest of greater transparency and accountability.

More importantly, if you would ask me to express our future together, in one single word, I would revert back to opt repeated notion of resilience. I am referring to the term “resilience” not because we didn’t use it much before the pandemic, because it is what we ought to be.

Resilience is not a destination. It is a way of being. We aim to steer CFC as a resilient organization not simply to return to where it left off before the crisis, rather to have a transformed attitude, beliefs, agility and creativity in our DNA that will help us catapult forward with speed, innovations and with broader partnerships. Let us continue this partnership.

Before I conclude, allow me to thank all members of this august body, who will be completing their trend setting tenure. We remain grateful to you for your sustained effort to keep our compass oriented towards our goal of a sustainable world. As we already sought for new nominations, to replace the almost irreplaceable, we would urge you, in your personal capacity, to encourage the qualified people to apply. This time, we are aiming to make it gender balanced and for that to happen, we need your support much more than what you previously did. If we fail to get a gender balanced committee, how would we ask of others to pursue gender mainstreaming when we don’t practice what we preach.

I thank you for your attention and I wish you a productive meeting.