

Ladies and Gentlemen,

It is a privilege to address this distinguished panel on behalf of the Common Fund for Commodities (CFC) to share our perspective on the critical questions in this discussion. We focus here on fostering productive capacities and structural transformation, key pillars to prepare commodity dependent developing countries for the economy of tomorrow.

First, I want to recall that commodity dependence remains a persistent development challenge.

UNCTAD reports that 94% of commodity dependent countries are developing countries, and commodity dependence strongly correlates with poverty. The volatility of commodity prices, coupled with a lack of diversification leads to economic instability, diminished revenues, and perpetuated deprivation. This dependence creates a vicious cycle where countries find it challenging to invest in other productive sectors, thus hindering economic diversification and sustainable growth.

Second, the inequity of global commodity value chains is a major contributing factor to the problem.

These inequities often manifest in the form of disproportionate gains, where the majority of profits are captured by a few large players, while vulnerable small-scale producers and local communities receive minimal returns. To build tomorrow's economy, we must ensure fairer distribution of value across the entire commodity chain. This involves enhancing the capacities of smallholder farmers, providing better access to markets, and rewiring global trade to recognize and reward the contributions of all stakeholders in the value chain.

Next, I believe that impact investing in SMEs offers a beacon of hope.

One of the most promising avenues for fostering economic diversification and building productive capacities lies in impact investing, particularly in small and medium-sized enterprises (SMEs). SMEs are the backbone of many economies, driving innovation, creating jobs, and contributing significantly to GDP. However, they often face significant barriers in accessing finance and markets. By directing impact investments towards these enterprises, we can catalyze inclusive growth, stimulate local economies, and promote sustainable development. The CFC has been at the forefront of this initiative, leveraging impact investing to support SMEs in commodity-dependent countries, thereby fostering economic resilience and diversification.

Further, public-private synergy offers hope to the future of development financing.

We see that there are few if any alternatives to finding effective models of synergetic public-private development financing. The CFC is focused on practical steps, and we have built a model that we call the Agricultural Commodity Transformation Fund, the ACT Fund. The ACT Fund blends public and private investments to share and mitigate risks, providing appropriate financing for sustainable projects in commodity-dependent countries. Impact conscious private sector investors are a great partner to leverage and enhances the scale and impact of development initiatives. Multilateral financiers need to offer the right instruments for them to get involved, and we trust the ACT Fund will serve this purpose.

By leveraging the strengths of both public and private sectors, we can ensure that development financing is not only sufficient but also sustainable and impactful. This synergy allows us to mobilize additional resources, innovate in financing mechanisms, and implement projects that directly contribute to building productive capacities and structural transformation.

Finally, I would like to share that search for new instruments of development, suited for the needs of poorest stakeholders of commodity value chains needs to continue in our search for the development narrative of tomorrow. We have to address the persistent issue of commodity dependence building on our years of experience and using best means at our disposal to ensure fairness in commodity value chains. For that, we harness the potential of impact investing in SMEs and we embrace the power of public-private partnerships as a model for future-proof development financing. The CFC pioneered the use of Development Impact Bonds, an exciting new instrument in financing commodity development. Digital technology also offers great new hope of a better deal for the primary producers of commodities; as one example we hear news of BRICS+ developing a digital unit to simplify global trade settlement. The search for new instruments continues.

The Common Fund for Commodities remains committed to these principles and to working collaboratively with all stakeholders to create a more inclusive, sustainable, and resilient global economy. I trust that the challenge of commodity dependence and inequities of commodity value chains will be part of the consensus that paves the way for a future where all countries can use their natural endowment to thrive and prosper.

Thank you.