

## **SUBMISSION FROM THE COMMON FUND FOR COMMODITIES (CFC) TOWARDS REVISION OF ZERO DRAFT OF THE LDC5 OUTCOME DOCUMENT.**

Between Istanbul to Doha, unless we could debunk the myth of disproportionately poor income at the farmers' level, the mission of poverty alleviation shall remain, at best, a pipe dream. To reach those millions of smallholders farmers and SMEs, CFC would like to humbly suggest a paradigm shift in our orientation towards localization of development with added focus on agri commodities.

As poverty is painfully more entrenched around the commodities and mostly in the rural contour of developing world, we urge Doha process to take a detour from traditional aid-for-trade type development to a process of impact investment, where we shall walk back, along the value chain, to serve the missing millions of smallholders and SMEs. The goal is to alleviate them from poverty through their commodity value chain upgradation to provide enhanced income at the farm level and thereby making the whole value chain transparent and traceable.

CFC, would therefore, like to suggest OHRLLS to devise a means to provide affordable finance to those missing millions so that they can afford the technologies and concepts to diversify their productivity of their agri-commodity value chains without harming the planet.

In our view, the Section III "Structural transformation" seems to be missing this recognition of the critical role of rural SMEs, particularly in the agri commodity sectors, in the economies of LDCs. We would like to suggest the following text at the end of, or after para 128 (and making necessary revisions at paras 152 to 154.)

*We recognize that much of private sector development happens at the level of rural small and medium enterprises operating in agricultural commodity. Localization of development by enabling such enterprises to develop and invest in their productive capacity and efficiency is essential to enhance incomes of smallholders and achieve sustained economic growth at the grassroot level, which is the foundation of permanent graduation for most LDCs. We would like to devise a rural agri-commodity based value chain upgradation through affordable finance, with participation of private enterprises, and thereby unleashing entrepreneurship at the farm level and making the value chain transparent from producer to consumers.*

2. The Section VI "Mobilizing international solidarity" could benefit from the recommendations of Secretary General Roadmap for financing for development, namely those concerning the rising importance of impact investing as new mode of public-private financing for development. We would like to suggest to add a paragraph after para 250

*We recognize the rising significance of impact investing as a new public-private financing mechanism for SDG Agenda 2030, and we underline the urgent need to develop mechanisms to channel private investments towards achieving the SDGs in LDCs, as indicated in the UN Secretary General's Roadmap for Financing for Development. In this regard, we take due note of the initiatives already ongoing in this direction, and encourage greater effort in establishing impact investing funds, targeting agri-commodities and associated smallholders and SMEs in the LDCs and serving the goals aligned with the SDG Agenda 2030.*

From Istanbul to Doha, the proposal for affordable finance should be the new paradigm and we suggest the followings for consideration as general outline:

- The proposal for the establishment of International Investment Support Center (IISC) may be re-named as International Impact Investment Support Center (IIISC) as proposed at para 286.
- We suggest added focus on how finance could be made affordable across the LDCs. Towards this goal, we would like OHRLLS to consider more enhanced engagement with MIGA for innovative solutions like affordable insurance and certifications schemes, first loss guarantee, interest free loan facility under arrangements like Sukuk etc. (para-117)
- We suggest OHRLLS to work intensively with UN Technology Bank for wider use of emerging technologies like blockchains so that we can make the value chain transparent from producers to consumers. (para-112)
- We suggest OHRLLS to devise innovative mechanisms so that youths, in general, and millennials , in particular, be a part of the value chain upgradation in the LDCs so that traceability becomes a mission to provide more income at the farm level. (para-20)