Statement by Parvindar Singh,
Managing Director,
the Common Fund for Commodities

High-Level Midterm Review of the Istanbul Programme of Action (IPoA)
Antalya, Turkey, 27-29 May 2016

Mr. Chairman,

Your Excellency Secretary-General of the Conference Mr. Gyan Chandra Acharya,

Excellencies,

Ladies and Gentlemen,

Let me at the outset thank the Secretary General of the United Nations for convening the High-Level Midterm Review of the Istanbul Programme of Action (IPoA), and thank the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States for taking all preparatory steps to make this High-Level Midterm Review a success. I would also like to thank the Government of Turkey for hosting this Review, and for their warm hospitality and for making excellent arrangements for the conduct of this Review. The High-Level Review comes at an opportune time, especially after the adoption of the Sustainable Development Goals (SDGs), with an ambitious plan for the next 15 years, the Addis Ababa Action Agenda, and the Paris Agreement on climate change. The Midterm Review is expected to make a comprehensive assessment of the actions taken in implementation of the IPoA, share best practices and lessons learned, identify constraints, and spell out the initiatives required to overcome the difficulties faced in achieving the objectives.

I am confident that this Review will show the way forward for LDCs to overcome their structural vulnerabilities including those related to LDCs reliance on commodities for participation in the global economic system. This will enable the LDCs to strengthen their social, economic, technological and environmental base, and assist many of them to graduate from their LDC status. Let us not forget that the LDCs had adopted the IPoA with great hope and expectations, but have been facing continuous difficulties with global commodities and trade, due to fall in prices, currency fluctuations, and inability to meet rising expectations in expansion of quality, quantity and availability of supplies. They have also faced falling growth in income and employment, as well as food insecurity and malnutrition.

Mr. Chairman,

Excellencies,

Ladies and Gentlemen,

LDCs today stand at a critical juncture. The difficulties being faced by them, particularly due to continuous price volatility, decline in exports, increasing expenditure on imports, and decline in employment are well known. As you may be aware, the Common Fund for Commodities was established with the objective of improving the terms of trade of commodity-dependent developing countries in order to assist them in expanding and diversifying their productive capacity and trade, and increasing
their export earnings through commodity development measures. Under its new mandate, the CFC promotes the development of the commodity sector and contributes to sustainable development in its three dimensions i.e. social, economic and environmental.

The Common Fund provides support to measures which are innovative, aimed at improving the structural conditions in markets and at enhancing the long-term competitiveness and prospects of particular commodities. The CFC establishes development partnerships to encourage synergies through co-operation and implementation of commodity development activities; and disseminates knowledge and provides information on new and innovative approaches in the field of commodities. This is the basis and foundation of CFC.

Mr. Chairman,
Excellencies,
Ladies and Gentlemen,

I would like to inform this august gathering that during the period 2011 to 2015, the CFC, within its modest resources, has approved 31 regular projects and 16 smaller projects with a total value of USD 130.27 million of which about USD 20 million is contributed by CFC. These cover commodities such as cereals, pulses, edible oil, cassava, coffee, horticulture and floriculture, timber etc. of social, economic and environmental interest to LDCs. These projects develop new opportunities for small-holder producers in LDCs through increases in production and productivity, horizontal and vertical diversification, value-addition, increasing access to markets, capacity building and risk management.

By making strategic interventions through modest resources to address particular problems affecting commodities, the CFC has been able to enhance revenues, generate employment particularly for youth and women, increase household incomes, reduce poverty and enhance food security in LDCs. These interventions not only need to be continued but further deepened and widened. At the end of the day, we must ensure that the achievements and gains made over the last many years are not reversed but are strengthened. In particular, all steps need to be taken towards effective and sustainable agricultural production, including efficient use of productive resources, and enable integration of commodity producers as equal partners in global value-chains. The Common Fund continues to lead this process at grassroot level by taking the operations as close as possible to the primary producers, while keeping the door open for the private sector and, particularly, for the financiers to come in at the earliest.

Mr. Chairman,
Excellencies,
Ladies and Gentlemen,

With the achievement of the Millennium Development Goals (MDGs) the LDCs have seen much advancement in their efforts to improve the livelihood of their citizens. There are LDCs with larger natural wealth, and some with annual growth rates higher than those of developed countries. However, it is clear that despite many successes in the LDCs, the poorest and most vulnerable people are being left behind. Big gaps still exist between across regions, different countries, landlocked
countries and others, the poorest and richest households, and between rural and urban areas.

LDCs have severe structural impediments to sustainable development, and there is special concern regarding the continued reliance on commodities for economic development and for providing sustained livelihood for their populations. We in the Common Fund are convinced that commodities are and will remain the main vehicle of development of LDCs in the foreseeable future. However, while this remains a fact, we have to work to reduce the high dependency and concentration by LDCs on a few commodities, since commodity dependence is a major factor of their economic vulnerability. It is universally recognized that the traditional instruments of international development assistance in the commodity sector have not yielded the much needed impetus to growth and development of economies of LDCs, and this has led to waning enthusiasm for commodity-driven development in national governments and the international community.

It is heartening to note that more attention is now being focused on commodity issues in LDCs, as there has been little increase in labour employment and productivity, and inability to structurally transform their economies. A larger emphasis on export of manufactured goods and expansion of services, rather than a focus on only agricultural and mineral commodities is likely to create a more positive environment in LDCs.

As the global economic environment undergoes fundamental changes in the coming years, the programme of action should reflect our knowledge and understanding of the prevailing and emerging situation, allowing for creation of new instruments so that our actions and policies remain effective and efficient. Initiatives are required that aim at mitigating the negative effects of instability of commodity prices and earnings from commodity exports, including through price risk management and establishment of viable safety nets for smaller producers.

Mr. Chairman,
Excellencies,
Ladies and Gentlemen,

In conclusion, let me emphasize that recognizing the particular role played by LDCs and their development partners in creating opportunities for LDCs should, in our view, remain part of the IPoA. To accelerate and support the process, the CFC and UNCTAD hosted (are hosting) a special event on “Fostering structural economic progress towards graduation from LDC status” which was held (will be held) in (on) the afternoon of Saturday, 28 May 2016. The outcomes of the special event, I am sure, will contribute to measures and actions that will galvanize the IPoA in the coming period and also enable fulfilment of the SDGs.

I thank you for your kind attention.