

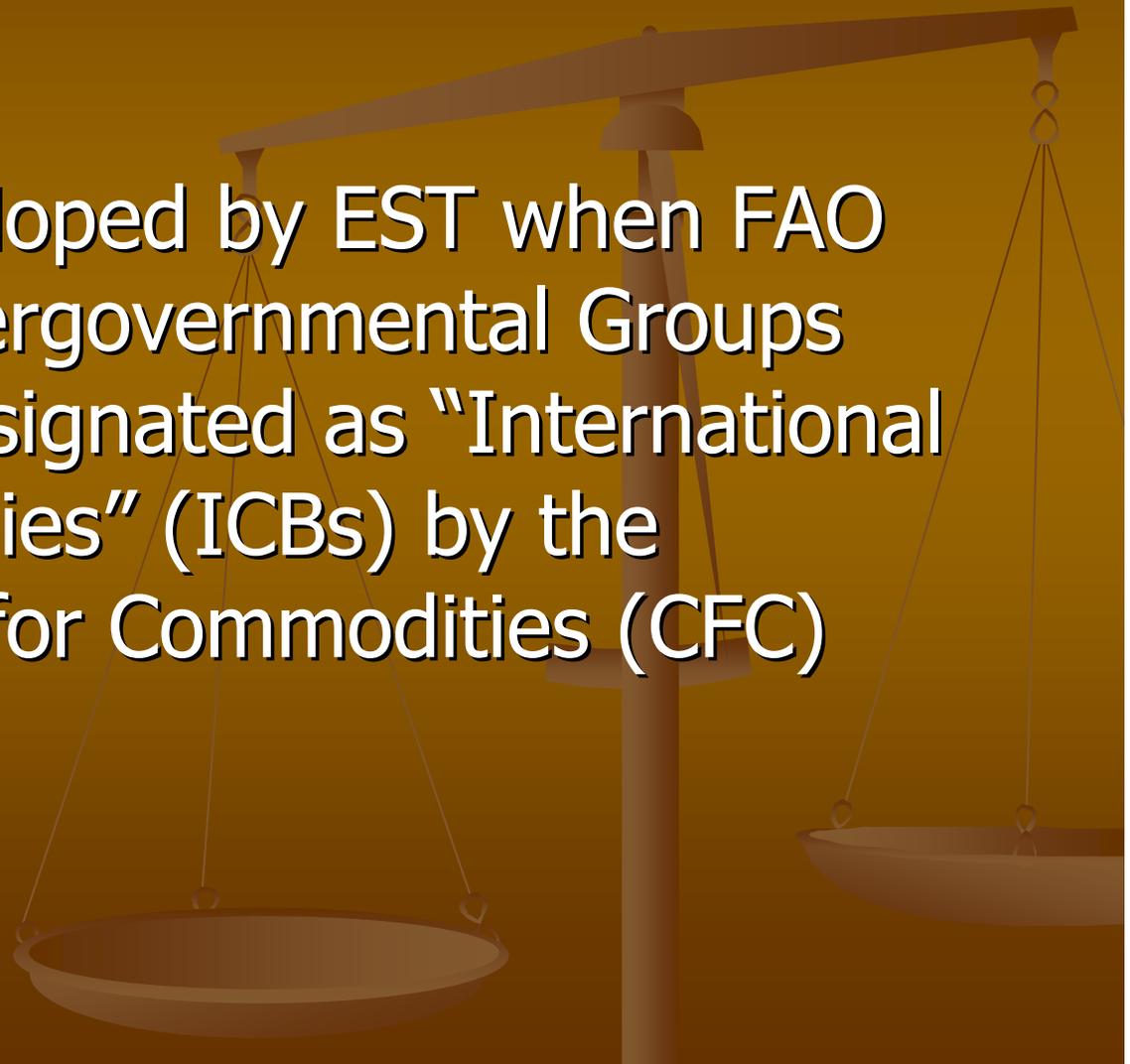


EST Commodity Development Strategies

TCI Investment Days 2010
13-14 December 2010

History

- Strategies developed by EST when FAO Commodity Intergovernmental Groups (IGGs) were designated as “International Commodity Bodies” (ICBs) by the Common Fund for Commodities (CFC)



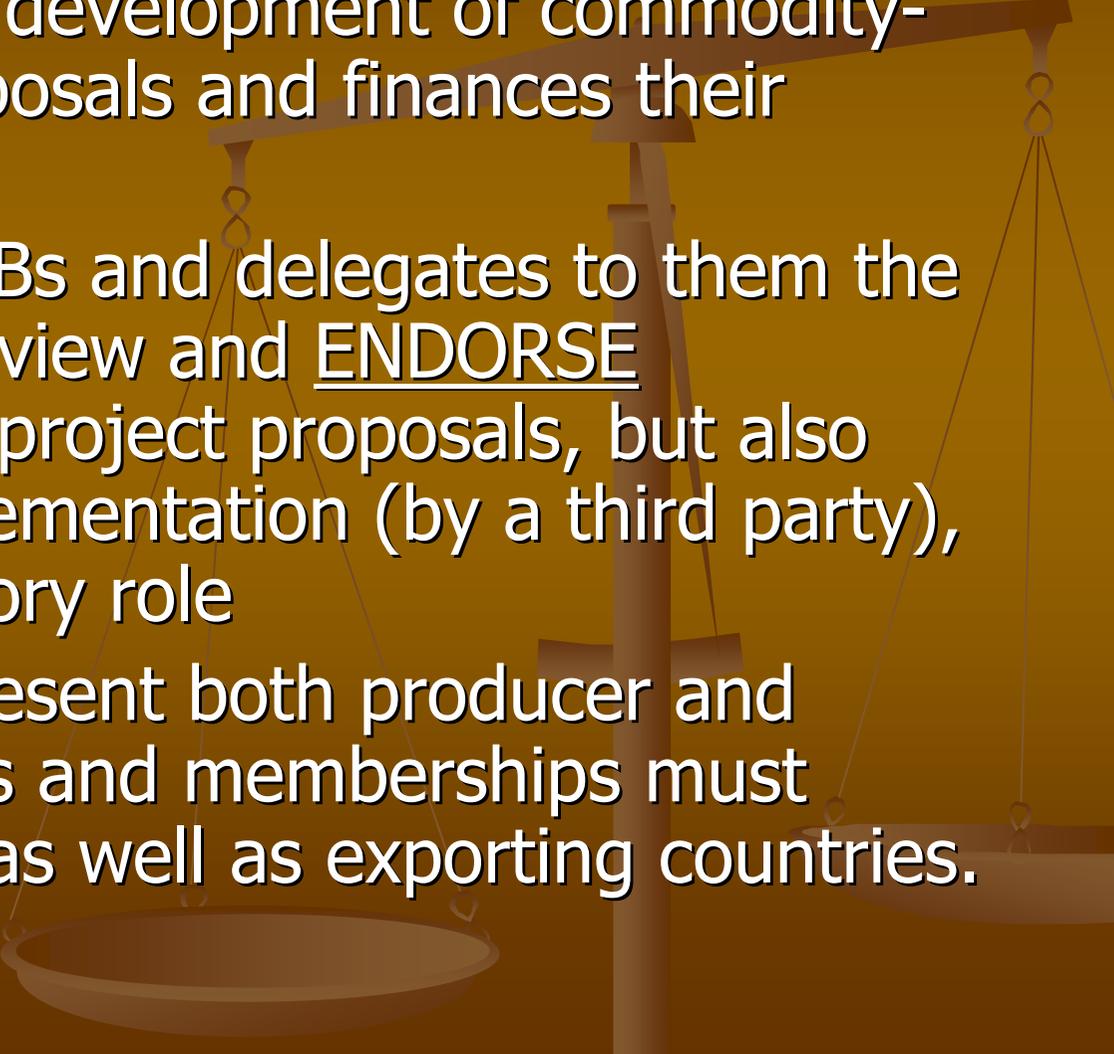
FAO Commodity Intergovernmental Groups

- IGGs provide a forum for consultation on the economic aspects of specific sectors, paying particular attention to trade matters and to any special difficulties which exist or are likely to arise in international trade
- They report to the Committee on Commodity Problems (CCP)
- Members are representatives of governments from both, importing and exporting countries (although some IGGs allow private sector's participation)
- Currently eleven IGGs active (IGGs on Grains; Rice; Oilseeds Oils and Fats; Meat and Dairy; Jute and Hard Fibres; Tea and Beverages; Hides and Skins; Citrus fruits; Bananas and Tropical Fruits...)

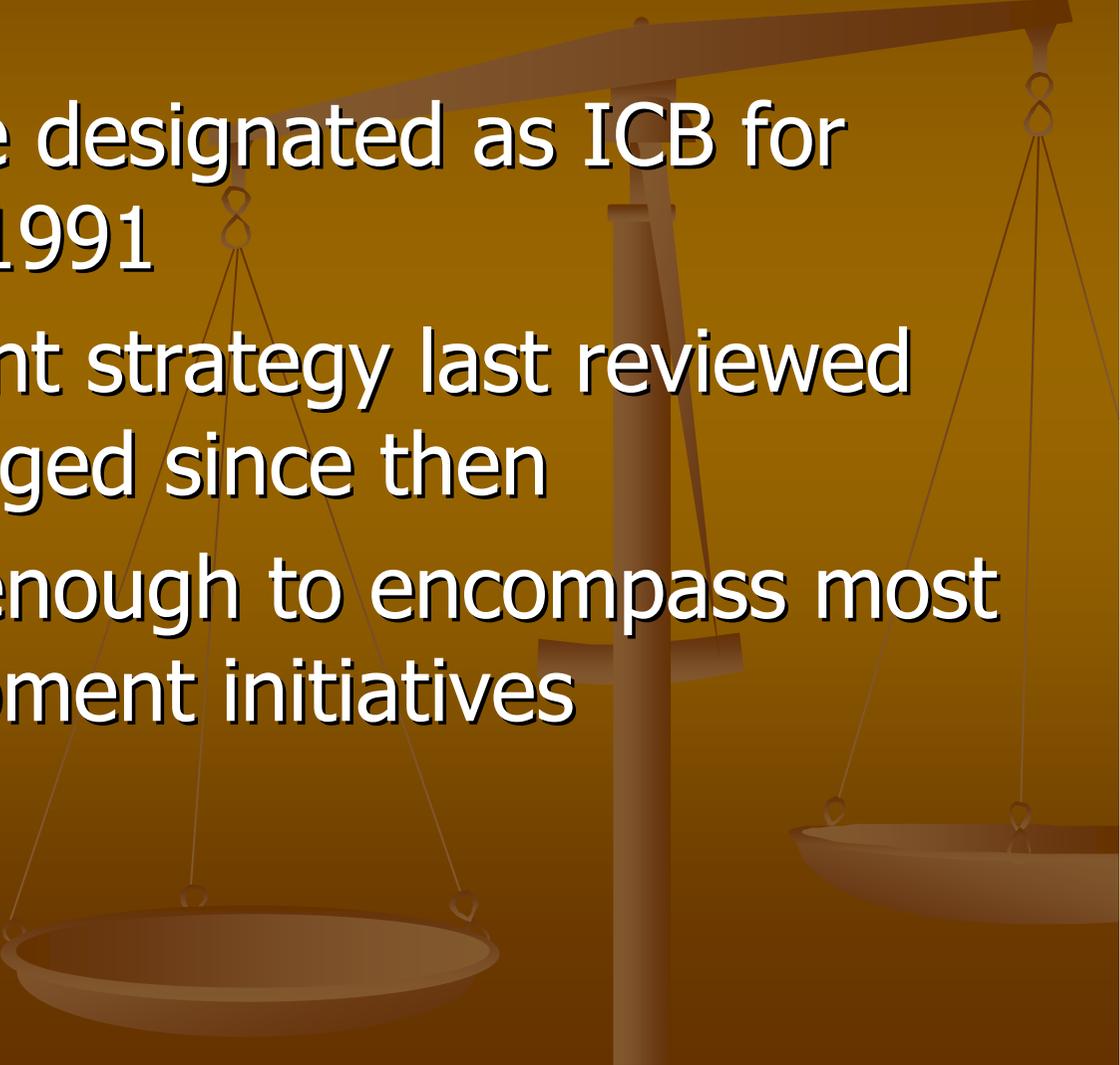
Common Fund for Commodities (CFC)

- A UN organization established in 1980 under the UNCTAD integrated programme for commodities
 - Like IGGs, the CFC operates under a commodity focus instead of the traditional country focus.
 - Activities consist mainly of commodity development measures aimed at improving the structural conditions in markets and at enhancing the long-term competitiveness and prospects of particular commodities, especially in poor developing countries
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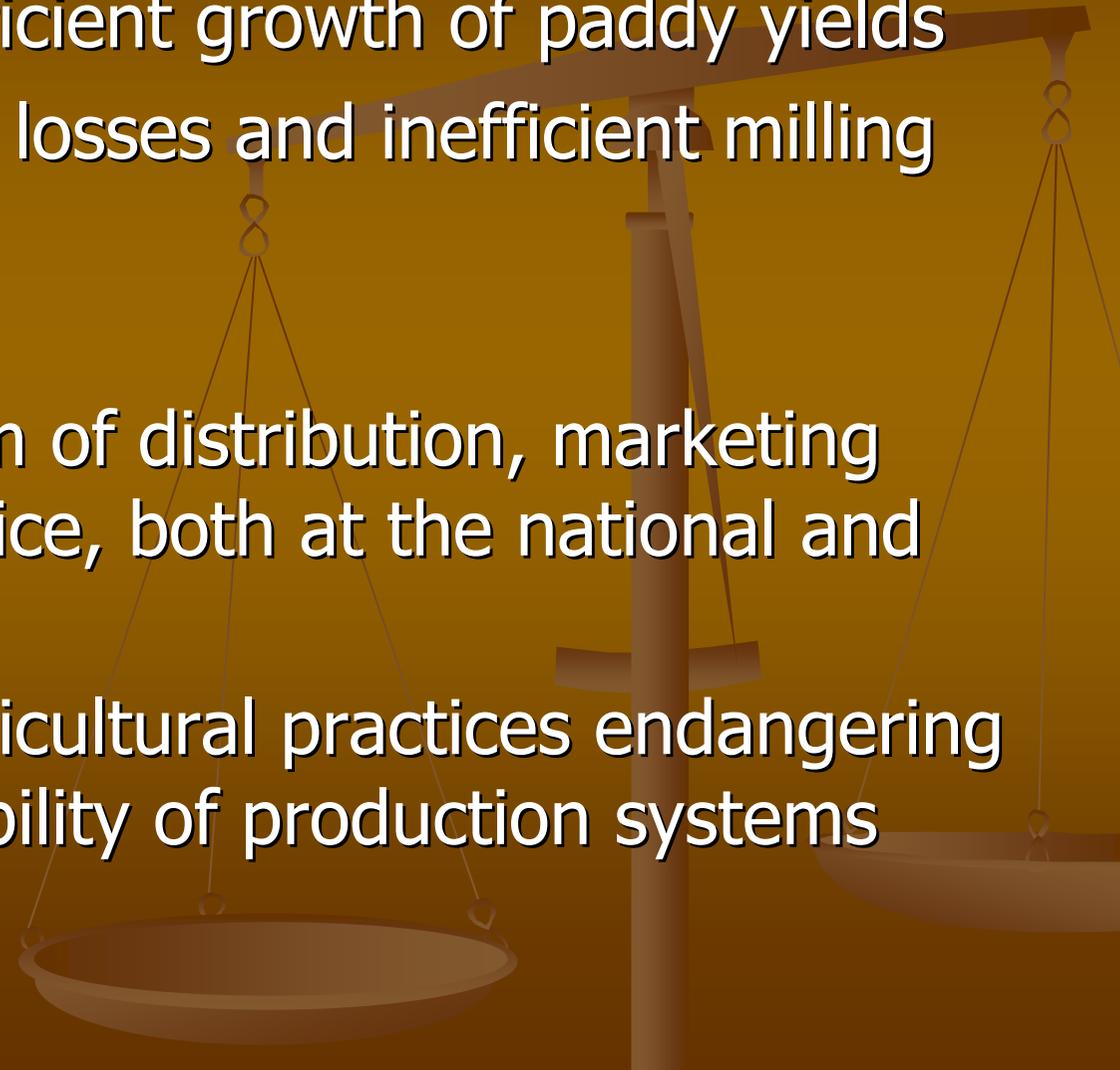
Relation between CFC and ICBs

- CFC facilitates the development of commodity-based project proposals and finances their implementation
 - CFC designates ICBs and delegates to them the responsibility to review and ENDORSE commodity-based project proposals, but also monitor their implementation (by a third party), playing a supervisory role
 - All ICBs must represent both producer and consumer interests and memberships must include importing as well as exporting countries.
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Rice Development Strategy

- The IGG on Rice designated as ICB for rice projects in 1991
 - Rice development strategy last reviewed in 1994, unchanged since then
 - Strategy wide enough to encompass most sectoral development initiatives
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Rice development strategy priority issues (1994)

- Stalling and insufficient growth of paddy yields
 - High post-harvest losses and inefficient milling technology
 - poor rice quality
 - inadequate system of distribution, marketing and transport of rice, both at the national and international level
 - Unsustainable agricultural practices endangering long run sustainability of production systems
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Rice development strategy: Nature of projects to be promoted

- research and technical assistance for expanding and improving paddy production, output of milled rice and the by-products through adaptation of existing technologies and their improved utilisation and application and transfer to different geographical areas
- Resource management projects promoting efficient and effective use of land and agro-chemical inputs as well as sound agronomic and soil and water conservation practices
- Activities related to improving market information, credit, market promotion and distribution in order to increase transparency in trade, improve access to markets and promote greater stability in the rice market, both at the domestic and international level

Very broad in scope, but matching CFC current project portfolio

- The Fund's activities consist mainly of commodity development measures aimed at improving the structural conditions in markets and at enhancing the long-term competitiveness and prospects of particular commodities.

- Current CFC Project Portfolio:

Research and development; productivity and quality improvements; technology transfer; diversification and processing; improvement of marketing and access to markets; and commodity market development actions which assist developing countries, in particular least developed countries (LDCs), to function effectively in a liberalised global economy.

Projects in this field include physical market development; enhancement of market infrastructure; facilitation of private sector initiatives; and commodity price risk management.

CFC objectives under the 2008-2012 Action Plan

1. To finance commodity development projects within the agreed priority areas including:
 - improving competitiveness of commodity producers;
 - supporting sustainable operation of the commodity value chains;
 - addressing vulnerability of export commodity producers and increasing their share in end-product value
 2. To promote international cooperation, exchange of experience and knowledge sharing in commodity related development issues.
 3. To raise the profile of commodity problematique and, specifically, concerns of commodity producers in the international development community.
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Commodity Value Chain

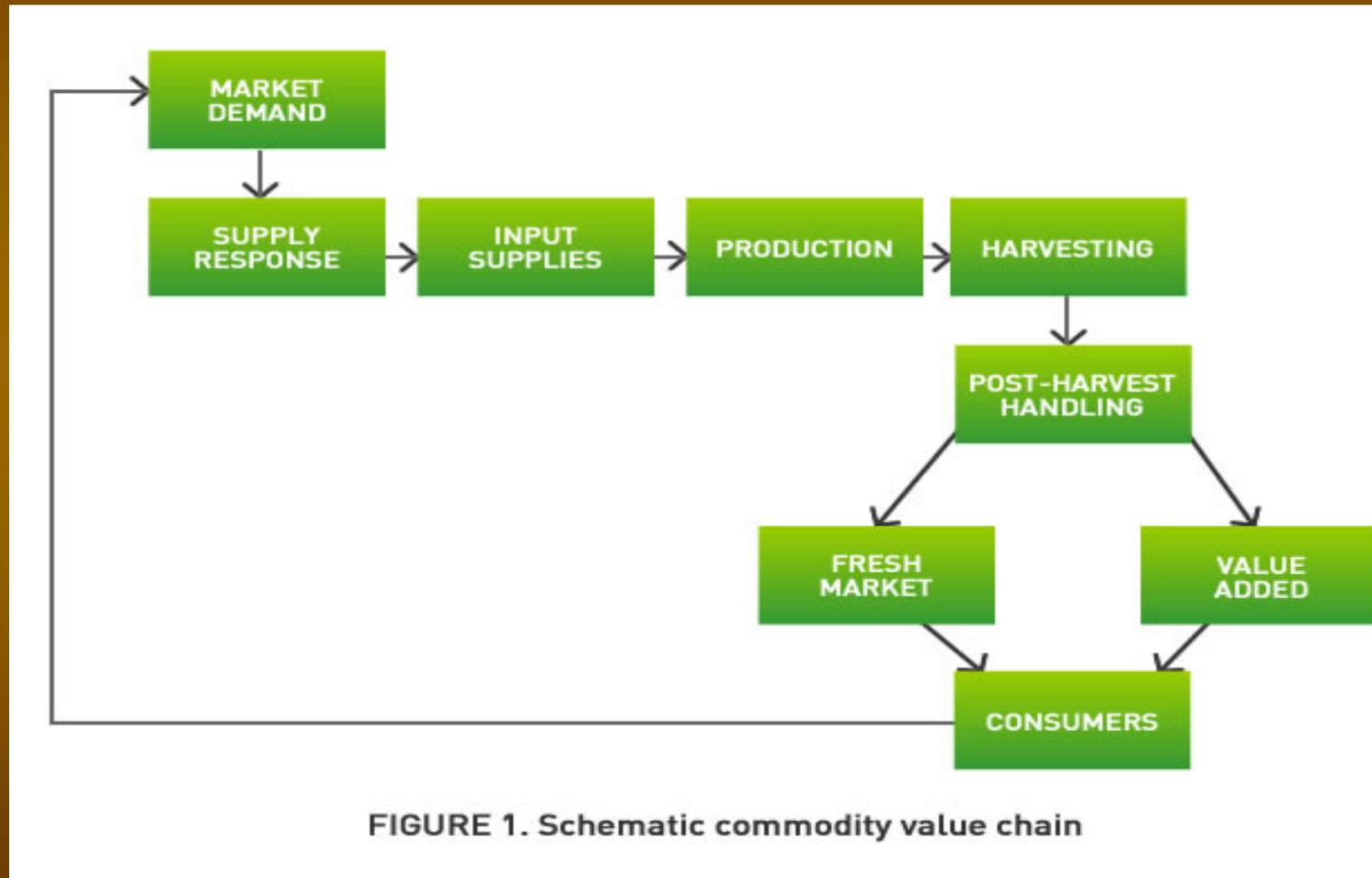


FIGURE 1. Schematic commodity value chain

CFC financed rice projects

1. **Sustainable Productivity Improvement for Rice in Inland Valleys in West Africa by WARDA;** USD 1,001,824 (grant); Expected Completion Date: Sept. 2009)
2. **Study on Sustainable Development of Rice Production in the COMESA Region by COMESA;** USD 60,000 (grant); CD: Sept. 2004
3. **Bridging the Yield Gap in Irrigated Rice in Brazil and Venezuela, by CIAT – FLAR;** USD 970,200 (grant), CD: July 2006
4. **Study of the Domestic Rice Value Chains in the Niger Basin of Mali, Niger and Nigeria by IFDC;** USD 118,069 (grant), CD: June 2008
5. **Diagnostic of Financial Gaps in the Rice Sector of Latin America and The Caribbean by CIAT – FLAR;** USD 111,464 (grant), CD: March 2008
6. **Improving the Competitiveness of Rice in Central Africa by WARDA;** USD 2,500,961 (grant), CD Date: April 2012
7. **Transformation of Upland to Irrigated Rice through Use of Water Harvesting by CIAT – FLAR;** USD 2,405,300 (grant), CD Date: Sept 2011

Commodity / Country development strategies

- Commodity development strategies need to be considered within the wider economic context and adapted to the specific conditions and priorities of the country
 - However, the strategy gives a specific market perspective, of growing importance in a globalized environment
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Thank you!

Concepción Calpe
Trade and Markets Division (EST)
Concepcion.Calpe@fao.org