

Lao PDR | First Human Capital Summit | Opening Remarks (5 mins)

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Sabaidee!

I would like to begin by paying my respects to the Honorable Prime Minister of the Lao PDR, His Excellency, Dr. Sonexay Siphandone, Ministers and Vice Ministers, government representatives, development partner and civil society representatives and representatives of the private sector.

I am very happy to be here today at Lao's First Human Capital Summit.

My colleague, Mariam Sherman, spoke about the key role played by human capital in a country's economic growth. Human capital depends upon strategic and timely investments in health, nutrition, education and social protection. But, building human capital is not enough: we must protect people's human capital in times of adversity, such as the COVID-19 pandemic. I want to focus my speech on what has happened to education in the last few years, with Laos being hit by three types of adversity at the same time: the pandemic, macro-economic instability and the fuel crisis.

I came to Laos for the first time in February this year. I learned from my colleagues at the World Bank about the commitment of principals and teachers. But I also learned that following COVID-19, many children are now not in school. I need hardly emphasize the importance of education to this audience. We have all benefited from a good education in this room, which is why we are able to do our jobs well and contribute to growth and development.

Before the pandemic, Laos had successfully universalized primary education. This is a tremendous accomplishment. Reaching all children, especially given Laos' hilly terrain, is not an easy task. Providing education, however, is not enough. Children must learn. This is where the record can improve. Mariam spoke about Laos' low human capital index. This index comprises nutrition, health and education. Do you know which elements are bringing Laos down? Those related to education. Even though Lao students spend over 10 years in school by the age of 18, if we take into account what children actually learn in Laos, this drops to just 6.3 years. In other words, about 40 percent of the time children spend in school is not spent learning. Laos is not unique in the low learning levels of its students — it is found in several

countries. But the fact remains that this is a tremendous waste of Lao resources and human potential.

Now, why should we care whether young children are learning? After all, it will be a long time before they are old enough to join the workforce and contribute to the economy. In fact, a recent international survey asked Ministers of Finance across countries whether they would rather invest in foundational skills, such as literacy, numeracy and socio-emotional skills, or in Technical and Vocational Education and Training. The majority said TVET. Distinguished audience, I would like to say this to you: without proper foundational skills, the students who enter TVET or the workforce will be of little use to employers or the economy. When I speak to employers internationally, they often tell me their workers are functionally literate, but when they read, they don't seem to understand what they are reading. They often can't follow instructions, create or learn further. We are seeing this increasingly.

If anybody can make a difference to the future of Laos, they are in this room today. What can Laos do to address these challenges? Allow me to suggest two things based on what we have learned at the World Bank from the experience of well-performing economies: first, increase the political demand for better education. Second, ensure adequate funding so that this demand can be met.

In closing, I would like to emphasize that learning is cumulative — a sound foundation leads to important skills; conversely, weak foundational skills lead to poor outcomes later. If we want an economy with productive workers, then we have to invest early, when children's foundations are being built. Otherwise, it is too late.

Khop Chai La Lai