CHECK AGAINST DELIVERY

Draft statement by Ambassador Sheikh Mohammed Belal, Managing Director of the Common Fund for Commodities (CFC), Amsterdam, the Netherlands during Preparatory Committee Organizational Session for LDC5.

Date: New York, 8 February 2021

Venue: United Nations Headquarters, New York

Under-Secretary-General and High Representative Madam Fekitamoeloa Katoa 'Utoikamanu,
Excellencies,
Colleagues,
Ladies and gentlemen,

Let me begin by congratulating Bangladesh and Canada for their election as co-chair of this process. Both the countries are our standard bearers in the fight for sustainability. While Canada has been a generous host for duty free, quota free products from LDCs, Bangladesh is also an encouraging story to learn from microfinance to disaster preparedness. Conceptual discourse around LDC graduation and the particular narrative around Bangladesh's journey towards LDC graduation will be of interest not only to development practitioners, but also to researchers and policymakers with an interest in LDC graduation for other countries facing similar challenges.

With the COVID crisis still wreaking havoc globally, climate change untamed and a new economic and debt crisis looming large, the stakes for LDC5 could not be higher.

Perhaps this is why UNSG reminded us that "within and among countries; no one is safe unless all of us are safe." Indeed, one of the central narratives of this pandemic has been that 'we are all in this together'. But a recent BBC poll finds the opposite is true.

The poll shows that 69% of people in non-OECD countries had their income affected due to the pandemic, compared to 45% of those living in OECD countries. Meaning those who are most systemically disadvantaged have been hit the hardest.

Indeed, this is what we have been witnessing in our project areas mostly in the commodity dependent developing countries. We remain grateful to the UN-OHRLLS for this space where we can share our experiences as we are working towards a comprehensive appraisal of the implementation of the the Istanbul Programme of Action (IPoA), ahead of the Fifth United Nations Conference on the Least Developed Countries (LDC5) in Doha, Qatar, next year.

Before we could go into the deeper tranches of commodities and how it impacts the lives of the billions, I feel compelled to draw your attention to a few disturbing trends that we would have to address before and beyond Doha.

Firstly, we are in for a trust paradox. The 2021 Edelman Trust Barometer revealed distrust is being driven by a growing sense of inequity and unfairness in the system. The perception is that institutions increasingly serve the interests of the few over everyone.

Secondly, another pressing concern has been an erosion of donor support for the LDCs. After dissecting ODA habits of 29 leading ODA countries, the principled aid index is of the view that the ODA community is far from addressing the systemic global inequalities laid bare by the coronavirus crisis, and frame international actions to recover and rebuild. This leads us to the sharp end of pro-people financialised economic thinking. But before we go further, we need to do a status check.

Where are we now?
In the Istanbul Programme of Action (IPoA), "Commodities" were one of eight interlinked priority areas, where it was ranked at number three sandwiched between "Trade" at three and "Human and social development" at five, while, all important, "Finance and Good Governance" at seven and eight respectively. The productive capacity was rightly placed at number one followed by agriculture, food security and rural development. "Governance" was at the far end.

Since Istanbul, while a lot has been achieved, but we are far from where we should be. Before we proceed further, we would like you to ask some mundane questions before you head to LDC5.

Why, despite all our good wishes and accounting sophistications, a coffee grower in Ghana or Rwanda or Colombia gets only a pence worth for a cup of coffee that you and I sipped in a coffee shop? Or why can't you place a dollar worth of tips for the coffee growers, while you pay tips for almost every cup of coffee you drink. Or Why a women worker, who left her village for a slum in the outskirt of Dhaka or Dakar, gets only 12 cents for a polo shirt you which I bought from a superstore nearby for no less than 14 USD.
Take the chocolate industry. The industry itself is valued at $100 billion, while most smallholder cocoa farmers in West Africa, producing 70% of the world's cocoa, live on less than $1.25 per day, meaning they receive approximately just 6.6% of the retail value of a chocolate bar.
So, this time, as we proceed to Doha, it is time to take a proverbial walk backwards. On behalf of CFC, we would like to seek your attention for a visceral analysis of the value chain backward before we go forward. However, despite the gloom and doom of the pandemic, we are hopeful of a brighter future than you might have experienced in the Istanbul Programme.

Climate awareness:
In the CFC we consider it is our unique strength that we follow a bottom up approach. We fund projects that we receive through calls for proposals twice in a year. We are experiencing a growing demand for climate related projects. Only last week we approved projects like zero carbon production practices of oil from organic avocado in Kenya and Tanzania to purchase verified carbon units in the Amazon.

Increasingly people are understanding that issues such as climate change are for real and it is humanity's collective interest to self-regulate in the interests of the economy and society as a whole at a global level. However, pressure needs to be exerted by employees and consumers, who will switch brands if sustainability based on low carbon economy, is not taken seriously.
Impact investment:

Impact investment is experiencing something of a golden age. Impact investing is the practice of making purposeful investments that generate financial returns, while also helping to achieve social or environmental benefits—exemplifying the idea of "doing well while doing good." ESG metrics are becoming increasingly important and allowing investors to identify firms that are managing the disruption and taking the lead.

Norges, the world's largest sovereign wealth fund, is to divest from 12 companies engaged in oil and gas exploration, while Italian asset manager Azimut announced plans to raise €1bn for a social infrastructure fund. These developments followed news at the beginning of the year that BlackRock, the world's largest asset manager, was aiming for a 10-fold increase in sustainable investments over the coming decade.

This is perhaps the single most important auspicious change since Istanbul. In LDC5, we may consider a global investment fund that pools the resources of impact investors with an interest in development outcomes and make it a hub for all kind of blended financing like inclusion of Islamic Funds into the blend.

Our experience encourages us to humbly suggest a mode of impact investment based on counterpart contributions. This mode of funding not only unleashs collective efforts and mutual accountability, it makes the pie far bigger than it would have been otherwise.

With as many as 365 projects completed and 53 at various stages of implementation, CFC invested USD 376.57 millions of our money, with USD 979.61 million from counterpart contribution so far. Thus, CFC helped bringing almost three times more resources to the impact field compared to its humble contribution. It, nonetheless, crossed a billion USD threshold in the process.

We, therefore, like to propose for a pool of impact oriented fund under the UN system to ensure that fighting the pandemic does not mean sacrificing sustainable development.

If we are allowed a second guess, we would seek your attention to an old old proverb that cautions against seeing every problem as a nail just because you are holding a hammer.

The point is instead of running after incentives and funds, we also need ideas and innovations more in the next phase. We need to consider whether a country has the capabilities needed to produce the right products of the right quality. Would policies to lower trade protections and reduce transport costs enhance that capacity?

Here are few more thoughts.

- LDCs have to do away with red tape to make cross-border trade cheaper and diversify LDC economies, making full use of untapped potential of deepened regional integration, which contributes to improved economic growth and resilience.
- LDCs should be encouraged to create a regulatory and legal regime that promotes domestic and foreign investment so that private capital can be exploited.
- Create an enabling environment for improved trade in services, including preferences for LDC services exports and, within LDCs, addressing supply-side constraints and investing in infrastructure services.
- Cultural and creative services are an area in which many LDCs are richly endowed, and this can be more productively exploited.

- Help create an early-mover advantage in e-commerce. By one recent estimate, this has the potential to reduce trade costs associated with distance by as much as 65%.

With 33 of the 46 LDCs in Africa, we need to pay far more attention to identify the main issues in Africa preventing sustainable development. For Africa and a host of many other LDCs, LDC5 may consider programs that would help produce millions of agricultural entrepreneurs or 'agripreneurs'.

In Africa, smallholder farmers contribute up to 80 per cent of agricultural produce. These are the people who do not have a voice of their own. They do not have access to resources. They are dependent on middlemen. They are the ones creating all the value and taking the risk, but earning the least in the entire chain. This is where we seek your utmost attention for innovative enterprises like this for the twin purposes of productivity gain and therefore, enhanced income.

Happy to note that such innovative initiatives are already in plenty. Only if we give them space and support. One such initiative named Kuza in Kenya is using technology to bring new ideas to remote areas. Its agripreneurs visit their cohort of farmers in rural communities, taking a backpack which holds a Wi-Fi router, portable cloud and a projector. They use this to stream specially created, bite-sized learning videos on good agriculture practice, life and business skills, which farmers can watch using tablet devices that Kuza lends them. One agripreneurs put it the best when she said big breakthrough innovations were "not coming out of Stanford, they were coming out of the Sahara".

This is the intersection where 4iR is not only making inroads into the rugged terrain of some part of the developing world, it is also a fountain head of impact investments as business leaders are also beginning to appreciate the need to nurture a culture of lifelong learning, equipping their workforces with the skills necessary to succeed in the future. And thanks in part to pressure from consumers and employees, executives are expressing deep concerns about climate change and resource scarcity.

On the road to Doha, our challenge is figuring out the intermediate steps they need to take to harness and realize the benefits of the Industry 4.0 future. It's not only about creating a technology roadmap, but also a business and investment framework for the long term.

For economic growth to be sustainable, countries need to change what they are good at by adding more and more sophisticated products to their export basket. LDCs should be provided with support to identify new diversification opportunities.

We need our Technology Bank or the likes to promote innovations that can lower the fixed costs faced by the inputs as is happening with mobile phones or mobile banking.

We also need to develop policies that can share the fixed costs so that richer areas pay for the cost of extending the networks to poorer areas.

Intelligent policy making and strategy is needed to determine the inputs for which universality of access will aid economic equality.

Conclusion:

We find ourselves at a defining moment: the decisions and choices we make today will determine the course of entire generations' lives and livelihoods.

We have the tools at our disposal. The bounty of technological innovation which defines our current era can be leveraged to unleash human potential. This bounty has to be tempered with what is now widely seen as the true vaccine of the economic health of this globalised world-the impact investment.

The United Nations system must work together with the international financial institutions to ensure that fighting for sustainable development is the next best war that humanity could wish to have. This war could only be won if "Governance" is managed as it should be and thereby allowing the rest to take their own recourse.

Wishing all of us a very happy journey towards Doha for restoring the dignity that every human being deserves, wherever they are.

Thank you all.