



Remarks by Dr. Pia Rebello Britto, Representative, UNICEF Lao PDR

Human Capital Summit

Date: 25 May 2023

I would like to start by paying my respects

- **Honorable Prime Minister of the Lao PDR, His Excellency, Dr. Sonexay Siphandone,**
- H.E. Assoc. Prof. Dr. Phout SIMMALAVONG, Minister, Ministry of Education and Sports,
- H.E. Mr. Khamjane VONGPHOSY, Minister, Ministry of Planning and Investment, Lao PDR
- Ms. Mariam SHERMAN, Country Director, Cambodia, Lao PDR and Myanmar
- Dr. Daniel DULITZKY, Regional Director for Human Development, East Asia and the Pacific
- Ms. Ina MARČIULIONYTĖ, Ambassador and Head of Delegation of the European Union to Lao PDR
- Mr. Paul Kelly Australian, Ambassador to Lao PDR
- Provincial Governors and Vice Governors, Government Representatives,
- Ambassadors (Singapore, Vietnam, Thailand)
- Development Partners and Civil Society Representatives and Representatives of the Private Sector.
- Dear colleagues from the United Nations

Honourable Guests, I would like to begin by asking everyone to imagine – what is the most precious resource in the world.

It is not, as you may think, gold, oil or data of some kind.

No, the resource that I am speaking of here, today, is a potential,

A potential that is as boundless as the sky above us

A potential that can solve the toughest of problems, drive the greatest innovations and bestow prosperity upon a nation.

This resource is *human capital*.

It is people - the teacher in the classroom, the doctor in the clinic, the engineer in the factory, the farmer in the field, the young entrepreneur launching a start-up. Each and every person contributes a unique thread to the vibrant tapestry of society or the economy – enriching it with their human capital.

Undeniably, human capital is the backbone of any thriving economy. In fact, nearly all countries that have successfully transitioned to middle-income status have done so by placing the development of human capital at the forefront of investment.

In Lao PDR, human capital accounts for a staggering 62 per cent of the country's total wealth and the importance of investing in it is well-recognized by the Lao Government. Indeed, this is reflected in the National Socio-Economic Development Plan and Lao PDR's commitment to the Sustainable Development Goals. Moreover, Lao PDR has also made excellent progress in improving key health, nutrition and

education outcomes to the benefit of the country's human capital. These are significant achievements, and we commend the Honorable Prime Minister Dr. Siphandone and the Government of Lao PDR for the tremendous strides made in recent years. Congratulations!

Distinguished guests,

We have clear science, that has identified two key windows of opportunity to build Lao PDR's human capital: the first window is in ***early childhood***, and the second window is in ***adolescence***. Allow me to explain why.

In the early stages of life, something extraordinary happens—the rapid development of the human brain. It serves as the powerhouse of human capital, forming over one million neural connections every second. That's a pace even social media likes can't match.

But how is this possible? It's during these crucial years that a child's experiences play a pivotal role. Early encounters lay the foundation for lifelong learning, health, and behavior. These formative experiences shape their development, whether nurturing or adverse.

The good news is that we have the power to shape and build these brains. By providing young children with ample opportunities for learning, stimulation, nurturing environments, proper nutrition, and protection, we can create an environment where their brains flourish and reach their full potential. Prioritizing investments in early childhood education, school feeding, and foundational learning is crucial.

The second window is adolescence, a time when the brain is sculpted to strengthen future thinking, skills, and behaviors. It's our responsibility to ensure children develop foundational skills in the first decade and safeguard learning opportunities for adolescents. We must prevent school dropouts by creating safe environments, providing mental health support, comprehensive sexuality and life skills education, alternative learning pathways, and utilizing digital connectivity and learning solutions. These efforts will maximize their benefit from the education system and prepare them for the 21st-century economy and workforce.

So I have a message of hope, a message of change, a message that nurturing the capacities of the children and young people in Lao PDR, is not only actualizing the demographic dividend, it is nurturing the most critical resource of the country.

So what's at stake if we don't take action now?

3 million brains.

Our nation is experiencing a remarkable growth in its working-age population, offering immense potential for economic development. This "demographic dividend," holds the promise of propelling our nation forward. But its attainment hinges entirely upon our deliberate and strategic investments in our human capital. Evidence has shown that 98 per cent of 10-year-old children in Laos are not able to read at the expected level for their age, with learning outcomes especially low among children from disadvantaged groups such as children from poorer households, children with disabilities, from rural areas and from ethnic communities.

We are, witnessing a ***learning crisis***, one that has direct implications for the future of this country. At the transforming education summit in September last year, at the UN, Lao PDR set the bar high in its National Statement of Commitment for education and learning – and we reaffirm the need to implement these commitments.

Despite challenges, I believe that message I am sharing today is one of hope – because we can continue to leverage the crucial opportunity to take action to address this crisis and unlock the true potential of Lao PDR’s human capital.

As highlighted in the recent National Human Development Report by MPI and UNDP, investments should be made to leverage contributions of youths to the national socio-economic development, provide opportunities and support for empowered lives. For Lao PDR, the path forward out of this crisis and towards sustainable economic growth demands from us a holistic strategy – one that puts ***human capital development*** front and centre.

What action can we take?

The Government has been playing a crucial role in promoting human capital development by implementing policies and allocating resources to enhance education, health, and social protection.

In support of these measures, the National Assembly has a critical role in ensuring resources are allocated for human capital development, and dedicated leadership from Provincial Governors across all 18 provinces will help ensure equitable access for all.

This, ladies and gentlemen, is not mission impossible.

We can commit to 5 actions which will help Lao PDR progress on a positive trajectory:

- We must commit to reducing by half by 2030 the share of children unable to read and understand a simple text by age ten,.
- We must work immediately to address low enrolments and dropouts ensuring children stay in school, increase access to remedial and catch-up learning and teach children at their current learning levels; support teachers

giving them the tools they need; sustain school feeding programmes to keep kids in school; and support the health, nutrition, and psychosocial well-being of every teacher and child.

- We must work together to close the education resource gap and increase education spending from 12 per cent to the 18 per cent benchmark under the Education Law. Currently spending sits below the mandated 18% in the national budget. Evidence has shown that money dedicated to education yields remarkable returns. Those who carry the responsibility to educate a nation must also have the tools to do so. Lao PDR should continue to build on closing the education resource gap in key areas such as support for teachers, their training and learning materials, and school block grants to improve students' learning outcomes. Improving efficiency in education spending is important to ensure the greatest return on investment. And just as important is equity in investment. Currently in Lao PDR public education spending on learners from the richest households is three times higher than that on the poorest households. We know that the 50 per cent of the cost of education in Lao PDR is borne by households so we must do all we can to ease this burden. Efficient and equitable allocation of resources was

discussed during the extensive consultations for the Financing Strategy that calls for the prioritization of human capital investments.

- We must foster ongoing collaboration between line ministries, development partners, and the private sector to create a holistic approach to human capital development because strong brains also rely on good health, safe homes, on happy childhoods. Looking at our distinguished guests from so many sectors here today is a fantastic signal.
- We must all be on board with this noble pursuit. We need to drive demand from parents and communities for high-quality learning and education to ensure that children can access the opportunities they need to reach their full potential.

By taking these five actions, I am confident that we can unlock the potential of millions of children in Lao PDR and contribute to a brighter future for the entire nation.

I would like to close by once again recognizing the leadership of the Distinguished Prime Minister for his vision and setting a course, because more can be done, and more must be done for the sake of our children, and for Lao PDR's future.

As we step up investment in human capital UNICEF Lao PDR, in its 50th year of working hand-in-hand with our partners, remains ever committed in its support to the Government, and to nurture and foster the human capital of every child and young person in the country.

Thank you.