
H.E. Dr. Kikeo Chathabury, Vice Minister, Ministry of Planning and Investment, Lao
PDR

Mr. Madame Moderator,
Distinguished Panellists and Delegates,

It is a great honor for me to represent Government of the Lao PDR at this year's ECOSOC Operational Activities for Development Segment, especially in this Panel Discussion on *"How to ensure coherence in the funding of operational activities of the UN system for effective realization of the post-2015 development agenda."*

At the outset, I would like to express my sincere thanks to Mr. Wu Hongbo, Under-Secretary General, DESA, for the introduction of the Secretary-General's report on the progress in the implementation of the QCPR of operational activities of the UN system. Taking this opportunity, I would also like to thank our moderator for his introductory remarks and previous speaker for sharing his insightful view.

To contribute to the discussions, please allow me to highlight some key points responding to some key general discussion questions as follows:

First of all, to contribute both coherently and effectively to the implementation of the post-2015 development agenda, it is important to increase the flexibility in the allocation of non-core resources so as to enhance the core-like characteristics of non-core finance. This may require the increased use of the pooled funding mechanism and a re-examination of the definition and proper relationship between development and humanitarian resources and the way they are allocated.

Second, we would also like to note here in supporting the integration requirements of the post-2015 development agenda. It is indefensible that the integration requires more variable financial instruments that would serve the UN Development System in the future. This may need our attention to assess the cost of supporting normative agenda. Also, it is important to explore further the scope of attracting new sources of financing.

Third, I would like to reiterate that increased supply of core resources to the UN development system can lead to more focus on the specific UN development system role in the partnership, they can lead to innovation in financing and they can serve as an instrument for significant organizational improvement. This will make the UN development system becoming highly adept at leveraging external resources (both human and financial).

On the issue of pooled funding mechanism which can offer a number of advantages if it has better governance and ensured by the funds rules. From our own experience with a number of pooled funding activities in Laos, we would like to note that the benefits vary such enhanced donor coordination and lesser risk of duplication, higher predictability and critical mass of funding. In this light, the pooled funding mechanism:

- Allows for better focalization of larger amount of aid in a geographical or thematic area that meet development needs and priorities in the country (in our case, when we deal with UXO/Mine action issues)
- Permits establishment of more ambitious and structured programmes or the possibility to integrate several components

- Allows for a reduction of transaction costs, greater economies of scale and enhanced coordination/harmonisation of donors support;
- Allows for more flexibility in administration of funds for donors (particularly those delegating their cooperation);
- Unifies and simplifies the criteria and demands of monitoring, reporting/etc prescribed to beneficiary organizations;
- Enhances predictability of funds.

Lastly, on the strengths and weaknesses of the current funding architecture, as well as the likely implications of the post-2015 development agenda for the types of development cooperation support needed by middle income countries. We believe that core or unrestricted aid is generally seen as the most efficient way of building relevant and effective partnerships with programme countries like Lao PDR in the delivery of operational activities for development. Drawing from our own experience working with UN agencies in Lao PDR, we think that core resources provide the highest quality, predictability, flexibility and efficiency of pooled funding. They help to ensure that our government institutions have adequate capacity to deliver on their given multilateral mandates and provide continued substantive leadership and innovation around specific goals, advocacy and policy work in addition to programmatic implementation in the country.

In addition, another key strength of the current funding system that I wish to highlight is that core resources are central to ensuring the independence, neutrality and role of the United Nations development system as a trusted and reliable partner in development in a rapidly changing landscape.

Now let me turn to a key weakness which relates to the function of non-core resources. While non-core resources represent an important contribution to the overall resource base of the United Nations development system and complement core resources to support operational activities for development, on the other hand they also pose challenges. In particular, unpredictable, restricted earmarked funding can contribute to risks of fragmentation, competition and overlapping among institutions.

Therefore, the likely implication of the post-2015 development agenda for the types of development cooperation support needed by middle income countries is that there is a need for variable financial instruments that would serve the UNDS in the future. I raise this issue as the UNDS functions relating to its normative agenda and the importance of global public goods need to address a changing landscape and the new development agenda.

For some countries, particularly the LDCs and countries in special situation, ODA, both core and non-core, remain critically important. In many cases, a key challenge, as I mentioned earlier, is to rationalize the multiplicity of funding flows in these countries. The current dialogue on financing of UN operational activities have been extensively carried out, the outcome has been modest. Therefore, to recap taking the likely implication of the post-2015 development agenda into account, **it is important that the challenge between core and non-core can be resolved by determining the appropriate forms of finance for specific programs.**

Mr. Moderator,

One last point that I would like reiterate here in the Forum is on Delivering as One. Over the years, the Lao Government remains strongly supportive of the UN Reform process in particular the continuing efforts on system-wide coherence at country level. The Lao Government has shown leadership through its commitment to make Lao PDR a Delivering as One self-starter country. Importantly, the process of moving towards DaO in Lao PDR has been Government not donor driven. This has been reflected through the joint formulation of UNDAF Action Plan and the UN joint dispensary, joint programmes, among others are already significant steps towards the DaO. However, there remain some key challenges as most of the “One” initiatives identified above have been carried out in isolation and have not been fully linked up as part of one DaO approach, even where this could provide for substantial cost savings – particularly in the time invested and the impact generated. In addition, an agency-specific mentality remains for the work being done, resulting in work being done without collaboration but with the same amount of investment required in terms of resources and staff time and with much less impact. Identify more ways to better link these disparate initiatives and more clearly outline the role of the RCO in supporting these. Some of the key recommendations are to identify gaps where quick wins could be made to improve harmonization and coherence through new elements or scaled up activities. More guidance on the facilitation of discussions with the Government on expectations and requirements, especially given the interest and commitment of the Lao Government to move forward as a DaO self-starter. Commitment to coordination and the reform agenda, including the DaO, while strong among UN agencies at country level, has not so far been matched at the HQ level.

Mr. Moderator,

Distinguished Delegates,

The aforementioned are our initial thoughts on key areas and we are looking forward to further deliberation on these matters in an open and broad manner with other member states and UN agencies for a stronger and better improved UN Development System.

Thank you