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Продовольственная и
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Organización
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Unidas
para la
Agricultura
y la
Alimentación

COMMITTEE ON COMMODITY PROBLEMS

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REPORT ON PRODUCT AND MARKET DEVELOPMENT ACTIVITIES INCLUDING THOSE IN COLLABORATION WITH THE COMMON FUND FOR COMMODITIES

I. INTRODUCTION

1. This document reports on commodity development activities undertaken by FAO since the Sixty-sixth Session. These activities include those for Common Fund for Commodities (CFC) (details on CFC projects are provided in document CCP 09/Inf.7). This document also reports FAO activities undertaken together with other international organizations on the *All ACP Agricultural Commodities Programme*, an interesting commodity project sponsored and financed by the European Union.

II. RECENT DEVELOPMENTS REGARDING COOPERATION BETWEEN FAO AND CFC IN PROJECT FORMULATION, IMPLEMENTATION AND SUPERVISION

2. As the only financing institution with a strict commodity focus, CFC supports product-specific development projects in production, processing and marketing. CFC works through International Commodity Bodies (ICBs), including FAO's Intergovernmental Group (IGG) system and its Committee on Fisheries, to generate and develop project proposals and, once approved by the CFC Executive Board, to supervise their implementation. A recent agreement between CFC and FAO allows FAO also to act as project executing agency.

3. Details of CFC projects are provided in document CCP 09/Inf.7. Between January 2007 and December 2008, 48 projects under the aegis of FAO-ICBs, valued at USD 119 million (US dollars), have been operational with 13 reaching completion during this period. A further 10 projects, valued at USD 29 million, have received approval from CFC and are waiting to become operational. Additional 14 projects, valued at almost USD 38 million, are currently in the pipeline for consideration by CFC.

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4. For those projects which are currently under implementation or which have been completed since January 2007, 23 have been in sub-Saharan Africa and are valued at USD 65 million; a further 7 projects in Asia, valued at almost USD 17 million; and 13 in Latin America and the Caribbean, valued at USD 37 million.

5. The review and development of proposed projects, as well as the supervision of some 45-50 ongoing projects including input at their inception and termination, places a considerable workload on FAO staff. Fortunately, since 2007, CFC has agreed to provide *per diem* contributions for staff time spent on project missions and in the project reporting process. However, staff resources are inadequate to expand the number of projects and increasingly external consultants are being hired to cover supervisory responsibilities. Furthermore, given reduced staff in the Divisions concerned, pressure is mounting to consolidate the number and work of the IGGs. This has implications for the ICBs at FAO which are competent to approve and support CFC projects. Work has been undertaken to identify other ICBs required to support CFC projects, but none have been found to date.

III. ALL ACP AGRICULTURAL COMMODITIES PROGRAMME (AAACP)

6. FAO is involved, together with UNCTAD, ITC, the World Bank and CFC, in the European Union-funded *All ACP Agricultural Commodities Programme* which was launched in September 2007. The aim of this programme is to strengthen capacities to develop and implement sustainable commodity strategies in ACP economies. The programme has its roots in the European Union Action Plan on Agricultural Commodities, Dependence and Poverty (COM (2004) 89), the European Union-Africa Partnership for Cotton Sector Development (COM (2004) 87) and various ACP initiatives related to agricultural commodities arising from the Cotonou and Doha negotiations. As such, it recognizes fully the link between the production, the transformation and sale of commodities and poverty reduction, and relates well and is fully compatible with the overall work programme of the FAO units involved.

7. The AAACP seeks to achieve four specific results, namely:

- i) National Commodity Chain Stakeholders (NCCS) in ACP countries have the capacity to develop, adapt and implement effective and sustainable commodity strategies;
- ii) strategic priorities are effectively implemented, e.g. organizational capabilities of NCCS are strengthened and farmers' productivity improved;
- iii) market-based risk management instruments are developed and their use increased; and
- iv) effective use is made of the expertise, complementarities and synergies of the ACP, European Union and international organizations in the area of agricultural commodities to the benefit of stakeholders.

8. The programme has a specific cotton component, which has been allocated one-third of the total budget. Cotton activities under the programme must be coherent with the action plan on cotton under the European Union-Africa partnership on cotton.

9. The four-year programme has a value of EUR 45 million (Euros). From a first tranche of EUR 23 million, FAO received EUR 6.5 million (USD 8.45 million at the prevailing exchange rate upon signature of the contribution agreement) from the European Union. The FAO contribution in terms of staff and non-staff resources under the first tranche of the programme amounts to about USD 3 million. The programme involves three different divisions at FAO (EST, AGS and AGP), some 40 colleagues based at headquarters in Rome and various regional and subregional FAO offices and collaboration with a large number of representatives of public and private partner organizations (national and regional) in all six ACP regions.

IV. CONCLUSIONS

10. Delegates may wish to comment on the commodity development activities of the FAO Secretariat. In particular, discussion concerning the amount of time devoted to these activities, and alternative means of meeting obligations to the CFC may be helpful.