

Contribution by the Common Fund for Commodities to the report of the Secretary-General for the 76<sup>th</sup> Session of the General Assembly on the Implementation of the Vienna Programme of Action for the landlocked developing countries

## BACKGROUND

The mandate of the Common Fund for Commodities (CFC) concerns supporting sustainable development of commodity dependent developing countries. The CFC mandate covers, *inter alia*, the following functions:

- (a) To mobilize resources and to finance measures and actions in the field of commodities as hereinafter provided;
- (b) To establish partnerships to encourage synergies through co-operation and implementation of commodity development activities;
- (c) To operate as a service provider; and
- (d) To disseminate knowledge and to provide information on new and innovative approaches in the field of commodities.

The Landlocked Developing Countries (LLDCs) have been recognized as an especially vulnerable priority group in the operations of the CFC. The combination of commodity dependence and lack of access to sea is a particular source of economic vulnerability leading to difficulties in development. By supporting projects that promote structural economic transformation of commodity sectors in LLDCs, the CFC contributes to the implementation of the Vienna Programme of Action (VPoA).

## IMPLEMENTATION OF THE KEY PRIORITIES OF THE VPOA

The CFC projects contribute to the implementation of the following priorities of the Vienna Programme of Action:

Priority 2: Infrastructure development and maintenance Priority 3: International trade and trade facilitation Priority 5: Structural economic transformation Priority 6: Means of implementation

During the period 2014 to 2020, the CFC received 245 project proposals originating from 14 LLDCs. From these proposals, 20 projects were approved by CFC's Executive Board to receive financial support from the Fund. The total value of these projects is USD 53.9 million of which about USD 17.6 million is committed by the CFC.

The projects supported by the Fund cover commodities such as soybeans, coffee, bamboo, grains, potatoes, vegetables, etc. of social, economic and environmental interest to LLDCs. They develop new opportunities for smallholder producers in LLDCs through increases in production and productivity, horizontal and vertical diversification, value-addition, increasing access to markets, capacity building and risk management.

During the year 2020, the CFC considered 40 project proposals originating from LLDCs. Following careful screening and selection process in accordance with the CFC rules, two projects have been taken for consideration of CFC financing in the amount of USD 3.8 million, out of the total value of the projects of USD 7.7 million.

## CONTRIBUTIONS TO THE STRUCTURAL ECONOMIC TRANSFORMATION OF LLDCS

The CFC finances activities that promote the structural economic transformation of the commodity sector, enabling landlocked countries to overcome the vulnerabilities related to their reliance on commodities for participation in the global trading system.

These projects illustrate how the Fund is contributing to the VPoA objectives:

## NEW PROJECTS TARGETING LLDCS RECOMMENDED FOR APPROVAL IN 2020

Projects Approved by the Executive Board in 2020

(I) Implementing Measurable Productive Agri Cooperation Trade, Burundi (CFC/2020/16/0037)

Organic Burundi Food B.V. supports the Burundi national development project IMPACT (Implementing Measurable Agri Cooperation Trade). This initiative strives to create an end-to-end fruit value chain in Burundi with a public-private partnership between the government of Burundi and several private companies. The project not only aims to establish seven regional fruit collection and farmer service centers, but also to construct a multipurpose fruit and vegetable processing plant. This would ensure that most of the value addition would remain in the country, thereby encouraging the establishment of other agricultural value chains in Burundi.

It is estimated that through the first phase of the project around 2,000 farming households in remote areas will be connected with a reliable market for their products with a price premium. This will lead to an additional income of EUR575 p.a. In addition, the project will create 80 jobs with a monthly salary of EUR 550. Should the project further scale out as planned, the ultimate number of beneficiary outgrower farmers will increase to 7,000. The food production is expected to increase by 10,000 MT p.a. in the first years of the project implementation, and at the same time post-harvest losses are expected to be reduced by 4,000 MT p.a.

The total project cost is EUR4,000,000 including a OFC loan of EUR2,000,000.

Projects to be presented to the Executive Board in 2021

(II) Delicious Milling, Zambia (CFC/2020/16/0043)

Located in Zambia, Zdenaki Ltd. is a maize aggregator, storage provider and trader that plans to purchase and modernize the milling company Delicious Mills. The improvements would increase the mill's maize processing capacity from 100 to 150 MT/day and enhance product quality to better address the issue of nutrition security. The project would enable the inclusion of smallholder farmers in remote regions and create a more sustainable value chain by combining maize storage and trading with

In the context of VPoA, the CFC is supporting a few selected impact investment funds targeting the development of commodities sectors. With focus in least developed countries these funds have several investments in LLDCs, especially in Africa:

(i) <u>African Agriculture Trade and Investment Fund (AATIF)</u>: AATIF is a USD 228 million impact investment fund targeting commodity production and trade in Africa. The fund is managed by Deutsche Bank and evaluation of impact indicators is done by the International Labour Organization (ILO) who acts as the fund's Compliance Advisor. Since 2012 the CFC manages the AATIF's Technical Assistance (TA) Facility. Recognizing this situation and in line with its mission of promoting sustainable development in the CDDCs, during this pandemic the CFC reinforced its commitment to support the Small and Medium Enterprises working in the commodities value chains in developing countries. In this regard, since the outbreak of COVID-19, the CFC has introduced two important initiatives providing additional support to the agri-SMEs.

In June 2020, CFC's Executive Board approved an Emergency Liquidity Facility (ELF) of up to two million USD to offer additional support to the CFC projects that have been impacted by the pandemic. The ELF can provide immediate working capital to qualifying SMEs who are at risk of terminating their