



**Keynote Address by Helen Clark
Chair of the United Nations Development Group and
Administrator of the United Nations Development Programme**

**at 10th Round Table Meeting
20 October 2010, Vientiane, Lao PDR**

Your Excellency Prime Minister Bouasone Bouphavanh,

Your Excellency Deputy Prime Minister Thongloun Sisoulith,

Excellencies, Distinguished Participants, Ladies and Gentlemen,

I am delighted to be back in Laos. While this is my third visit to your beautiful country, it is my first as UNDP Administrator and Chair of the UN Development Group.

I am deeply grateful for the warm reception and generous hospitality shown to me by the Government and the people of Laos.

I thank His Excellency, Prime Minister Bouasone for inviting me to address your Round Table Meeting today. It is a tremendous privilege to be able to do so.

MDG Summit: Call to Action

At last month's Millennium Development Goals Summit in New York, Heads of State and Government renewed their commitment to achieving the MDGs by 2015.

It is fitting that my first visit to a programme country since the Summit is to Laos which is committed to meeting all the Goals, and ensuring that the marginalized and impoverished also benefit from development progress.

To turn this aspiration into action, Laos has become one of the first countries to integrate the MDGs fully into its new National Socio-Economic Development Plan. It has also been a pioneer in applying the MDG Acceleration Framework to identify obstacles which prevent progress on the Goals – and the solutions which can overcome them. Laos has been innovative in creating a National MDG Compact, and its own MDG 9 aimed at tackling the burden of unexploded ordnances which impede development and is so destructive of life and limb.

The National MDG Compact gives Laos a head start in heeding the call world leaders made at last month's Summit - to accelerate MDG progress to meet the 2015 targets.

I am pleased to learn that there is a strong convergence between the Government of Laos and its development partners at this Round Table, and hope that this will spur action on the MDG Compact,

the MDG Acceleration Framework, and the 7th National Development Plan to give Laos good prospects for meeting the MDGs.

I was especially grateful, that his Excellency, President Choummaly Sayasone, of the Lao PDR was able to join me, President Calderon of Colombia, and the UN Secretary General at a special event at the MDG Summit in New York where we discussed the importance of applying evidence based approaches to meeting the MDGs.

UNDP completed an International Assessment of what it will take to reach the MDGs, based on analysis of up to date national MDG progress reports from more than 50 country studies, including Laos. It shows that there is a range of tried and tested policies which, adapted to national contexts, will ensure MDG progress, where there is the leadership, capacity, and funding to implement them.

Although there is no “one size fits all“ approach to achieving the MDGs, there are basic parameters within which success occurs. The MDG Summit outcome document, adopted by consensus last month, identifies a number of them. For example:

- the critical importance of gender equality as a driver of progress across the MDGs. This is of intrinsic importance, as well as having multiplier effects across the Goals. Educated and empowered women are able to make an even higher contribution to their families and countries, and their children’s health and education attainment is lifted too. The MDG Summit’s Outcome Document formally notes that “investing in women and girls has a multiplier effect on productivity, efficiency and sustained economic growth”.
- the role of social protection and social equity in sustaining development progress. It is particularly important, in the aftermath of multiple crises impacting on development, that UN member states have agreed that investing in social protection is critical for building countries’ resilience to cope with present and future shocks.

The truth is that while many nations have made tremendous MDG progress, a lack of resilience can see it quickly reversed. Economic slowdown, conflict and violence, volatility in food and fuel prices, and, increasingly, climate change and extreme weather can unravel hard won development gains and set development back by decades. Inevitably, it is the poorest and unprotected who are hardest hit by such events and phenomena– which they generally have had no part in making. Where those shocks lead to children being taken out of school, and having less food, the impact is long lasting.

Even with these sober realities firmly in mind, however, I am confident that with strong and progressive leadership, the co-ordinated and dependable support of development partners, and the engagement of its citizens, Laos can realize the objectives of its 7th National Plan and, in so doing, achieve the MDGs by 2015.

The 7th National Socio Economic Development Plan (2010-2015):
Growth with Equity

Laos has experienced many remarkable advances in recent years. Real GDP growth averaged more than seven per cent per annum in 2006 and 2007 and continues to be strong, despite the global economic slowdown.

The latest figures show Laos on course to halve the proportion of its people living in extreme poverty by 2015. Indeed the declines have been dramatic and impressive: from 46 per cent of the population

in 1992 to under 26 per cent in 2010. Access to safe drinking water has expanded, infant and child mortality rates are declining, and many other education and health indicators - including primary school enrolment and literacy rates - have improved significantly.

Notable too is the deepening integration of Laos into ASEAN and AFTA, and the progress made towards WTO accession. Continued macro-economic stability, despite the global financial crisis of 2008/2009, is an important pre-requisite for future sustained growth and achievement of the MDGs.

In other key areas significant challenges remain. From a review of Laos' 7th National Plan, it is evident that the government and its partners are clearly focused on the task ahead. I congratulate the government for producing a robust and sensible Plan which builds on past accomplishments, addresses the major challenges, and sets ambitious targets - which require the support of partners.

The overarching challenge, as highlighted within the Plan, will be to sustain current high levels of economic growth, but to take steps to make that growth more inclusive and environmentally sustainable. Through our experience in the UN development system, we understand that this will require measures to help greater numbers of people participate productively in the economy - including women, and the traditionally marginalized, as well as to distribute the benefits of growth more broadly through more efficient and effective services which can reach those living in the most remote areas.

A particularly important challenge of the 7th Plan will be to support its implementation by further developing a supportive policy and strengthened institutional environment. Sufficient budgetary resources will need to be directed towards achieving those MDGs which are currently at risk or 'off-track'. They include those covering child malnutrition, maternal mortality, gender equity, and the environment and climate change. Special attention will also be needed to help the poorest of the poor, in light of recent data indicating an increase in child malnutrition rates in some parts of the country.

In short, for the MDGs to be realized in Laos by 2015, more attention will need to be given to human development, the social sectors, and environmental sustainability. Increased investment in social sectors and the MDGs is not only good social policy, but also very smart economic policy, since it increases the ability of the labour force in both urban and rural areas to contribute to inclusive growth.

In the economy, more balanced investment is required across the resource and non-resources sectors in rural and urban areas, and the agricultural, industrial, and service sectors. That will help build long term employment and higher skills levels in the workforce, and lay solid economic foundations for the future. A more diversified economy will also help Laos avoid 'a resource curse' and instead achieve a resource blessing for its people.

The key factor of production in Laos, its land, remains fundamental to the well being of most people and families, as it provides the main source of food, incomes, livelihoods, and family security. I was pleased to learn that during the recent meeting on land policy, there was consensus among government and development partners that the too rapid and unco-ordinated growth of land concessions for non-food plantations, hydro dams, and mining concessions could threaten the livelihoods of small farm holders as well as the nation's food security. The same meeting also agreed that land titling, especially in rural areas, needed to be accelerated to safeguard the well-being of Lao families. In this context, the United Nations congratulates Lao PDR for including in the new Plan a commitment to issue one million new land titles over the next five years, especially to families in

rural areas. This will undoubtedly help better safeguard the well-being of Lao people, especially in rural areas, and further deepen socio-economic growth and stability.

Implementing the 7th Plan

A plan is only as good as its implementation. In that respect, what stakeholders decide at this Round Table today will be critical. UNDP's experience, as captured in our recently published International Assessment, suggests that the following elements will be critical in achieving the Plan's objectives:

The first is strong national ownership of development strategy, backed by leadership with vision and responsiveness to community aspirations.

The further development of the National Assembly and civil society in Laos can play a valuable role in complementing the Government's efforts to achieve development results, and help it maintain its focus on equity, inclusion and environmental sustainability.

The second element critical for implementation is capacity.

Strong public institutions combined with a dynamic enterprise sector will enable Laos to benefit from further integration into the regional and global economy, and to sustain economic growth. Investing in human capacity, infrastructure, and strong and capable governance institutions will help Laos attract the kind of investment envisaged in the Plan as well as to pursue new kinds of development partnerships and finance – including climate finance.

This brings us to the third critical element: funding.

The new Plan provides Government and development partners with a comprehensive framework for the mobilization and coordination of development resources for Lao PDR.

Financing the Plan to secure the development results is expected to come from three sources:

- domestic revenues;
- FDI and other private sector investment, and
- ODA and other development finance.

Out of these three, Government has the greatest control over domestic revenue raising. Ensuring that its domestic revenue targets are met and that they cover an increasing proportion of budgetary expenditures are vital goals.

Reinvesting revenue directly into programmes of health, education, social protection, and agriculture and rural sector development, will ensure a return on those investments in human development and MDG terms - especially where emphasis is placed on public services which reach the rural communities.

On the second source of financing, the private sector can be an engine for more inclusive growth, if supported by the right policies. The bulk of the financing required to implement the 7th Plan is intended to come from foreign direct investment (FDI). Laos' rich natural resources have already become a magnet for large and growing inflows of FDI from countries in the region and beyond. FDI has buoyed domestic revenues, promoted modernization, and contributed towards the impressive achievements which have put Laos on track to meet many of its MDG targets.

But for the 7th National Plan now to focus on growth with equity and environmental sustainability, attracting high quantities of FDI alone will not be sufficient. High quality FDI is needed now, to create jobs and incomes for the Lao people, and to transfer valuable skills and technology to Lao workers and businesses. High quality FDI must also help safeguard and enhance the country's valuable environment assets, and add meaningful net revenues to the Government budget so that it can fund higher levels of human development.

In contrast, as we are all well aware, low quality FDI can have the opposite effect by destabilizing livelihoods, employing mostly low-skilled labour, and irreversibly damaging the environment - thereby limiting progress toward the MDGs and overall development in Lao PDR. The Government and Development Partners can work closely together to encourage high quality FDI.

The final component of financing for the 7th NSEDP is support from donors. Sustained development partner co-operation is needed in Laos, which is why their participation at this Round Table meeting is so critical.

ODA at this moment in Laos' development fills the gap which exists between the impact of Government and private sector efforts and realizing the national development objectives of Laos. ODA can be catalytic in investing in the capacity, people, and institutions which will enable development financing overall to be used effectively, and leverage real gains for human development.

Here in Laos, despite impressive economic growth and poverty reduction, critical MDG targets still need a good deal of support. Progress overall needs to be more widely based to reach the most vulnerable and poorest populations. I urge all development partners to stay the course in Laos until the country is more assuredly on the path to ascending from its current LDC status and achieving the MDG targets.

So let me conclude:

Laos is committed to growth. It needs high, equitable, and environmentally sustainable growth. The MDGs are at the heart of the 7th Plan. Laos has developed the first dedicated MDG Compact to exist at the national level, and there is a robust partnership between the Government and the development partners here. There is the 7th National Plan to implement.

Laos is in a strong position to succeed. I encourage all development partners to put their full support behind its efforts and the 7th National Plan to give it the best possible chance to do so.

Thank you.