



**KEYNOTE ADDRESS BY THE PRIME MINISTER
OF THE KINGDOM OF LESOTHO
THE RIGHT HONOURABLE MR. PAKALITHA MOSISILI,
AT THE OPENING SESSION OF THE THIRTEENTH SESSION
OF THE GENERAL CONFERENCE
OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT
ORGANISATION (UNIDO)**

7 - 11TH DECEMBER, 2009

VIENNA, AUSTRIA

**The President of the 13th Session of the General Conference of
UNIDO**

Your Excellency, the President of Iceland

Excellencies, Heads of State or Government

Representative of the Secretary General of the United Nations

Chairperson of the African Union Commission

The Director General of UNIDO, Mr. Kandeh Yumkella

Excellencies

Distinguished Ladies and Gentlemen

Kindly allow me to express my heartfelt gratitude and profound appreciation for the invitation been invited to this thirteenth session of the General Conference of the United Nations Industrial Development Organisation (UNIDO). I am humbled and honoured to address this august gathering.

By the same token permit me, Mr. President, on behalf of my delegation and indeed on my own behalf, to congratulate you upon your election as President of this Session of the General Conference of UNIDO. Rest assured of our unwavering support during your stewardship of this important Conference.

Let me take this opportunity to thank the Government and people of the Republic of Austria, for the excellent hospitality

extended to us since our arrival in this beautiful city of music and culture.

I further wish to congratulate Dr. Kandeh Yumkella for having been appointed for a further term as Director General of this important organisation. Your vision, Mr. Director General, your dynamic leadership and selfless dedication to the cause of fulfilling the mandate of UNIDO are, indeed, exemplary. The initiatives that you have undertaken together with other UN Agencies and Development Partners in that regard have confirmed UNIDO as one of the most credible organisations for addressing the Millennium Development Goals, for eradicating poverty and for improving the quality of life of millions of people in the developing countries. Your reappointment is therefore most deserving.

Mr. President,

Excellencies,

Ladies and Gentlemen,

Our world faces four (4) major challenges that are poised to destroy our social fabric and erode the gains that we have achieved in the past decades. These are: **Climate Change, the Financial Crisis and the surges in both Food and Fuel Prices.**

The developed and developing countries alike are going through difficult times.

The earlier argument that the financial crisis would bypass developing countries, especially the Least Developed Countries, due to their low financial connectivity to the global financial networks, has been proved wrong.

The impact of the crisis was immediate and massive. Landlocked Developing Countries (LLDCs), Least Developed Countries (LDCs), and some low income countries, particularly those whose economic growth is export driven, were most adversely affected. A substantial drop in exports led to rising unemployment rates. Poverty soon escalated and deepened. The economic gains of the previous decade were either halted or reversed. Efforts towards raising the level of a human development index were frustrated. And, unfortunately, achievement of the MDGs by 2015 has become more elusive and uncertain.

Your Excellencies,

It is now widely acknowledged that the transmission channels of all these crises to the developing world are trade, foreign direct investment (FDI) and official development assistance (ODA).

In the wake of the global economic downturn, trade in goods dwindled as a result of the shortage of credit needed to import capital goods, raw materials, and supplies as well as to finance exports. In addition, demand for exports of the low income countries and LDCs in international markets dropped drastically. Forecasts suggest that world trade will drop by between 10 and 11 per cent in 2009. In Africa alone the African Development Bank estimates that there will be loss of export revenue estimated at about USD251 billion in 2009 and USD277 billion in 2010.

Trade in services also declined. The level of activity in tourism and hospitality industry in general slowed down. A drop in Mode IV export of services led to a substantial fall in remittances.

On the other hand, Foreign Direct Investment (FDI) either slowed down or halted. In some cases even disinvestment has been experienced. Projects were scaled down or postponed or cancelled altogether in a number of cases.

Regrettably, Official Development Assistance (ODA) was also scaled down by some co-operating partners.

It is pleasing to note, however, that the contributors to Aid for Trade (AFT) have pledged that promises will be honoured

and that the flow of resources will still be increased in real terms.

We must applaud the assurances that Aid for Trade;

- Will remain additional,
- Will maintain minimal conditionality,
- Will still stress ownership by beneficiaries,
- And will continue to be results focused, even in the face of the current global financial and economic crises.

If these assurances are honoured, we in the developing countries will remain optimistic and grateful.

Mr. President,

Allow me to briefly share some thoughts on the Impact of the Financial Crisis and how to turn this crisis into an opportunity for sustainable growth and development, with particular reference to Lesotho and the SADC Region.

In the SADC Region, like in most parts of the world, over the past couple of years the overriding development Agenda has been: **Poverty reduction and job creation, consolidation of democracy, good governance, peace and security,**

regional economic integration, economic growth and development, including bridging the gap between the rich and the poor at national and regional levels.

Since the year 2000, there was significant improvement in good governance in the SADC region. Armed conflicts were significantly reduced, ushering in the era of peace and political stability. During that period the SADC region experienced an average economic growth of 5 to 6 percent per annum. Inflation went down to single digits. That period also witnessed an increase in capital flows from US\$18 billion in 2002 to US\$ 81 billion in 2007. This was accompanied by an increase in social spending.

Regrettably, the global economic downturn has eroded these gains.

1. In 2009 alone unemployment increased by 8 to 10%, translating into 3 million people unemployed. 28 million additional jobs in the mining, agriculture and textile/manufacturing sector were considered vulnerable.
2. We saw an increase in poverty levels, with 27 million new entrants to the ranks of those that are classified as poor.

3. Economic growth declined by 2 to 4%, the impact of which was felt mostly in Lesotho, Botswana and the Republic of South Africa.
4. There was concurrently a significant reduction in remittances.
5. The volume of exports declined from 4.5 % in 2007 to 3% in 2008 and is expected to decline by 9% in 2009.
6. In addition, the region experienced a decline in official development assistance (ODA).

Mr. President,
Excellencies,
Ladies and Gentlemen,

The current global financial and economic crises have resulted in less funding for health, education, nutrition programmes and infrastructure, thereby making the achievement of the Millennium Development Goals a distant reality.

The challenge that we face is how to turn this debilitating crisis into an opportunity!

I have no answers, nor do I have solutions, the road ahead will be long, tough and slippery at times!

Let me venture a few suggestions:

There is a need to reform the Global Financial Institutions and;

- To accelerate the regulatory reforms at national levels,
- To keep up the momentum on AID FOR TRADE,
- To increase productive capacity in Agriculture,
- To enhance intra - regional trade and integration, and
- To accelerate economic growth through industrialisation, diversification of and value addition to agricultural produce.

We call upon our development partners to fulfil their promises! We call upon them to support us! It should not be **"We are in this mess together, but you are alone!"** The Support of development partners in our development agenda and mitigation of impacts of the financial crisis is crucial.

We are glad to note the important role that is being played by South - South Cooperation. We also happily take cognisance of the new emerging donors in Asia, Latin

America and Africa. The immediate example is the role that is played by the Republic of South Africa in the economies of the SADC Region and Africa as a whole. South Africa's economic assistance to SADC and Africa rose from R9.5 billion in 2002 to R15 billion in 2004 and increased to R19 billion in 2007. We commend the Government of the Republic of South Africa for demonstrating outstanding leadership and generosity to their less endowed neighbours in the region.

Mr. President,

Excellencies,

Ladies and Gentlemen,

Lesotho did not escape the negative impacts of the international economic crisis. The global economic downturn has contributed to a significant deterioration in Lesotho's near-term economic outlook. Due to reduced demand for textiles, which constitute the bulk of Lesotho's exports, our country is working hard to accelerate diversification of her economy to reduce dependence on a single commodity for export. To this end we are making effort to fast - track critical structural reforms. We are trying to improve economic infrastructure and to introduce regulatory reforms as a strategy for improving the investment climate, particularly by reducing the cost of doing business.

The Government has also decided to improve the quality of capital expenditure by implementing projects that meet the criteria for achieving development objectives of economic growth, poverty reduction, and attainment of the Millennium Development Goals.

In order to meet the challenge of providing the basis for sustained poverty eradication, the Government gives priority to a broad - based growth strategy, which emphasizes diversification into sectors such as tourism, agriculture, manufacturing and support for the Small - Medium size Enterprises. We believe that to combat poverty, it is necessary to give priority to a strategy that puts emphasis on creating wealth.

**Mr. President,
Excellencies,
Ladies and Gentlemen,**

I wish to conclude my remarks by quoting Mr. Yumkella, the Director General of UNIDO at the 10th Ordinary Session of the Assembly of African Union Heads of State and Government in Addis Ababa last year on the theme of **"The Industrial Development of Africa"** (and I quote): **"The achievement of real long-term poverty reduction requires private wealth creation, based on robust economic transformation and**

rapid economic growth, driven by transformation and rapid economic growth, driven by manufacturing, production diversification and trade. It will not be possible to realise the political solidarity and unity of Africa if they are not build on the foundation of economic integration, rapid economic growth and sustainable industrial development, and the corresponding growth in employment and wealth creation” (unquote).

How close to the truth can one get!!

I thank you for your attention.