

**STATEMENT BY THE MANAGING DIRECTOR  
AT THE THIRTY-THIRD ANNUAL MEETING OF THE GOVERNING COUNCIL  
Virtual Meeting, 15 DECEMBER 2021**

*Chairperson of the Governing Council, H.E. Mr. Mario Javier AgustIn Oyarzábal,  
Excellencies,  
Distinguished Governors and Alternate Governors,  
Distinguished Advisers,  
Representatives of International Organisations,  
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, Chairperson, in welcoming you all to the 33rd Meeting of the Governing Council of the Common Fund for Commodities. We are indeed privileged to have Amb. Oyarzábal as our Chair, given the weight of his other engagements. We are grateful to you and to your country.

Unfortunately, again due to the exceptional challenges posed by the COVID-19 pandemic, we cannot have this meeting in person. However, I am glad to inform that CFC's Secretariat has made all the necessary arrangements for this meeting to be held via teleconference and I am confident that with your contributions and with the Chair's guidance, this meeting will be a success.

I would like to thank all participants for sparing time to participate in this meeting, to achieve the goal of commodity development as wish to ease the trap of commodity dependence globally. We 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 mission of adding value to the commodities using science and technology as we walk back along the value chain to make it shorter, greener and traceable, where possible, with the ultimate goal of providing more income and welfare benefits to the smallholders and SMEs. We are so grateful to you all.

I am pleased to recognize the presence of the Ambassadors of Algeria, Angola, Bangladesh, Burkina Faso, Costa Rica, Cuba, Egypt, Gambia, Ghana, India, Indonesia, Laos, Lesotho, Madagascar, Morocco, Nigeria, Pakistan, Philippines, Tanzania, Tunisia, Uganda, United Arab Emirates, and Venezuela. Also, I would like to thank Ms. Rebeca Grynspan, Secretary-General of UNCTAD, who delivered a very insightful and inspiring opening address.

*Chairperson of the Governing Council,  
Your Excellencies,  
Distinguished Members of the Council,*

Almost two years after the World Health Organization declared the COVID-19 a global pandemic, we are still struggling to deal with this pandemic. News on the emergence of new variants, upsurge in cases, lockdown measures and boarder restrictions are still dominating the press. Although we are still learning how to deal with the pandemic, one of the biggest lessons from COVID-19 is that we are all in this together and the problem of one is the problem of all. Nevertheless, when we look at the vaccination data, we realize that, unfortunately, this is not a lesson shared by all.

We are still far from reaching the target of 40% vaccination rate by December 2021 on the 92 poorest countries of the world.–This vaccine inequality is contributing to increase the social and economic inequalities among the countries. According to latest projections from the International Monetary Fund (IMF), the global economy is expected to grow 6% in 2021 and 4,9% in 2022. This forecast, published in October 2021, is similar to the projections released in April 2021, but with offsetting revisions. Prospects for emerging market and developing economies have been marked down for 2021. At the same time, the forecast for advanced economies is revised up, reflecting pandemic developments and changes in policy support.

These indicators clearly illustrate the fact that as is often the case when crisis hit, the most vulnerable groups are the ones expected to be the most affected. When assessing the impact of COVID-19 on smallholder farmers, the main end-beneficiaries of CFC projects, the situation is not different. The disruptions caused by the pandemic have severely impacted them, with many farmers facing a scenario of higher input prices, reduced market access, lower off-take prices but higher prices for any food they were obliged to buy.

The CFC is well aware of this situation and has increased its efforts to provide the necessary support for the continued operation of agricultural value chains in this moment of crisis. As you have heard yesterday from Ms. Gabriela Alvarez of Colcocoa Colombia and Mr Clément Chenost, Chief Executive Officer of Moringa Funds. You witnessed how they helped farmers and communities to transform into a resilient and hopeful society. We urge you to explore our newsletters and annual report to get our impact stories and see how your little resources are bringing much bigger impacts, with a mix of science and technology and green concepts like regenerative agriculture in Colombia and many other countries in Africa, Asia, Latin America and beyond.

In this regard, I am glad to report to this GC that 2021 was the year with the biggest disbursement amount of the CFC since its reform in 2012. Also, in 2021 the CFC approved financing of 11 projects with an outlay of USD 114.3 million and CFC contribution of USD 18.9 million. Overall, these projects combined are expected to reach 228,165 smallholder farmers, helping them to have better access to markets and increase their productivity levels. The projects not only cover commodities like fruits, coffee, vanilla, but also include companies striving for global food security, waste reduction, climate change mitigation, and resisting loss of biodiversity. The targeted SDGs are SDG 1 (No poverty), SDG 2 (Zero hunger), SDG 5 (Gender equality), SDG 8 (Decent work and economic growth), SDG 9 (Industry, innovation and infrastructure), SDG 10 (Reduced inequalities), SDG 12 (Responsible consumption and production), SDG 13 (Climate action).

As recommended by this GC, the Working Group on Sustainable Fund Management (WG-SFM), after 13 monthly meetings presented the draft Private Placement Memorandum of CIIF, which was endorsed by the EB, and listed the steps required for the CFC to set up the CIIF. The establishment of CIIF can significantly enhance the impact of the CFC and its financial capacity by attracting a broad range of impact investors to projects identified and managed by the CFC. As the CFC currently does not have the possibility of attracting these private investors to projects, it would be missing out on the rapid growth of impact investing in the light of the global commitment to SDGs and the “green recovery” that is urgently required in a post-COVID milieu. Yesterday we already had productive discussion on CIIF and today the GC will be asked to make a decision on this matter.

We must assure that recovery efforts are aligned with sustainable development goals 2030 and the goals set by the COP 26. At #COP26, parties built a bridge between good intentions and measurable actions to

lower emissions, increase resilience and provide much-needed finance. Now, we must build on this momentum to push actions forward in 2022 with cheaper finance.

In our drive to make our work open and transparent, I am glad to report two other important measures approved by the Executive Board during 2021, aimed to keep CFC operations in line with current industry best practices. The first is the Anti-Bribery and Corruption Policy (ABC Policy), which purpose is to make sure that whoever CFC may deal with, and wherever CFC may operate, CFC is committed to doing so lawfully, ethically and with integrity. The second is the set-up of an “Independent Complaints Mechanism”. This is aimed at facilitating early indication and prompt remediation of CFC project-related complaints. Although CFC financed projects strive to achieve sustainable development impact, there may be unintended or unforeseen negative impacts on local communities and the physical environment within which they live. This Mechanism, therefore, ensures the right to be heard for Complainants who feel affected by a CFC financed project in order to resolve disputes and assist the CFC in drawing lessons for current and future operations.

The EB has also approved the new Additionality, Partnership, and Innovation (API) Policy. Striving to make commodity value chains robust and sustainable, the CFC has always focused on smallholders and SMEs in commodity-dependent developing countries. The key to success is thus to take a value-chain approach: from the market, back upstream to ground zero at the producer’s level. If smallholders can be competitive using innovation and other forms of additionality, there is large, unlocked potential to improve food and nutrition security. Accordingly, the API Policy aims to enhance project selection and assessment for higher impact.

In line with the API Policy, the CFC has strengthened its partnerships in 2021, intensifying the relationship with existent allies and reaching new partners. Some good examples would be the consolidation of CFC participation within the Council on Smallholder Agricultural Finance (CSAF), a network of lenders active in the agriculture sector, which has the objective of providing the appropriate forum for members to share learning, develop industry standards and best practices; the possibility to get involved with the Dutch-Bangla Chamber of Commerce and Industry (DBCCI) to advance both organizations’ mandate and objectives in achieving the SDGs; and the partnership with the CASA Technical Assistance Facility, which supports agribusinesses to expand their impact on smallholder farmers and has already benefited one CFC project in the first months of the collaboration.

Moreover, the CFC has intensified its efforts to increase the visibility of the Fund. I am happy to inform you that to celebrate CFC’s 32<sup>nd</sup> anniversary we have launched a new website, with a refreshing layout, allowing for easier access to relevant information and containing more details on the various aspects of the organization. I encourage you to visit the new website and navigate to see the good work the CFC has been doing. Finally, CFC social media channels have never been so active, presenting constant updates on the main highlights from CFC operations and the commodity sector.

I also need to inform this GC that CFC’s arrangement for financial support of projects by the OPEC Fund for International Development (OFID) has ended in 2020. In the course of 2021, we were advised that the Ministerial Council of OFID decided to disengage from the activities of the Common Fund for Commodities. This formidable partnership has brought transformative results in the life and livings of a good many people in the developing world and helped the CFC to achieve the place where it stands now. The OPEC Fund shall remain as our source of inspiration and support in our shared journey of sustainability and the CFC looks forward exploring future opportunities of engagement with OFID. We will keep you informed of any developments in this regard.

*Distinguished Members  
Excellencies,  
Ladies and Gentlemen,*

With your kind indulgence, I would now like to report on some of the items on our agenda.

During the reporting period up to 31 July 2021 there have been no changes to the payment status of Directly Contributed Capital and Voluntary Contributions of the Capital and Operations Accounts. The report is contained in document CFC/GC/33/4 and Add.1. There is one point I would like to note in this regard.

The global financial markets remain extremely challenging for the CFC. The global yields remain at historical lows across major economies, and generally offer a negative risk- and inflation-adjusted rates of return. This is a direct threat to long term sustainability of the CFC. The fund follows a conservative and long-term investment policy, so that we are reasonably protected from short term market volatility. However, taking an active approach to mitigating the long-term decline in rates of return in the current uncertain circumstances would require radical amendment to the investment policy of the CFC, which had been discussed without achieving consensus in the past.

However, there is one thing that Member Countries could do to support the CFC in these uneasy times. The founding fathers of the CFC envisioned that part of the CFC capital was contributed in the form of promissory notes, to be called for encashment when needed. I think the time is right for member countries to express their support for the CFC by encashing, on voluntary basis, their promissory notes contributed as part of CFC's capital. We remain grateful to those member states who already contributed in cash, instead of promissory notes, and thereby improving our liquidity significantly. Therefore, further encashments by the member states would enhance the capital base and sustainability of the CFC, without creating any additional risk or challenges to the operations of the CFC. Please support the CFC and consider encashing the promissory notes on a voluntary basis.

Administrative Budget: The total expenditure forecast for the current year is below the 2021 budget, mainly due to lower expenditure for Staff Costs, savings in official travel costs due to the COVID-19 pandemic and reductions in Meetings costs. The 2022 Administrative Budget shows an increase in absolute terms of 1.64% and a decrease of 0.16% in real terms. It can be expected that the COVID-19 pandemic will have lasting consequences for the global development landscape and the role of the CFC in it. Recognizing that the nature and the direction of changes is not, at this time, fully clear, the 2022 Administrative Budget makes a number of assumptions to allow greater flexibility for the CFC to respond in a timely manner to changes. These assumptions concern the Operational Programme, the TA facility, the CIIF and the allocation of staff to provide for greater exploration to maintain the effectiveness and responsiveness of the CFC operations in 2022.

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 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. We would, however, urge the member states to complete their process so that we can activate the agreement which is long overdue.

An additional point of information for the Governing Council concerns my pro bono position as Board member of the Trust Fund for Victims established by the International Criminal Court. The Executive Board approved this pro bono activity in its 69th Meeting in April 2020. I would like to inform the Governing Council that I have been re-elected for another three year term, commencing 18 December 2021, and I hope this meets with your approval.

Already my statement extended far beyond it was intended. Yet, I must ask for a minute or two to register our deeper appreciation for my colleagues in the Secretariate who worked so hard in organizing this Council. I also need to register our gratitude to our host country , the Netherlands, for their hospitality and support. We also wish complete and fast recovery of our Governor, who missed our Council due to illness.

*Your Excellencies,  
Distinguished Members of the Council,*

We will be in, hopefully, for a very productive new year 2022 in a few weeks' time. Indeed, the year 2022 promises to be a year of vision and action as we are set for the Fifth United Nations Conference on the Least Developed Countries (LDC5). The LDC5 Conference will be held from 23 to 27 January 2022 in Doha, Qatar and will draw up an ambitious new programme for action for LDCs as Istanbul Programme of Action (IPoA), signed in 2011, is expiring.

CFC is working with UNCTAD in organising a side event in the LDC5 titled "Productive capacities and impact investing with a focus on nutraceuticals and fisheries in LDCs". So, if you are in Doha, join us and continue this shared journey of making a difference as an agent of impact and change. I thank you for enriching me with the most scared commodities...your time and attention.

I wish all Governors and distinguished delegates a very productive meeting in easing the trap of commodity dependence globally. I thank you all.

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