

11 March 2011

**Statement of H.E. Mr. Joseph Deiss,  
President of the 65<sup>th</sup> Session of the General Assembly,  
at the Informal Thematic Debate on “Investment in and Financing of  
Productive Capacities in Least Developed Countries**

Mr. Secretary-General,  
Mr. Deputy Prime Minister,  
Excellencies,  
Ladies and gentlemen,

Allow me to welcome you to this informal thematic debate of the sixty-fifth session of the General Assembly, focusing on investment in and financing of productive capacities in least developed countries. I am especially grateful to those of you who have spent many hours on a plane to be with us today.

Development and poverty reduction are a key theme of the sixty-fifth session of the General Assembly. This session opened last September with the High-level Plenary Meeting on the Millennium Development Goals. On that occasion the international community reaffirmed its commitment to eradicating extreme poverty and achieving all the MDGs by 2015, and to redoubling its efforts to that end.

The specific constraints faced by the least developed countries in their efforts to reach the Millennium Development Goals were recalled at the side event on the least developed countries and the MDGs. I said then, and I repeat now, that our ability to achieve the MDGs in the least developed countries will be the real measure of our success.

To speed up progress towards the achievement of the MDGs and to ensure that this progress is lasting, it is essential that the least developed countries have framework conditions that are conducive to investment and job creation. It is from the springboard of economic growth that the least developed countries will take flight.

The least developed countries are often described as the poorest and most vulnerable members of the international community. They face structural challenges; they have been severely impacted by the three crises – the economic, food and energy crises – that the world has just gone through. These countries are at risk of being further harmed by the current spike in oil prices. They also suffer disproportionately from the effects of climate change.

Despite these constraints, some least developed countries have enjoyed strong growth rates. Before the crisis, this group as a whole had even surpassed the 7-per-cent growth target established in the Brussels

Programme of Action. Over the past decade a number of African countries have been among the world's most booming economies and have succeeded in reducing poverty by creating jobs.

But all too often, such successes remain fragile. Growth is confined to extractive activities and commodities, which are sectors that create few jobs, are isolated from the rest of the domestic economy and are exposed to the vagaries of the global economic landscape. Productive capacity-building and economic diversification are vital for ensuring sustained growth that benefits society as a whole.

How can this be achieved? What national strategies can increase productive capacities? The quality of the institutions and policies put in place at the national level is of decisive importance. Reforms to strengthen the rule of law, respect for human rights and democratic institutions must be intensified; measures to combat corruption must be stepped up. Guarantees of fundamental rights, in particular property rights, but also the establishment of sound market structures are the necessary conditions for stimulating investment, mobilizing domestic resources, boosting productive capacities and generating employment.

These are the issues I invite you to explore in our first panel discussion this morning.

But today it is less possible than ever, in our globalized world, for all these national initiatives to rely on the assumption of "ceteris paribus", all other things being equal, that is so dear to economists. The nature and quality of the international environment must be such as to support the least developed countries' efforts. Official development assistance, which for many least developed countries remains a major source of financing, should support their national strategies for developing the private sector, investments and trade. Productive infrastructure, agriculture, industry and services such as tourism should be accorded particular attention.

In the interest of policy coherence for development, the international framework for trade, investment and technology transfer must be conducive to the development and economic diversification of the least developed countries. In particular, the conclusion of the Doha round, the extension of preferences for unrestricted, quota-free access for all products from least developed countries and the adoption of investment agreements are essential.

Accordingly, our second panel discussion will focus on international mechanisms for enhancing the least developed countries' comparative advantages.

Ladies and gentlemen,

"The strength of the community is measured by the well-being of the weakest of its members": as many of you know, this phrase is close to my heart; it is taken from the Constitution of my country, Switzerland. Reducing the poverty and vulnerability of the least developed countries is a duty we owe to their needy populations, but it is also an important contribution to a more prosperous, secure, dynamic, democratic and united world.

I hope that today we will have a high-quality dialogue that will contribute to the preparations for the Fourth United Nations Conference on the Least Developed Countries, to be held in Istanbul from 9 to 13 May 2011. I hope we can provide, in particular, useful input for the negotiations under way on a plan of action for a development partnership with the least developed countries in the coming decade. I will formulate a number of conclusions drawn from today's discussions; they will be posted on the website of the General Assembly President and will serve as a background paper.